

# Interim Report

January 1 – June 30, 2022

## Financial summary April – June 2022

- Net sales totaled SEK 187m (172), an increase of 8.6 percent. Organic growth adjusted for currency effects was -12.7 percent.
- EBIT totaled SEK 48m (36), an increase of 33.2 percent, and 7.0 percent when adjusted for currency effects. The EBIT margin was 25.6 percent (20.9).
- Adjusted EBIT<sup>1</sup> totaled SEK 46m (53). Adjustments during the quarter were related to reduced acquisition costs of SEK 2m. Adjustments for the second quarter of 2021 were related to IPO costs of SEK 17m. Adjusted EBIT margin<sup>1</sup> for the quarter was 24.5 percent (30.7).
- Profit for the period increased to SEK 36m (22).
- Cash flow from operating activities totaled SEK 39m (54).
- Earnings per share (basic and diluted)<sup>2</sup> totaled SEK 0.90 (0.56).

## Financial summary January – June 2022

- Net sales totaled SEK 383m (325), an increase of 17.9 percent. Organic growth adjusted for currency effects was 2.7 percent.
- EBIT totaled SEK 103m (76), an increase of 35.9 percent and 26.3 percent adjusted for currency effects. The EBIT margin was 26.8 percent (23.3).
- Adjusted EBIT<sup>1</sup> improved to SEK 111m (100). Adjustments for the half year were related to acquisition costs of SEK 8m. Adjustments for the six-month period in 2021 were related to IPO expenses of SEK 25m. The adjusted EBIT margin<sup>1</sup> was 28.9 percent (30.9).
- Profit for the period increased to SEK 76m (54).
- Cash flow from operating activities totaled SEK 93m (96).
- Earnings per share (basic and diluted)<sup>2</sup> totaled SEK 1.89 (1.34).

## Significant events during the second quarter

- As part of the strategy to expand in automated e-commerce photography, Profoto Holding AB (publ) acquired all the shares in the Dutch company StyleShoots Holding B.V. on April 6, 2022. The purchase price totaled EUR 18m on a cash and debt-free basis, corresponding to SEK 186m. For more information on the acquisition, see Note 6.
- At the Annual General Meeting on May 5, a dividend of SEK 140m, equivalent to SEK 3.50 per share, was declared and paid on May 12.

## Significant events after the end of the period

- No significant events after the end of the period.

1) For information and an explanation of alternative performance measures, including pro forma, see pages 20–22.

2) Calculated based on 40,000,000 basic and diluted ordinary shares (retroactive adjustment due to share split implemented in Q2 2021).

Net sales  
Q2 2022

**SEK 187m**  
(SEK 172m)

Net sales  
LTM

**SEK 791m**  
(SEK 624m)

EBIT  
Q2 2022

**SEK 48m**  
(SEK 36m)

EBIT margin  
Q2 2022

**25.6%**  
(20.9%)

## Key ratios Group

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021 -Jun 2022	Full year 2021
Net sales, SEKm	187	172	383	325	791	732
Net sales <sup>1</sup> pro forma*, SEKm	-	192	407	365	863	820
EBIT, SEKm	48	36	103	76	239	212
EBIT pro forma*, SEKm	-	36	103	76	242	215
EBIT margin, %	25.6	20.9	26.8	23.3	30.2	28.9
EBIT margin <sup>1</sup> pro forma*, %	-	19.0	25.3	20.9	28.1	26.2
Adjusted EBIT <sup>1</sup> , SEKm	46	53	111	100	247	237
Adjusted EBIT margin <sup>1</sup> , %	24.5	30.7	28.9	30.9	31.3	32.3
Profit/loss for the period, SEKm	36	22	76	54	180	158
Cash flow from operating activities, SEKm	39	54	93	96	237	240
Net debt <sup>2</sup> , SEKm	120	-14	120	-14	120	-134
Net debt/EBITDA LTM	0.40	-0.09	0.40	-0.09	0.40	-0.50
Earnings per share <sup>3</sup>	0.90	0.56	1.89	1.34	4.50	3.95

1) For information and an explanation of alternative performance measures, including pro forma, see pages 20–22.

2) A negative amount indicates a positive net debt.

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

\* Pro forma includes StyleShoots Holding B.V. as if the acquisition had taken place on January 1, 2021.

# Stable demand but revenues affected by delays in component deliveries – not expected to affect the full year

The market and order intake have been stable in the second quarter of 2022. Unfortunately, we were hit by late deliveries of components during the quarter, which resulted in a shift in sales from the second to the third quarter. This is not expected to affect the full year. In total, our sales amounted to SEK 187m, which was slightly higher than the same period last year and corresponding to a growth of 9 percent including the acquisition of StyleShoots. Organic growth adjusted for currency effects totaled -12.7 percent. Our profitability during the quarter has remained high, with an EBIT margin of just over 25 percent. This is a slight decline from previous high levels, partly influenced by delays in component deliveries and a lower level of sales. It is also affected by StyleShoots, which has lower margins than Profoto.

## The acquisition of StyleShoots strengthens our e-commerce offering

The acquisition of StyleShoots, completed in April, is strategically appropriate as it strengthens our offer to e-commerce businesses. This is an area where we see strong continued demand and opportunity to drive our growth. As we wrote earlier, what Profoto can bring to StyleShoots is our experience in growing, selling and distributing globally. During the quarter, StyleShoots started work on establishing its own sales organization in the US and is expected to be operational during the third quarter. StyleShoots has a good track record of profitability, although it is not on par with Profoto's. However, we will focus more on growth and product development than on increasing profitability at this stage. There are great opportunities!

## Two product launches during the quarter

At the end of this quarter, Profoto completed two product launches. One is a new remote control – Profoto Connect Pro with new and much-requested functionality. We also launched the Profoto A2, a small, handy and powerful flash which is perfect for photographers who work on-location. For example, portrait and wedding photographers. The products were launched at the end of the quarter and generated strong interest, which is expected to have a positive impact on future sales.

Generally speaking, our markets in Europe have been stable, as in Japan. China strengthened slightly in June, as some cities gradually reopened after being on lockdown at the beginning of the quarter. In the US, however, we saw some hesitation in May, before returning to a normal level in June. Looking at our different customer segments, demand remains strong from studios working with individual brands, which account for a significant part of Profoto's volumes. We see some hesitation from individual photographers due to inflation and interest rate fears and lower growth in demand from broad e-commerce companies.

## Confident in our financial targets

So what to think about Profoto going forward? We are confident in our financial targets, i.e., to over time, achieve a constant currency annual organic growth in net sales of above 10 percent and to have a profitability in terms of EBIT margin between 25 and 30 percent. We look forward to delivering a stronger second half.



## Launch of Share the Light

We tirelessly pursue our mission to support creative professional photographers in realizing their ambitions, and we do this by developing and launching new products and being a source of inspiration for creating amazing photos using lighting. That's why we've launched Share the Light, a platform where professional photographers inspire each other on how to create better images using lighting. This is what pushes us and keeps us constantly responsive and innovative. A big thank you to all our employees who continue to do a fantastic job and to all our customers who have shown their trust in us by using our products in their creative imagery.

Sundbyberg, July 22, 2022

**Anders Hedebark**  
President and CEO

# Financial Overview

## The second quarter, April 1 – June 30, 2022

### Net sales

Net sales for the second quarter totaled SEK 187m (172), an increase of 8.6 percent compared with the corresponding period last year. Organic growth adjusted for currency effects was -12.7 percent.

Demand in the second quarter was stable but sales was affected by delays in component deliveries, which resulted in a shift in sales from the second to the third quarter. This is not expected to affect the full year.

Two new products, A2 and Connect Pro, were launched at the end of the quarter. The products were launched at the end of the quarter and generated strong interest, which is expected to have a positive impact on future sales. Continued strong demand from brand-driven companies was noted during the quarter. At the same time, we see some hesitation from individual photographers due to inflation and interest rate fears and lower growth in demand from broad e-commerce companies.

### Regions

Sales for EMEA were stable during the quarter and totaled SEK 81m (61), corresponding to growth of 33.2 percent. StyleShoots' sales had a positive impact on the region, as almost all of their sales was attributed to it.

Sales for APAC totaled SEK 36m (39), a decrease of 7.5 percent. During the quarter, China was on lockdown, only to cautiously reopen at the end of the quarter. In Japan, demand was good during the quarter.

In the Americas, a fall in demand was noted in May, before returning to a normal level in June. Sales for the region totaled SEK 70m (73), corresponding to a change of -3.3 percent. For further information on sales by region, see Note 2 on page 17.

### Operating profit/loss (EBIT)

EBIT for the second quarter totaled SEK 48m (36), corresponding to an EBIT margin of 25.6 percent (20.9). Adjusted EBIT and EBIT margin totaled SEK 46m (53) and 24.5 percent (30.7), respectively. Adjustments in the quarter were related to reduced acquisition costs of SEK 2m. Adjustments for the second quarter of 2021 were related to IPO expenses of SEK 17m. The increase in EBIT was mainly an effect of increased sales but also an increase in capitalized work for own account from SEK 5m to SEK 11m compared to last year.

Compared to the previous year, personnel costs increased by SEK 10m and totaled SEK 39m (29). Other external costs, excluding items affecting comparability, amounted to SEK 38m (27). The increase in personnel and external costs was mainly due to the increased cost base resulting from the acquisition of StyleShoots and higher development costs. Depreciation and amortization totaled SEK 19m (14), of which SEK 6m (5) related to property, plant and equipment and SEK 13m (9) to intangible assets. The increase in amortization of intangible assets was due to amortization related to the acquisition of StyleShoots of SEK 4m (0).

### Financial items

Financial items consisted of unrealized foreign exchange gains and losses on cash and cash equivalents, and interest expenses related to lease liabilities and liabilities to credit institutions totaling SEK -2m (3).

### Net profit for the period and tax expenses

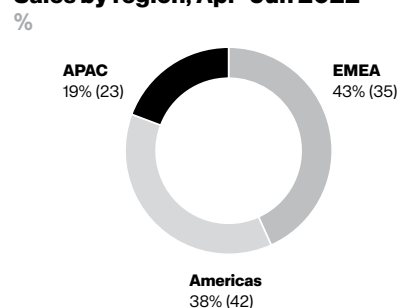
Net profit was SEK 36m (22). The tax expense was SEK 10m (10), of which SEK 8m (10) related to current tax. The effective tax rate for the period was 21.3 percent (31.3). In the previous year, the effective tax rate was affected by IPO costs of SEK 16m which were treated as non-deductible for tax purposes. Excluding the tax effect of these costs, the effective tax rate for the corresponding period in 2021 was 21.4 percent.

1) For information and explanations regarding alternative performance measures, see pages 20–22.

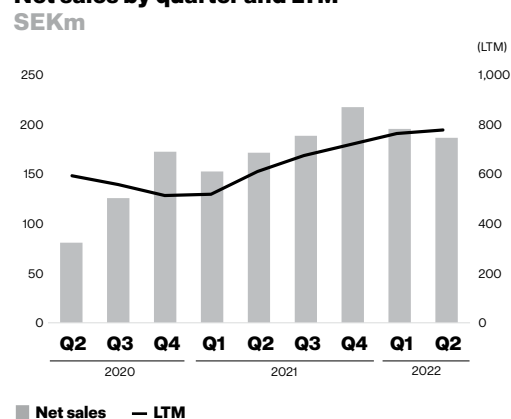
### Change in net sales

%	Apr–Jun 2022
Organic growth	-12.7
Acquisitions	11.8
Currency effect	9.5
<b>Total</b>	<b>8.6</b>

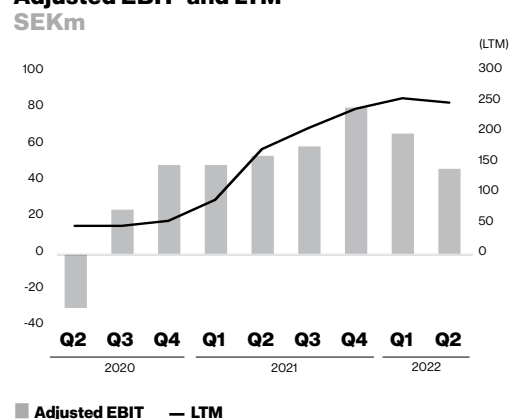
### Sales by region, Apr–Jun 2022



### Net sales by quarter and LTM



### Adjusted EBIT<sup>1</sup> and LTM



## First half, January 1– June 30, 2022

### Net sales

Net sales for the first half of the year amounted to SEK 383m (325), an increase of 17.9 percent compared to the corresponding period last year. Organic growth adjusted for currency effects was 2.7 percent in the first half of the year. Strong demand from brand-driven companies was noted during the period. They need to create a large amount of content for their websites and e-commerce stores.

Demand in the first half of the year was stable but was affected by a delay in component deliveries, which resulted in a shift in sales from the first to the second half of the year. This is not expected to affect the full year. At the end of the period, two new products were launched which generated significant interest and orders. These products are expected to have a positive impact on future sales.

### Regions

Demand in EMEA was stable in the first half of the year. StyleShoots' sales had a positive impact on the region, as almost all of their sales was attributed to it. Sales totaled SEK 154m (114), a growth of 35.2 percent. Sales for APAC totaled SEK 72m (87), corresponding to -17.3 percent. During part of the period, APAC was affected by increased contagion and restrictions, which contributed to a reduction in demand. Sales were mainly affected by China, which closed down completely for parts of the period.

More open communities and an increasing number of events contributed to strong growth in the Americas, where sales amounted to SEK 157m (124), representing a growth of 26.6%. In May, a drop in demand was noted, before returning to a normal level in June.

### Operating profit/loss (EBIT)

During the first half of the year, EBIT was SEK 103m (76), which corresponds to an EBIT margin of 26.8 percent (23.3). Adjusted EBIT was SEK 111m (100) and adjusted EBIT margin 28.9 percent (30.9). During the first half year, other external expenses were adjusted by SEK 8m, related to the costs of the acquisition of StyleShoots. In the first half of 2021, SEK 25m in expenses related to the IPO were adjusted for. The increase in EBIT and adjusted EBIT was an effect of increased sales but also an increase in capitalized work for own account which increased from SEK 9m to SEK 17m compared to the first half of 2021.

Other external costs excluding items affecting comparability totaled SEK 71m (53) and personnel costs totaled SEK 67m (58). The increase was mainly due to an increased cost base resulting from the acquisition of StyleShoots and increased development costs. Depreciation during the period totaled SEK 33m (29), of which SEK 11m (11) related to tangible fixed assets and SEK 22m (18) to intangible fixed assets.

### Financial items

Financial items consisted of realized and unrealized foreign exchange losses on financial items of SEK -2m (1) in the first half year and interest expenses of SEK -2m (-1). Interest expense mainly related to interest on lease liabilities, utilized overdraft credit and external loans. Net expenses from financial items amounted to SEK -4m (-1).

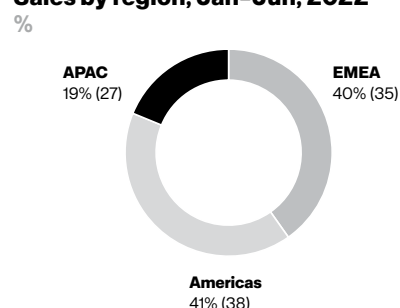
### Net profit for the period and tax expenses

Net profit totaled SEK 76m (54). The tax expense was SEK 23m (21), of which SEK 21m (24) was current tax and SEK 2m (-3) was a change in deferred taxes. The effective tax rate for the period was 23.5 percent (28.5). In the previous year, the effective tax rate was affected by IPO costs of SEK 22m which were treated as non-deductible for tax purposes. Excluding the tax effect of these costs, the effective tax rate for the corresponding period in 2021 was 22.4 percent.

### Change in net sales

%	Jan-Jun 2022
Organic growth	2.7
Acquisitions	6.1
Currency effect	9.1
<b>Total</b>	<b>17.9</b>

### Sales by region, Jan-Jun, 2022



1) For information and explanations regarding alternative performance measures, see pages 20–22.

# Financial Position and Other Information

## Product development and other investments

Total expenditure on product development in the second quarter totaled SEK 23m (11). Of these, SEK 11m (5) was recognized as investments in product development. In total, the carrying amount of capitalized development expenditure amounted to SEK 97m (93) at June 30. Product development expenses in the second quarter amounted to SEK 12m (6). 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 6m (4) was invested in tools and equipment mainly related to ongoing development projects.

## Working capital, liquidity and cash flow

Inventories at the end of the second quarter amounted to SEK 124m (96) and trade receivables to SEK 75m (75). Accounts payable totaled SEK 41m (47). Cash flow from operating activities for the quarter totaled SEK 39m (54). The decrease was mainly due to a negative change in working capital compared to the second quarter of last year.

## Financial position and liquidity

On June 30, 2022 consolidated equity totaled SEK 268m (230). Cash and cash equivalents totaled SEK 100m (109). The Group reported a net debt of SEK 120m (-14). Interest-bearing liabilities totaled SEK 166m (44). The main reason for the increase in debt was the acquisition of StyleShoots for SEK 177m and the dividend to shareholders of SEK 140m approved and paid at the Annual General Meeting. The cash outflow in the second quarter was partly financed by a drawdown of SEK 75m on the available RCF loan of SEK 250m. Lease liabilities totaled SEK 54m (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 a constant currency annual organic growth in net sales of above 10 percent.
- 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 during the quarter was 138 (97), of which 78 (38) were employed in sales companies in China, Japan, USA, Germany, France, the UK and the Netherlands. The increase in the number of employees during the quarter is due to the acquisition of StyleShoots, which added 42 employees.

## 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 3.5m (2.9) as its only income in the second quarter, and with personnel expenses and other external expenses related to management of the Group as expenses. Other external expenses in the second quarter of 2021 were charged with IPO costs of SEK 15.6m.

Operating profit (EBIT) amounted to SEK -0.8m (-15.9) for the second quarter. Current assets amounted to SEK 1.9m (1.4) and total current liabilities amounted to SEK 80.1m (33.7). The change was mainly due to an increase in net debt to Group companies compared to the second quarter of 2021 and the current portion of the vendor note from the acquisition of StyleShoots of SEK 16m to be repaid in April 2023. Long-term debt in the second quarter amounted to SEK 91.0 (-). The increase consists of the utilization of the available RCF loan in the second quarter of SEK 75m and the long-term part of the vendor note of SEK 16m to be repaid in April 2024.

In the second quarter, the Parent Company recognized actual acquisition costs of SEK 8.0m as cost of shares acquired. In the Group, these costs were expensed in the first half of the year as acquisition-related costs in accordance with IFRS 3 Business acquisitions.

## Dividend

For the financial year 2021, the Board of Directors proposed a dividend of SEK 3.50 per share, which was approved at the Annual General Meeting on May 5, 2022, and paid on May 12 with record date on May 9, 2022. The decision entailed a total dividend of SEK 140m, corresponding to 88.6 percent of the net profit for 2021.

## Summary of significant events during April-June

As part of the strategy to expand in automated e-commerce photography, Profoto Holding AB (publ) acquired all the shares in the Dutch company StyleShoots Holding B.V. on April 6, 2022. The purchase price totaled EUR 18m on a cash and debt-free basis, corresponding to approximately SEK 186m. Further details on the acquisition are presented in Note 6.

## Summary of other significant events after the end of the period

No significant events after the end of the period.

## Owners

Per June 30, 2022, Profoto had 1,539 known shareholders, of which the ten largest were:

Owners	Number of shares	%
Anders and Helén Hedebark	15,127,321	37.8
Conny Dufgran	6,006,600	15.0
Lannebo Fonder	3,390,736	8.5
Herenco Holding AB	2,514,295	6.3
Svolder	1,628,067	4.1
Hans Eckerström	1,230,508	3.1
Enter Fonder	1,062,648	2.7
Nordnet Pensionsförsäkring	529,052	1.3
Deka Investments	523,600	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 at the end of each month on the company's website <https://investors.profoto.com>.

## 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. The war in Ukraine and the current market turmoil in the world have contributed to uncertainty, 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 can lead to a significant reduction in net sales in the long term.

There is a risk that the Group may fail to achieve its growth strategy when acquiring other businesses, or fail in the integration of acquired companies, which may adversely affect its results and financial position.

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 out-sources 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.

### 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.

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

The Group operates in a global market, which exposes it to 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, as well as credit and counterparty risk, the latter referring to the risk that a counterparty fails to meet 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 staff costs.

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.

A more comprehensive description of the risks is available in the 2021 Annual and Sustainability Report available at <https://investors.profoto.com>

# Signatures

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

Sundbyberg July 22, 2022

**Hans Eckerström**  
Chairman of the Board

**Magnus Brännström**  
Board member

**Pernilla Ekman**  
Board member

**Anders Hedebark**  
Board member  
Chief Executive Officer

**Helena Holmgren**  
Board member

**Helene Willberg**  
Board member

## **Auditor's review**

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



# Other information

## About Profoto

Profoto was founded more than 50 years ago and has since then been the world leader in lighting products for professional photographers, driving innovation and awareness of how to create better images through light. We know that light is the indispensable source in all image creation – regardless of camera or situation. Creating great images is about mastering and shaping light. The end users are professional photographers and commercial customers, including major consumer brands and e-commerce companies. The company is currently represented in over 60 markets globally. Net sales in 2021 totaled SEK 732m, with an adjusted EBIT margin of 32 percent. As of April 2022, Profoto had 139 employees at its headquarters in Stockholm and at subsidiaries in the US, Japan, China, Germany, France, the UK and the Netherlands.

## Financial calendar

Interim Report Q3 2022 – November 8, 2022

Year-end report 2022 – February 14, 2023

## Conference call

Profoto Holding AB (publ) will publish its interim report for the second quarter of 2022 on Friday, July 22, at 08:00 CEST. At 10:00 CEST the same day, a webcast teleconference will be held where Anders Hedebark, President and CEO, will present the report together with Petter Sylvan, CFO. 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: 5603348#

You can also follow and listen to the presentation and the conference at the following web link: <https://tv.streamfabriken.com/profoto-q2-2022>.

## For further information, please contact

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This information is inside information that Profoto Holding AB (publ) is required to disclose under the EU Market Abuse Regulation and information that Profoto Holding AB (publ) is obliged to make public under the Securities Market Act. The information was submitted, through the abovecontacts, for publication on July 22 at 08:00 CEST.

# Condensed consolidated financial statements

## Consolidated statement of profit and loss

SEKm	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales	2	187	172	383	325	732
Other operating income		6	0	16	3	11
<b>Total revenue</b>		<b>193</b>	<b>172</b>	<b>399</b>	<b>328</b>	<b>744</b>
Capitalized work for own account		11	5	17	9	22
Goods		-61	-52	-125	-97	-232
Other external expenses		-36	-44	-79	-77	-142
Personnel expenses		-39	-29	-67	-58	-117
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-19	-14	-33	-29	-57
Other operating expenses		-1	-2	-10	-1	-5
<b>Operating profit/loss (EBIT)</b>		<b>48</b>	<b>36</b>	<b>103</b>	<b>76</b>	<b>212</b>
<b>Finance income and costs</b>						
Finance income		3	0	3	0	0
Finance costs		-5	-3	-7	-1	-3
<b>Profit/loss before tax</b>		<b>46</b>	<b>33</b>	<b>99</b>	<b>75</b>	<b>209</b>
Tax		-10	-10	-23	-21	-51
<b>Profit/loss for the period</b>		<b>36</b>	<b>22</b>	<b>76</b>	<b>54</b>	<b>158</b>
<i>Attributable to:</i>						
Owners of the Parent Company		36	22	76	54	158
Basic and diluted earnings per share, SEK <sup>1</sup>		0.90	0.56	1.89	1.34	3.95

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

## Consolidated statement of comprehensive income

SEKm	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Profit/loss for the period		36	22	76	54	158
<i>Other comprehensive income, items that may be reclassified to the consolidated statement of profit and loss:</i>						
Translation differences for the period	2	2	1	1	-2	-5
<b>Total comprehensive income for the period</b>		<b>38</b>	<b>23</b>	<b>77</b>	<b>52</b>	<b>153</b>
<i>Attributable to:</i>						
Parent Company shareholders		38	23	77	52	153

## Condensed consolidated statement of financial position

SEKm	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible fixed assets</b>				
	4			
Capitalized development expenditure		97	93	91
Technology, customer assets and brand		87	–	–
Other intangible assets		12	17	15
Goodwill		106	–	–
<b>Total intangible assets</b>		<b>302</b>	<b>110</b>	<b>106</b>
<b>Property, plant and equipment</b>				
Leased assets		52	49	49
Equipment, tools and installations		25	27	23
Leasehold improvements		2	3	2
<b>Total property, plant and equipment</b>		<b>80</b>	<b>79</b>	<b>75</b>
<b>Financial assets</b>		<b>2</b>	<b>2</b>	<b>2</b>
<b>Deferred tax assets</b>		<b>17</b>	<b>18</b>	<b>16</b>
<b>Total non-current assets</b>		<b>401</b>	<b>209</b>	<b>199</b>
<b>Current assets</b>				
<b>Inventories</b>		<b>124</b>	<b>96</b>	<b>99</b>
<b>Current receivables</b>				
Accounts receivable		75	75	69
Other current assets		6	1	5
Prepayments and accrued income		8	5	6
<b>Total current receivables</b>		<b>89</b>	<b>82</b>	<b>80</b>
<b>Cash and cash equivalents</b>		<b>100</b>	<b>109</b>	<b>206</b>
<b>Total current assets</b>		<b>314</b>	<b>287</b>	<b>386</b>
<b>TOTAL ASSETS</b>		<b>715</b>	<b>496</b>	<b>585</b>

## Cont. Condensed consolidated statement of financial position

SEKm	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>		<b>268</b>	<b>230</b>	<b>331</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		82	7	6
Other non-current liabilities		16	-	-
Lease liabilities		42	41	43
Provisions		9	7	7
Deferred tax liabilities		77	51	54
<b>Total non-current liabilities</b>		<b>226</b>	<b>106</b>	<b>110</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		52	37	14
Lease liabilities		12	10	9
Provisions		7	5	5
Accounts payable		41	47	46
Current tax liabilities		20	3	9
Other current liabilities		28	3	6
Accrued expenses and deferred income		60	54	55
<b>Total current liabilities</b>		<b>220</b>	<b>159</b>	<b>144</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>715</b>	<b>496</b>	<b>585</b>

## Consolidated statement of changes in equity

SEKm	Share capital	Translation reserve	Retained earnings, including profit/loss for the period	Total equity
<b>Opening balance January 1, 2022</b>	<b>1</b>	<b>-6</b>	<b>336</b>	<b>331</b>
Profit/loss for the period			76	76
Total other comprehensive income	-	1	-	1
<b>Total comprehensive income</b>	<b>0</b>	<b>1</b>	<b>76</b>	<b>77</b>
Dividends to shareholders	-	-	-140	-140
<b>Closing balance June 30, 2022</b>	<b>1</b>	<b>-5</b>	<b>272</b>	<b>268</b>
<b>Opening balance January 1, 2021</b>	<b>0</b>	<b>-1</b>	<b>335</b>	<b>334</b>
Profit/loss for the period			54	54
Total other comprehensive income	-	-2	-	-2
<b>Total comprehensive income</b>	<b>0</b>	<b>-2</b>	<b>54</b>	<b>52</b>
Fund issue	1	-	-1	<b>0</b>
Dividends to Parent Company	-	-	-156	-156
<b>Closing balance June 30, 2021</b>	<b>1</b>	<b>-3</b>	<b>232</b>	<b>230</b>

## Consolidated statement of cash flows

SEKm	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
<b>Cash flow from operating activities</b>						
Operating profit/loss		48	36	103	76	212
Adjustments for non-cash items:						
Depreciation, amortization and impairment of non-current assets		19	15	33	29	57
Adjustments for other non-cash items		-5	0	-4	0	4
Interest received		0	0	0	0	0
Interest paid		-1	-1	-2	-1	-2
Income tax paid		-4	-9	-8	-16	-36
<b>Cash flow from operating activities before changes in working capital</b>		<b>56</b>	<b>40</b>	<b>122</b>	<b>88</b>	<b>235</b>
<b>Changes in working capital</b>						
Decrease (+)/increase (-) in inventories		-9	0	-15	0	-6
Decrease (+)/increase (-) in accounts receivable		27	-3	18	-8	-2
Decrease (+)/increase (-) in other receivables		-6	1	-2	5	0
Decrease (-)/increase (+) in accounts payable		-7	13	-12	2	0
Decrease (-)/increase (+) in other current liabilities		-22	1	-17	10	13
<b>Cash flow from operating activities</b>		<b>39</b>	<b>54</b>	<b>93</b>	<b>96</b>	<b>240</b>
<b>Investing activities</b>						
Investments in intangible assets		-11	-5	-17	-9	-24
Acquisition of property, plant and equipment		-6	-4	-8	-4	-6
Intra-group loans given <sup>1</sup>		-	-33	-	-116	-116
Acquired subsidiary		-141	-	-141	-	-
<b>Cash flow from investing activities</b>		<b>-158</b>	<b>-42</b>	<b>-166</b>	<b>-130</b>	<b>-146</b>
<b>Financing activities</b>						
Repayment of external loans		-10	-8	-11	-9	-34
Amortization of leasing liability		-3	-3	-5	-5	-11
New loans		98	0	122	12	13
Repaid intercompany liabilities <sup>2</sup>		-	-103	-	-103	-103
Dividends paid		-140	-	-140	-	-
<b>Cash flow from financing activities</b>		<b>-56</b>	<b>-114</b>	<b>-34</b>	<b>-105</b>	<b>-135</b>
Cash flow for the period		-175	-103	-108	-139	-42
Cash and cash equivalents at beginning of period		272	215	206	254	254
Exchange rate differences in cash and cash equivalents		3	-3	1	-6	-7
<b>Cash and cash equivalents at end of period</b>		<b>100</b>	<b>109</b>	<b>100</b>	<b>109</b>	<b>206</b>

1) Intra-group loans given and repaid in investing activities relate to lending to and repayment from the former Parent Company Profoto Invest AB.

2) Repayment of intercompany liabilities in financing activities refers to the repayment of the loan from the former parent company Profoto Invest AB, which was settled in full at the end of Q2 2021. The dividend that was approved from 2020 to Profoto Invest AB of SEK 156m is included in the residual debt that was repaid and settled in full.

# Condensed Parent Company financial statements

## Parent Company Income Statement

SEKm	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales		3.5	2.9	7.1	5.8	11.7
<b>Operating expenses</b>						
Other external expenses		-1.2	-15.7	-2.8	-22.9	-26.5
Personnel expenses		-3.1	-3.1	-5.9	-5.7	-12.4
Other operating expenses		-0.0	0.0	-0.0	0.0	0.0
<b>Operating profit/loss (EBIT)</b>		<b>-0.8</b>	<b>-15.9</b>	<b>-1.6</b>	<b>-22.7</b>	<b>-27.3</b>
<b>Profit/loss from financial items</b>						
Income from participations in Group companies		-	-	-	-	153.0
Interest and similar expenses		-7.3	0.0	-7.3	0.0	0.0
<b>Profit after financial items</b>		<b>-8.1</b>	<b>-15.9</b>	<b>-8.9</b>	<b>-22.7</b>	<b>125.7</b>
Appropriations		-	-	-	-	51.9
<b>Profit/loss before tax</b>		<b>-8.1</b>	<b>-15.9</b>	<b>-8.9</b>	<b>-22.7</b>	<b>177.6</b>
Tax on profit for the period		1.8	0.4	2.0	0.4	-9.7
<b>Profit/loss for the period</b>		<b>-6.4</b>	<b>-15.5</b>	<b>-6.9</b>	<b>-22.3</b>	<b>167.9</b>

## Parent Company balance sheet

SEKm	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Financial assets</b>				
Participations in Group companies		217.3	32.0	32.0
<b>Total non-current assets</b>		<b>217.3</b>	<b>32.0</b>	<b>32.0</b>
<b>Deferred tax assets</b>		<b>1.5</b>	<b>6.5</b>	<b>1.3</b>
<b>Current assets</b>				
Current receivables from Group companies	3	-	-	199.5
Other current receivables		1.1	1.0	0.5
Prepayments and accrued income		0.8	0.1	0.9
<b>Total current receivables</b>		<b>1.9</b>	<b>1.4</b>	<b>200.9</b>
<b>Cash and cash equivalents</b>		<b>-</b>	<b>-</b>	<b>0.0</b>
<b>Total current assets</b>		<b>1.9</b>	<b>1.4</b>	<b>200.9</b>
<b>ASSETS</b>		<b>220.6</b>	<b>39.9</b>	<b>234.2</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
<b>Share capital</b>		0.5	0.5	0.5
<b>Total restricted equity</b>		<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Unrestricted equity</b>				
Retained earnings		55.9	28.0	28.0
Profit/loss for the period		-6.9	-22.3	167.9
<b>Total unrestricted equity</b>		<b>49.0</b>	<b>5.7</b>	<b>195.9</b>
<b>Total equity</b>		<b>49.5</b>	<b>6.2</b>	<b>196.4</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		75.0	-	-
Other non-current liabilities		16.0	-	-
<b>Total non-current liabilities</b>		<b>91.0</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Accounts payable		0.1	0.9	0.3
Current liabilities to Group companies	3	52.7	8.3	24.7
Current tax liabilities		2.8	-	4.9
Other current liabilities		18.1	0.4	1.2
Accrued expenses and deferred income		6.3	24.2	6.7
<b>Total current liabilities</b>		<b>80.1</b>	<b>33.7</b>	<b>37.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>220.6</b>	<b>39.9</b>	<b>234.2</b>

## Parent Company Statement of Cash Flows

SEKm	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
<b>Cash flow from operating activities</b>						
Operating profit/loss		-0.8	-15.9	-1.6	-22.7	-27.3
Income tax paid		-0.1	0.1	-0.3	0.0	0.2
<b>Cash flow from operating activities before changes in working capital</b>		<b>-0.9</b>	<b>-15.8</b>	<b>-1.9</b>	<b>-22.7</b>	<b>-27.1</b>
<b>Changes in working capital</b>						
Decrease (+)/increase (-) in other receivables		9.7	0.0	-0.5	-0.1	-0.8
Decrease (-)/increase (+) in accounts payable		-0.2	0.3	-0.1	0.4	-3.1
Decrease (-)/increase (+) in other current liabilities		0.1	12.4	0.2	19.3	3.1
<b>Cash flow from operating activities</b>		<b>8.7</b>	<b>-3.0</b>	<b>-2.3</b>	<b>-3.1</b>	<b>-27.9</b>
<b>Investing activities</b>						
Acquired subsidiary		-154.4	-	-154.4	-	-
<b>Cash flow from investing activities</b>		<b>-154.4</b>	<b>0.0</b>	<b>-154.4</b>	<b>0.0</b>	<b>0.0</b>
<b>Financing activities</b>						
Change in intercompany liabilities		210.8	2.9	221.8	2.9	27.6
Change in long and short-term financial liabilities		75.0	-	75.0	-0.1	-
Dividends to shareholders		-140.0	-	-140.0	-	-
<b>Cash flow from financing activities</b>		<b>145.8</b>	<b>2.9</b>	<b>156.8</b>	<b>2.8</b>	<b>27.6</b>
Cash flow for the period		0.0	-0.1	0.0	-0.3	-0.3
Cash and cash equivalents at beginning of period		0.0	0.1	0.0	0.3	0.3
<b>Cash and cash equivalents at end of period</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



# 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 in 2022 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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
EMEA	81	61	154	114	248
Americas	70	73	157	124	306
APAC	36	39	72	87	179
<b>Total net sales</b>	<b>187</b>	<b>172</b>	<b>383</b>	<b>325</b>	<b>732</b>

## Note 3 Related-party transactions

Related party transactions include payments to directors and senior executives. Compensation levels are determined on commercial grounds.

The Parent Company invoices monthly management fees of SEK 1.2m (1.0) to the subsidiary Profoto AB. The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. In the second quarter of 2022, the Parent Company's income from invoiced management fees totaled SEK 3.5m (2.9). The Parent Company has issued a general guarantee on behalf of its subsidiary, see Note 5.

Parent Company SEKm	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Intercompany receivables	-	-	199.5
Intercompany liabilities	-52.7	-8.3	-24.7
<b>Total</b>	<b>-52.7</b>	<b>-8.3</b>	<b>174.8</b>

**Note 4 Intangible fixed assets**

SEKm	Capitalized develop- ment expenditure	Technology, customer assets and brand	Other intangible assets <sup>1</sup>	Total
<b>Opening accumulated cost, January 1, 2022</b>	<b>236</b>	-	<b>35</b>	<b>271</b>
Acquisitions	18	87	-	105
Capitalized development expenditure	18	-	-	18
Currency effects	-	4	-	4
<b>Closing accumulated acquisition value at June 30, 2022</b>	<b>272</b>	<b>91</b>	<b>35</b>	<b>398</b>
<b>Opening amortization, January 1, 2022</b>	<b>-126</b>	-	<b>-20</b>	<b>-146</b>
Acquisitions	-15	-	-	-15
Amortization for the period	-15	-4	-4	-23
<b>Closing accumulated amortization at June 30, 2022</b>	<b>-156</b>	<b>-4</b>	<b>-24</b>	<b>-184</b>
<b>Opening impairment, January 1, 2022</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Closing accumulated impairment at June 30, 2022</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Carrying amount at June 30, 2022</b>	<b>97</b>	<b>87</b>	<b>12</b>	<b>196</b>
<b>Opening accumulated cost, January 1, 2021</b>	<b>214</b>	-	<b>33</b>	<b>246</b>
Acquisitions	-	-	-	-
Capitalized development expenditure	9	-	-	9
<b>Closing accumulated acquisition value at June 30, 2021</b>	<b>222</b>	-	<b>33</b>	<b>255</b>
<b>Opening amortization January 1, 2021</b>	<b>-97</b>	-	<b>-13</b>	<b>-109</b>
Amortization for the period	-14	-	-3	-17
<b>Closing accumulated amortization at June 30, 2021</b>	<b>-111</b>	-	<b>-15</b>	<b>-126</b>
<b>Opening impairment January 1, 2021</b>	-	-	-	-
Impairment for the period	-19	-	-	-19
<b>Closing accumulated impairment June 30, 2021</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Carrying amount June 30, 2021</b>	<b>93</b>	-	<b>17</b>	<b>110</b>

Goodwill at 30 June 2022 totaled SEK 106m and increased during the quarter by SEK 102m in connection with the acquisition of StyleShoots and by SEK 4m due to currency effects. For further information on the acquisition values and depreciation periods of Technology, Customer Assets and Trademarks, see Note 6 below on Business acquisitions.

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	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021	Group SEKm	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>Pledged collateral</b>				<b>Contingent liabilities</b>			
Company mortgage	-	40	40	Swedish Customs Service	1	0	1
Pledges on accounts receivable and inventories of Group companies	50	51	57	<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Total</b>	<b>50</b>	<b>91</b>	<b>97</b>				

Company mortgage of SEK 40m was returned to borrowing Group companies on February 3, 2022. 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.

## Note 6 Business acquisitions

On April 6, 2022, Profoto Holding AB (publ) entered into an agreement to acquire 100 percent of the shares in StyleShoots Holding B.V. (StyleShoots). Acquisition took place on the same day, April 6, and StyleShoots is consolidated with Profoto as of this date.

StyleShoots is a leading full-service fashion e-commerce photography company with 41 employees, headquartered in Haarlem, the Netherlands. StyleShoots operates in a different part of the market than Profoto, and by working together Profoto and StyleShoots are expected to have the opportunity to jointly push StyleShoots' expansion in an attractive market using Profoto's organization and solid experience in global geographic expansion.

StyleShoots had sales of SEK 88m in 2021 and, if the company had been acquired on January 1, 2022, the Group's sales for the first half of 2022 would have increased by SEK 24m to SEK 407m and the Group's operating profit (EBIT) are estimated to have been unchanged at SEK 103m after deducting amortization of acquisition-related excess values of SEK 4m.

The acquisition is based on a value of the acquired business on a cash and debt-free basis (Enterprise Value) of EUR 18.0m. Adjusted for certain variable terms such as net debt, the total amounts to EUR 17.3m of which EUR 3.0m is in the form of an interest-bearing vendor loan to Profoto Holding AB (publ) from the seller Life Style Technologies Holding B.V. The loan is paid off in instalments over 3 years. As of the acquisition date, the purchase price corresponds to SEK 177.3m

A preliminary acquisition analysis has been prepared as follows, allocating the cost of the shares to the net assets acquired in the subsidiary and goodwill. Acquisition costs of SEK 10m are included in the Group's operating expenses in the first quarter of 2022. Final costs for the acquisition are estimated at the end of the second quarter to amount to SEK 8m and therefore operating expenses in the second quarter were positively impacted by SEK 2m.

### Acquisition analysis

SEKm	Fair value
<b>Fair value of transferred consideration</b>	
Purchase price paid, settled in cash	146
Vendor note	31
<b>Total</b>	<b>177</b>
<b>Fair value of assets acquired and liabilities assumed</b>	
Technology/Capitalized development expenditure	26
Brand	13
Customer contracts and customer relations	51
Leased assets	5
Property, plant and equipment	2
Inventories	11
Accounts receivable and other receivables	25
Cash and cash equivalents	5
<b>Total assets</b>	<b>139</b>
Deferred tax liability	20
Lease liabilities	4
Accounts payable and other payables	39
<b>Total liabilities</b>	<b>63</b>
<b>Net identifiable assets and liabilities</b>	<b>75</b>
Group goodwill	102
<b>Transferred consideration</b>	<b>177</b>

Excess values have been identified mainly related to acquired customer assets, technology and brands. Acquired technology relates to proprietary software and patented integration of hardware and software in StyleShoot's products and is estimated to have a useful life of eight years. Customer assets relate to customer contracts and customer relationships comprising revenue from existing and future service contracts and revenue from future replacement of purchased and rented products by existing customers. Customer assets are depreciated over 5–9 years. The StyleShoots brand is written off over 4 years.

Goodwill is attributable to future cash flows from new customers, products and markets as well as synergies from the use of Profoto's lighting technology in StyleShoot products. Goodwill does not give rise to any future deductible expenses.

The acquisition analysis is preliminary and may be subject to adjustment.

### Acquisition analysis

SEKm	Fair value
<b>Effect on cash and cash equivalents at the acquisition date April 6, 2022</b>	
Transferred consideration	-177
Vendor notes deducted	31
Cash and cash equivalents of acquired subsidiary deducted	5
<b>Total</b>	<b>-141</b>

### Impact of the acquisition on the income statement April–June 2022

SEKm	Carrying amount
<b>Impact after the acquisition date April 6, 2022, included in the Group's results</b>	
Sales	22
EBIT	-2

EBIT includes amortization of excess values from acquired intangible assets of SEK -4m during the period.

Turnover and EBIT on the basis of the acquisition having taken place on January 1, 2022, are given below in the pro forma information on page 22.

# 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 second quarter of 2022, adjustments to other external expenses related to the acquisition of the Dutch company Style-Shoots Holding B.V. have been made. For 2021, adjustments have been made for other external expenses related to preparations for the IPO in 2021.

SEKm	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales	187	172	383	325	732
Operating profit/loss (EBIT)	48	36	103	76	212
Total items affecting comparability	-2	17	8	25	25
IPO expenses	-	17	-	25	25
Costs related to acquisitions	-2	-	8	-	-
<b>Adjusted operating profit (EBIT)</b>	<b>46</b>	<b>53</b>	<b>111</b>	<b>100</b>	<b>237</b>
<b>Adjusted EBIT margin, %</b>	<b>24.5</b>	<b>30.7</b>	<b>28.9</b>	<b>30.9</b>	<b>32.3</b>

## 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 adjusted for currency effect, %

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

%	Apr-Jun 2022	Jan-Jun 2022
Change in EBIT	33.2	35.9
Currency effect	-26.2	-9.6
<b>EBIT adjusted for currency effect</b>	<b>7.0</b>	<b>26.3</b>

SEKm	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Operating profit/loss (EBIT)	48	36	103	76	212
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	19	14	33	29	57
<b>EBITDA</b>	<b>67</b>	<b>50</b>	<b>136</b>	<b>104</b>	<b>269</b>

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.

## EBIT

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

## EBIT margin, %

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

## EBITDA

EBITDA (earnings before 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.

### 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 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

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

SEKm	Jun 30, 2022	Jun 30, 2021
Liabilities to credit institutions, non-current	82	7
Other interest-bearing liabilities, non-current	16	-
Lease liabilities, non-current	42	41
Liabilities to credit institutions, current	52	37
Other interest-bearing liabilities, current	16	-
Lease liabilities, current	12	10
Cash and cash equivalents	-100	-109
<b>Net debt</b>	<b>120</b>	<b>-14</b>

### 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	Jun 30, 2022	Jun 30, 2021
Net debt	120	-14
EBITDA, LTM	301	159
<b>Net debt/EBITDA LTM, quota</b>	<b>0.40</b>	<b>-0.09</b>

### 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.

%	Apr-Jun 2022	Jan-Jun 2022
Change in net sales	8.6	17.9
Acquisitions	-11,8	-6.1
Currency effect	-9,5	-9,1
<b>Organic growth adjusted for currency effect</b>	<b>-12.7</b>	<b>2.7</b>

### 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 periods April 1 – June 30, 2021, January 1 – December 31, 2021, July 1, 2021 – June 30, 2022, and January 1 – March 31, 2022, if the acquisition had taken place on January 1, 2021. 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 reports for the full year 2021 and unaudited internal consolidated financial statements prepared in accordance with good accounting practice in the Netherlands, adjusted for differences between practice in the Netherlands and Profoto's accounting policies under IFRS. In addition, the result has been debited with depreciation 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-Jun 2022	Apr-Jun 2021	Jan-Jun 2021	Jul 2021 - Jun 2022	Full year 2021
<b>Net sales pro forma</b>					
Profoto	383	172	325	791	732
StyleShoots	24	20	40	73	88
<b>Net sales pro forma</b>	<b>407</b>	<b>192</b>	<b>365</b>	<b>863</b>	<b>820</b>
<b>EBIT pro forma</b>					
Profoto	103	36	76	239	212
StyleShoots	4	4	7	14	17
Amortization of acquired intangible assets	-4	-4	-7	-10	-14
<b>EBIT pro forma</b>	<b>103</b>	<b>36</b>	<b>76</b>	<b>242</b>	<b>215</b>

SEKm	Jun 30, 2021	Dec 31, 2021
<b>Net debt pro forma</b>		
Profoto	-14	-134
Purchase price	175	177
StyleShoots	-4	-4
<b>Net debt pro forma</b>	<b>157</b>	<b>37</b>

#### Performance measure by quarter

	2022		2021				2020	
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Net sales, SEKm	187	196	218	189	172	153	173	126
EBIT, SEKm	48	55	79	58	36	40	46	-48
EBIT margin, %	25.6	27.9	36.1	30.4	20.9	25.9	26.6	-38.0
Adjusted EBIT, SEKm	46	65	79	58	53	48	48	24
Adjusted EBIT margin, %	24.5	33.1	36.1	30.4	30.7	31.1	27.7	18.9
Profit/loss for the period, SEKm	36	40	60	45	22	31	33	-39
Net debt, SEKm	120	-179	-134	-46	-14	-124	-91	-30
EBITDA LTM, SEKm	301	284	269	238	159	101	76	66
Net debt/EBITDA LTM	0.40	-0.63	-0.50	-0.19	-0.09	-1.23	-1.20	-0.45
Earnings per share, SEK	0.90	0.99	1.50	1.11	0.56	0.78	0.82	-0.99

# Definitions

**Average number of employees**

Average number of full-time employees during the period.

**Earnings per share**

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

**LTM**

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

**Organic growth adjusted for currency effects**

Change in net sales for the period, excluding acquisitions.

**Parent Company**

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

**Profoto Group/the Group**

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

**Region Americas**

Central America, North America and South America.

**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.