

Interim Report

January 1 – March 31, 2022

Financial summary January – March 2022

- Net sales totaled SEK 196m (153), an increase of 28.3 percent. Adjusted for currency effects, net sales increased by 20.2 percent.
- EBIT totaled SEK 55m (40), an increase of 38.3 percent, and 22.2 percent when adjusted for currency effects. The EBIT margin was 27.9 percent (25.9).
- Adjusted EBIT¹ improved to SEK 65m (48). Adjustments during the quarter related to acquisition costs of SEK 10m. Adjustments for the first quarter of 2021 related to IPO expenses of SEK 8m.
- Adjusted EBIT margin¹ for the quarter was 33.1 percent (31.1).
- Profit for the period increased to SEK 40m (31).
- Cash flow from operating activities totaled SEK 54m (42).
- Earnings per share (basic and diluted)² totaled SEK 0.99 (0.78).

Significant events during the first quarter

- The previous financial target for net sales, to “over time, achieve a constant currency annual organic growth in net sales of above 10 percent and reach net sales exceeding SEK 800m by 2023” was updated to “over time, achieve a constant currency annual organic growth in net sales of above 10 percent”.

Significant events after the end of the period

- 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. Pro forma* net sales¹ and EBIT¹ for the period April 1, 2021–March 31, 2022 (LTM) amounted to SEK 868m and SEK 231m. Corresponding figures for the full year 2021 were SEK 820m and SEK 215m, respectively. Further details of the acquisition and the related acquisition analysis are presented in Note 6 Acquisitions after the period end.

Net sales
Q1 2022

SEK 196m
(SEK 153m)

Net sales
LTM

SEK 776m
(SEK 533m)

Adjusted EBIT
Q1 2022

SEK 65m
(SEK 48m)

Adjusted EBIT margin
Q1 2022

33.1%
(31.1%)

1) For information and an explanation of alternative performance measures, including pro forma, see pages 18–20.

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

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

Performance measures**Group**

	Jan-Mar 2022	Jan-Mar 2021	Apr 2021- Mar 2022	Full year 2021
Net sales, SEKm	196	153	776	732
Net sales ¹ (Pro forma)*, SEKm	220	173	868	820
EBIT, SEKm	55	40	227	212
EBIT (pro forma)*, SEKm	55	40	231	215
EBIT margin, %	27.9	25.9	29.3	28.9
EBIT margin ¹ (Pro forma)*, %	25.2	22.9	26.6	26.2
Adjusted EBIT ¹ , SEKm	65	48	254	237
Adjusted EBIT margin ¹ , %	33.1	31.1	32.8	32.3
Profit/loss for the period, SEKm	40	31	167	158
Cash flow from operating activities, SEKm	54	42	252	240
Net debt ² , SEKm	-179	-124	-179	-134
Net debt ² (pro forma)*, SEKm	-2	49	-2	37
Net debt/EBITDA LTM	-0.63	-1.23	-0.63	-0.50
Earnings per share ³	0.99	0.78	4.16	3.95

1) For information and an explanation of alternative performance measures, including pro forma, see pages 18–20.

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

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.

A stable first quarter in a troubled world

Sales growth for the first quarter of 2022 was solid. Our sales increased by 28 percent from the corresponding quarter in 2021, to SEK 196m, and adjusted EBIT totaled SEK 65m, an increase of no less than 37 percent. Adjusted for currency effects, sales and EBIT increased by 20 percent and 22 percent, respectively. The strong currency effect was due to a weakening of the Swedish krona compared to the same period in the previous year. The adjusted EBIT margin remains high and was 33 percent for the first quarter.

Strong growth in Europe and the US

Through to the end of February, growth was strong in both Europe and the US. Events such as trade fairs, travel and conferences got underway after the restrictions were lifted. Number of weddings have increased to some extent and are expected to increase in the summer. In China, activity has been lower following the intensification of contagion and restrictions since the middle of the quarter.

Since the outbreak of the war in Ukraine in the end of February, demand in the neighboring countries has been subdued. Profoto's previous sales in Russia and Ukraine amounted to approximately one percent of net sales.

Strengthening our position in automated e-commerce photography

Photography for e-commerce is an exciting area, in which we see continued growth. The need for great images continues to grow. That's because great images, taken in good lighting, not only increase sales but also reduce returns in e-commerce, which are expensive to handle. Great images with good lighting show better and more realistically what a garment looks like and therefore improve customer satisfaction.

This structural growth in the need for great images was also a reason why we bought the Dutch workflow company StyleShoots, which sells software and hardware for automated e-commerce photography. A very exciting and innovative company that has understood and interpreted customer needs in a completely new way. StyleShoots operates in a different part of the market than Profoto. StyleShoots' customers operate e-commerce platforms or are retailers who increasingly sell products online and need an infrastructure to make their work more efficient. After completing the purchase of StyleShoots at the beginning of April, we have spent a lot of time together putting our joint future plans into action. This mainly involves jointly driving StyleShoots' expansion in an attractive market, based on Profoto's organization and solid experience in global geographic expansion. StyleShoots is a good and profitable company, and as is often the case with good companies it has turned out to be even better than we first thought. I have been even more impressed than expected by its innovative strength, and I look forward to combining our product portfolios and sales organizations to provide a more complete product offering to customers around the world in an efficient way. As mentioned above, this acquisition, of a very good company, is an investment to generate long term profitable growth, which however will have some short term negative effects on the EBIT due to depreciation of acquired surplus values.



Stable delivery despite troubled times

Like most companies, we have continued to work hard with supply chains, shipping issues, component shortages and price increases of supplied parts throughout the quarter. These areas remain a key focus and require a great deal of time from our employees to resolve. But we've done well so far, and I'm proud that we've delivered so steadily, despite the troubled times in which we live.

We help photographers realize their ambitions

The future is always difficult to predict – and perhaps even more so at the time of writing? However, we continue to see strong demand from both professional photographers and e-commerce players. Our mission is to help creative professional photographers realize their ambitions, and we do this by understanding their needs and developing products that meet these needs. This is what pushes us and keeps us constantly responsive and innovative.

Stockholm, May 5, 2022

Anders Hedebark
President and CEO

Financial Overview

First quarter, January 1 – March 31, 2022

Net sales

Net sales for the first quarter totaled SEK 196m (153), an increase of 28.3 percent, compared to the corresponding period last year. Adjusted for currency effects, sales increased by 20.2 percent. The currency effect of 8.1 percent was due to the weakening of the Swedish krona against other currencies compared to the same period last year.

Continued strong demand from brand-driven companies was noted during the quarter. These require a large amount of new content for their websites and e-commerce stores. This increased need to take more images, in a variety of ways, created a demand for products used in the studio environment and accounted for a significant proportion of sales in the period.

Many countries continued to ease restrictions during the quarter, and an increase in events such as trade fairs, travel and conferences was noted. All these factors contribute to the increased demand for Profoto's products.

As a result of the war in Ukraine, a slowdown in demand has been noted in neighboring countries. All Profoto's new sales to Russia were stopped during the quarter, which in 2021 corresponded to about one percent of net sales.

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

Regions

More open societies and an increasing number of events contributed to strong growth in the Americas in particular, but also in EMEA. Sales in the regions totaled SEK 87m (51) and SEK 73m (53), representing growth of 69.0 and 37.5 percent, respectively.

During the quarter, contagion and restrictions increased in APAC, contributing to reduced demand in the region. This, combined with a strong quarter in 2021, in which the launch of Pro-11 underpinned sales in the region, resulted in a change of -25.2 percent in the region, to SEK 36m (48) for the quarter. For further information on sales by region, see Note 2 on page 15.

Operating profit/loss (EBIT)

First quarter EBIT totaled SEK 55m (40), corresponding to an EBIT margin of 27.9 percent (25.9). Adjusted EBIT¹ totaled SEK 65m (48) and adjusted EBIT margin totaled 33.1 percent (31.1). Adjustments for the quarter related to IPO expenses of SEK 10m. Adjustments for the first quarter of 2021 related to IPO expenses of SEK 8m.

The increases in EBIT and adjusted EBIT were due mainly to higher sales. Compared to the previous year, personnel expenses decreased by SEK 2m and totaled SEK 27m (29). The cost reduction is due to the outsourcing of order processing, which started in Q3 2021 and was completed at the end of Q4 2021. The cost of outsourcing is included in other external expenses.

Other external expenses, excluding items affecting comparability, totaled SEK 33m (26). The increase is mainly due to increased development costs.

Depreciation and amortization during the first quarter totaled SEK 14m (14), of which SEK 5m (6) related to property, plant and equipment and SEK 9m (9) to intangible assets.

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

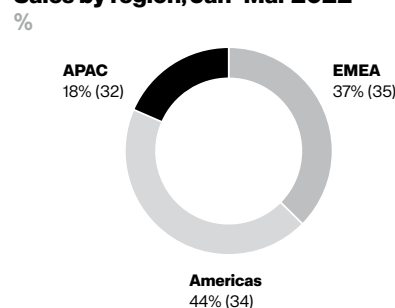
Net profit totaled SEK 40m (31). The tax expense was SEK 14m (11), of which SEK 13m (14) was current tax. The effective tax rate for the period was 25.4 percent (26.4). The effective tax rate in the Group was affected by non-deductible costs of SEK 10m related to the acquisition of StyleShoots Holding B.V. Excluding the tax effect of these costs, the effective tax rate for the first quarter is 21.4 percent.

1) For information and explanations regarding alternative performance measures, see pages 18–20.

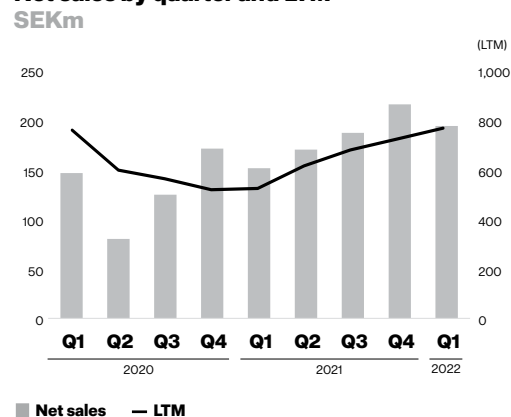
Change in net sales

	Jan-Mar 2022
Organic growth	20.2
Currency effect	8.1
Total	28.3

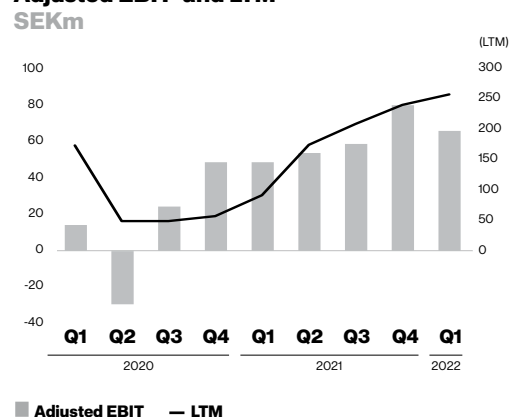
Sales by region, Jan-Mar 2022



Net sales by quarter and LTM



Adjusted EBIT¹ and LTM



Financial Position and Other Information

Product development and other investments

Total expenditure on product development in the first quarter amounted to SEK 22m (12). Of these, SEK 7m (4) was recognized as investments in product development. In total, the carrying amount of capitalized development expenditure amounted to SEK 91m (94) at March 31. Research and development expenses that were expensed in the first quarter totaled SEK 15m (8). Expenditure incurred mainly related to costs in the feasibility phase and project-wide administrative expenses that cannot be attributed to the development of specific products. During the quarter, SEK 1m (1) was invested in tools and equipment, mainly relating to ongoing development projects.

Working capital and cash flow

At the end of the first quarter, inventories amounted to SEK 106m (95), and accounts receivable were SEK 78m (71). Accounts payable totaled SEK 41m (33). Accounts receivable increased due to higher sales compared to the first quarter of 2021. Cash flow from operating activities for the quarter totaled SEK 54m (32). The increase was mainly due to higher sales compared with the same period last year.

Financial position and liquidity

On March 31, 2022, the Group's equity amounted to SEK 370m (362). Cash and cash equivalents totaled SEK 272m (215). The Group reported a net cash position of SEK 179m (124). Interest-bearing liabilities to credit institutions totaled SEK 43m (53), an increase of SEK 23m since year-end 2021. The main reason for the increase in debt is the increased use of available overdraft facilities. Available RCF loans of SEK 250m were unused at the end of the quarter. Lease liabilities totaled SEK 51m (56).

Financial targets

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

- 1) Net sales growth: Achieve, over time, annual organic growth net sales growth exceeding 10 percent in constant currency.
- 2) Profitability: To achieve an EBIT margin of 25 to 30 percent, while maintaining year-on-year growth in EBIT.
- 3) Dividend policy: Profoto aims 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 93 (100), of which 35 (38) were employed in sales companies in China, Japan, USA, Germany, France, and UK.

Parent Company

Profoto Holding AB (publ), corporate 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 first quarter, and with personnel expenses and other external expenses related to management of the Group as expenses. Other external expenses included IPO expenses of SEK 6.7m in the first quarter of 2021.

Operating profit/loss (EBIT) totaled SEK -0.8m (-6.9) for the first quarter. Current assets totaled SEK 201.3m (234.3), and current liabilities totaled SEK 38.7m (94.9). The change was mainly attributable to the settlement of intra-group receivables and payables from the former Parent Company Profoto Invest AB during the second quarter of 2021.

In the first quarter, the Parent Company recognized actual acquisition costs of SEK 10.1m as deferred charges, to add to the cost of acquired shares in Q2. In the Group, these costs were expensed in the first quarter as acquisition-related costs in accordance with IFRS 3.

Dividend

For the 2021 fiscal year, the Board of Directors has proposed a dividend of SEK 3.50 per share, to be paid on May 12 with a record date of May 9, 2022. The proposal entails a total dividend of SEK 140m, corresponding to 88.6 percent of profit for the year 2021.

Summary of significant events in January–March

The previous financial target for net sales, to “over time, achieve a constant currency annual organic growth in net sales of above 10 percent and reach net sales exceeding SEK 800m by 2023” was updated to “over time, achieve a constant currency annual organic growth in net sales of above 10 percent”.

Summary of other significant events after the end of the period

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. Pro forma* net sales and EBIT for the period April 1, 2021–March 31, 2022 (LTM) amounted to SEK 868m and SEK 231m. Corresponding figures for the full year 2021 were SEK 820m and SEK 215m, respectively. Further details of the acquisition and the related acquisition analysis are presented in Note 6 Acquisitions after the period end.

Owners

On March 31, 2022, Profoto had 1,473 known shareholders, of which the ten largest were:

Owners	Number of shares	%
Anders and Helén Hedebark	15,127,321	37.8
Conny Dufgran	6,003,000	15.0
Lannebo Fonder	3,372,200	8.4
Herenco Holding AB	2,122,203	5.3
Svolder	1,597,240	4.0
Hans Eckerström	1,230,508	3.1
Enter Fonder	1,062,648	2.7
Nordnet Pensionsförsäkring	777 160	1.9
Deka Investments	523,600	1.3
Strand Fonder	507,066	1.3

The Profoto share

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

Significant risks and uncertainties

The Profoto Group is an international group exposed to operational risks, sector and market-related risks, legal and tax risks, as well as financial risks. The war in Ukraine has contributed to uncertainty in the global market, which may have a negative impact on Profoto's sales. 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. This includes the following risks:

Operational risks:

In the wake of the pandemic, there are short-term risks of supply chain disruptions and component shortages which may 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 outsources all non-core activities. This risk can lead to a failure to meet the Group's high standards, as well as the risk that third

party suppliers are under-resourced or that Profoto is not prioritized by these suppliers, resulting in non-delivery.

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

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>.

Other information

About Profoto

Profoto was founded more than 50 years ago and has since then has been the world leader in lighting products for professional photographers, driving innovation and awareness of how to create better images through light. We know that light is the indispensable source in all image creation – regardless of camera or situation. Creating great images is about mastering and shaping light. 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

Annual General Meeting 2022 – May 5, 2022

Interim Report Q2 2022 – July 22, 2022

Interim Report Q3 2022 – November 8, 2022

Conference call

Profoto Holding AB (publ) will publish its interim report for the first quarter of 2022 on Thursday, May 5, at 8:00 am CEST. At 10:00 am 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 using the following numbers: from Sweden: +46 856642695, from UK: +44 3333009272, from the US: +1 6319131422 US-PIN: 48874020#. It is also possible to attend and listen to the presentation and the conference using the following web link: <https://tv.streamfabriken.com/profoto-q1-2022>.

For further information, please contact

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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 abovementioned contact persons at 8:00 am CEST on May 5, 2022.

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

Stockholm May 5, 2022

Anders Hedebark
President and CEO

Condensed consolidated financial statements

Consolidated statement of profit and loss

SEKm	Note	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Net sales	2	196	153	732
Other operating income		9	3	11
Total revenue		206	156	744
Capitalized work for own account		7	4	22
Goods		-64	-45	-232
Other external expenses		-43	-34	-142
Personnel expenses		-27	-29	-117
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-14	-14	-57
Other operating expenses		-9	1	-5
Operating profit/loss (EBIT)		55	40	212
Finance income and costs				
Finance income		0	3	0
Finance costs		-2	0	-3
Profit/loss before tax		53	42	209
Tax		-14	-11	-51
Profit/loss for the period		40	31	158
<i>Attributable to:</i>				
Owners of the Parent Company		40	31	158
Basic and diluted earnings per share ¹ , SEK		0.99	0.78	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	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Profit/loss for the period		40	31	158
<i>Other comprehensive income, items that may be reclassified to the consolidated statement of profit and loss:</i>				
Translation differences for the period		-1	-3	-5
Total comprehensive income for the period		39	28	153
<i>Attributable to:</i>				
Parent Company shareholders		39	28	153

Condensed consolidated statement of financial position

SEKm	Note	Mar 31 2022	Mar 31 2021	Dec 31 2021
ASSETS				
Non-current assets				
Intangible assets				
	4			
Capitalized development expenditure		91	94	91
Software		11	18	13
Licenses		3	1	3
Total intangible assets		104	114	106
Property, plant and equipment				
Leased assets		48	54	49
Equipment, tools and installations		21	26	23
Leasehold improvements		2	4	2
Total property, plant and equipment		71	84	75
Financial assets		2	2	2
Deferred tax assets		16	19	16
Total non-current assets		193	218	199
Current assets				
Inventories		106	95	99
Current receivables				
Accounts receivable		78	71	69
Current receivables from Group companies	3	–	102	–
Other current assets		2	2	5
Prepayments and accrued income		5	6	6
Total current receivables		85	181	80
Cash and cash equivalents		272	215	206
Total current assets		463	491	386
TOTAL ASSETS		656	710	585

SEKm	Note	Mar 31 2022	Mar 31 2021	Dec 31 2021
EQUITY AND LIABILITIES				
Total equity		370	362	331
Non-current liabilities				
Liabilities to credit institutions		5	8	6
Lease liabilities		41	45	43
Provisions		8	8	7
Deferred tax liabilities		54	52	54
Total non-current liabilities		108	114	110
Current liabilities				
Liabilities to credit institutions		38	45	14
Lease liabilities		10	11	9
Provisions		5	4	5
Accounts payable		41	33	46
Current liabilities to Group companies	3	-	83	-
Current tax liabilities		18	2	9
Other current liabilities		13	5	6
Accrued expenses and deferred income		52	50	55
Total current liabilities		177	234	144
TOTAL EQUITY AND LIABILITIES		656	710	585

Consolidated statement of changes in equity

SEKm	Share capital	Translation reserve	Retained earnings, including profit/loss for the period	Total equity
Opening balance January 1, 2022	1	-6	336	331
Profit/loss for the period			40	40
Total other comprehensive income		-1	-	-1
Total comprehensive income	0	-1	40	39
Closing balance at March 31, 2022	1	-7	376	370
Opening balance January 1, 2021	0	-1	335	334
Profit/loss for the period			31	31
Total other comprehensive income		-3	-	-3
Total comprehensive income	0	-3	31	28
Closing balance at March 31, 2021	0	-4	366	362

Consolidated statement of cash flows

SEKm	Note	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Cash flow from operating activities				
Operating profit/loss		55	40	212
Adjustments for non-cash items:				
Depreciation, amortization and impairment of non-current assets		14	14	57
Adjustments for other non-cash items		1	1	4
Interest received		0	0	0
Interest paid		0	-1	-2
Income tax paid		-5	-7	-36
Cash flow from operating activities before changes in working capital		65	48	235
Changes in working capital				
Decrease (+) / increase (-) in inventories		-6	-1	-6
Decrease (+) / increase (-) in accounts receivable		-9	-6	-2
Decrease (+) / increase (-) in other receivables		4	4	0
Decrease (-) / increase (+) in accounts payable		-5	-11	0
Decrease (-) / increase (+) in other current liabilities		6	8	13
Cash flow from operating activities		54	42	240
Investing activities				
Investments in intangible assets		-7	-4	-24
Acquisition of property, plant and equipment		-1	-1	-6
Intra-group loans given ¹		-	-83	-116
Intra-group loans repaid ¹		-	-	-
Cash flow from investing activities		-8	-88	-146
Financing activities				
Repayment of external loans		0	0	-34
Amortization of leasing liability		-2	-3	-11
New loans		24	12	13
Repaid intercompany liabilities ²		-	-	-103
Cash flow from financing activities		21	9	-135
Cash flow for the period		67	-37	-42
Cash and cash equivalents at beginning of period		206	254	254
Exchange rate differences in cash and cash equivalents		-1	-3	-7
Cash and cash equivalents at end of period		272	215	206

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	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Net sales		3.6	2.9	11.7
Operating expenses				
Other external expenses		-1.6	-7.2	-26.5
Personnel expenses		-2.8	-2.6	-12.4
Other operating expenses		0.0	0.0	0.0
Operating profit/loss (EBIT)		-0.8	-6.9	-27.3
Profit/loss from financial items				
Income from participations in Group companies		-	-	153.0
Interest and similar expenses		0.0	0.0	0.0
Profit after financial items		-0.8	-6.9	125.7
Appropriations		-	-	51.9
Profit/loss before tax		-0.8	-6.9	177.6
Tax on profit for the period		0.2	0.0	-9.7
Profit/loss for the period		-0.5	-6.9	167.9

Parent Company balance sheet

SEKm	Note	Mar 31 2022	Mar 31 2021	Dec 31 2021
ASSETS				
Non-current assets				
Financial assets				
Participations in Group companies		32.0	32.0	32.0
Total non-current assets		32.0	32.0	32.0
Deferred tax assets		1.4	6.1	1.3
Current assets				
Current receivables from Group companies	3	189.7	233.3	199.5
Other current receivables		0.5	0.8	0.5
Prepayments and accrued income		11.1	0.1	0.9
Total current receivables		201.3	234.3	200.9
Cash and cash equivalents		0.0	0.1	0.0
Total current assets		201.3	234.4	200.9
ASSETS		234.6	272.4	234.2
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		0.5	0.1	0.5
Total restricted equity		0.5	0.1	0.5
Unrestricted equity				
Retained earnings		195.9	184.3	28.0
Profit/loss for the period		-0.5	-6.9	167.9
Total unrestricted equity		195.4	177.4	195.9
Total equity		195.9	177.5	196.4
Current liabilities				
Accounts payable		0.3	0.5	0.3
Current liabilities to Group companies	3	25.8	82.8	24.7
Current tax liabilities		4.6	0.0	4.9
Other current liabilities		2.3	0.9	1.2
Accrued expenses and deferred income		5.7	10.7	6.7
Total current liabilities		38.7	94.9	37.8
TOTAL EQUITY AND LIABILITIES		234.6	272.4	234.2

Parent Company Statement of Cash Flows

SEKm	Note	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Cash flow from operating activities				
Operating profit/loss		-0.8	-6.9	-27.3
Income tax paid		-0.1	-0.1	0.2
Cash flow from operating activities before changes in working capital		-0.9	-7.0	-27.1
Changes in working capital				
Decrease (+) / increase (-) in other receivables		-0.3	-0.1	-0.8
Decrease (-) / increase (+) in accounts payable		0.0	0.1	-3.1
Decrease (-) / increase (+) in other current liabilities		0.1	6.8	3.1
Cash flow from operating activities		-1.2	-0.2	-27.9
Cash flow from investing activities				
		0.0	0.0	0.0
Financing activities				
Change in intercompany liabilities		1.2	0.0	27.6
Change in short-term financial liabilities		-	-0.1	-
Cash flow from financing activities		1.2	-0.1	27.6
Cash flow for the period		0.0	-0.2	-0.3
Cash and cash equivalents at beginning of period		0.0	0.3	0.3
Cash and cash equivalents at end of period		0.0	0.1	0.0

Notes

Note 1 Accounting policies and general information

This consolidated year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the 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	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
EMEA	73	53	248
Americas	87	51	306
APAC	36	48	179
Total net sales	196	153	732

Note 3 Related party transactions

Related party transactions include payments to Board members and senior executives, as well as intra-group transactions with the former ultimate Parent Company, Profoto Invest AB, up until June 30, 2021. Compensation levels are determined on commercial grounds.

Transactions with the ultimate Parent Company, Profoto Invest AB, up until July 5, 2021, consisted of intra-group loans, anticipated dividends, shareholder contributions and Group contributions in 2021. The purpose of the loan was to finance repayment of external loans from credit institutions. The loan to the ultimate Parent Company was interest-free and was settled in the second quarter of 2021. Closing balances are recognized in the table for the Group and the Parent Company, respectively.

The Parent Company invoices the subsidiary Profoto AB a monthly management fee of SEK 1.2m (1.0). The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. In the first quarter of 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.

Group SEKm	Mar 31 2022	Mar 31 2021	Dec 31 2021
Receivables from the Parent Company Profoto Invest AB	-	102	-
Liabilities to the Parent Company Profoto Invest AB	-	-83	-
Total	-	19	-

Parent Company SEKm	Mar 31 2022	Mar 31 2021	Dec 31 2021
Intercompany receivables	189.7	233.3	199.5
Intercompany liabilities	-25.8		-24.7
Liabilities to Parent Company	-	-82.8	-
Total	163.9	150.5	174.8

Note 4 Intangible assets

SEKm	Capitalized development expenditure	Software	Licenses	Total
Opening accumulated cost, January 1, 2022	236	31	4	271
Acquisitions	-	-	-	-
Capitalized development expenditure	7	-	-	7
Closing accumulated acquisition value, March 31, 2022	243	31	4	278
Opening amortization, January 1, 2022	-126	-18	-2	-146
Amortization for the period	-7	-2	0	-9
Closing accumulated amortization at March 31, 2022	-133	-20	-2	-155
Opening impairment, January 1, 2022	-19	-	-	-19
Closing accumulated impairment, March 31, 2022	-19	-	-	-19
Carrying amount, March 31, 2022	91	11	3	104
Opening accumulated cost, January 1, 2021	214	31	2	246
Acquisitions	-	-	-	-
Capitalized development expenditure	4	-	-	4
Closing accumulated acquisition value, March 31, 2021	218	31	2	251
Opening amortization January 1, 2021	-97	-12	-1	-109
Amortization for the period	-8	-1	0	-9
Closing accumulated amortization March 31, 2021	-105	-12	-1	-118
Opening impairment January 1, 2021	-	-	-	-
Impairment for the period	-19	-	-	-19
Closing accumulated impairment, March 31, 2021	-19	-	-	-19
Carrying amount, March 31, 2021	94	18	1	114

Note 5 Pledged assets and contingent liabilities

Group SEKm	Mar 31 2022	Mar 31 2021	Dec 31 2021
Pledged collateral			
Floating charge	-	40	40
Pledges on accounts receivable and inventories of group companies	53	50	57
Total	53	90	97
Contingent liabilities			
Swedish Customs Service	1	1	1
Total	1	1	1

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 Acquisitions after the end of the period

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 Q1 2022 would have increased by SEK 24m to SEK 220m, and the Group's operating profit (EBIT), would have been estimated to stay unchanged at SEK 55m after depreciations of acquisition related surplus 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 conditions such as net debt, the closing amount stands at 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 amortized over a period of 3 years. On the acquisition date, the purchase price corresponds to a total of SEK 177.7m.

A preliminary acquisition analysis has been prepared as follows, with the purchase price allocated to identifiable net assets in the subsidiary and goodwill. Acquisition costs of SEK 10m are included in the consolidated operating expenses in the first quarter of 2022.

Acquisition analysis SEKm	Fair value
Fair value of transferred consideration	
Purchase price paid, settled in cash	147
Vendor loan	31
Total	178
Fair value of assets acquired and liabilities assumed	
Technology / Capitalized development expenditure	26
Brand	13
Customer relations	51
Leased assets	5
Property, plant and equipment	2
Inventories	11
Accounts receivable and other receivables	25
Cash and cash equivalents	5
Total assets	139
Deferred tax liability	20
Lease liabilities	4
Accounts payable and other payables	39
Total liabilities	63
Net identified assets and liabilities	75
Group goodwill	102
Transferred consideration	178

Surplus values has mainly been identified attributed to acquired customer relations, technology and brand. Acquired technology relates to self developed software and patented integration of hard- and software in StyleShoots products with an estimated useful life period of 8 years. Customer relations relates to customer contracts and customer relations including sales from existing and future service contracts and future sales to and renting of machines by existing customers. Customer relations has a write down period of 5–9 years. The brand StyleShoots is depreciated over 4 years.

Goodwill is attributed to future cash flows from new customers, products and markets and synergies from the usage of Profoto lightshaping in StyleShoots products. Goodwill will not, at any extent, be a direct cause of future deductible costs.

The acquisition analysis is preliminary and may be subject for adjustments.

Acquisition analysis SEKm	Fair value
Effect on cash and cash equivalents at acquisition date April 6, 2022	
Transferred consideration	-178
Vendor note deducted	31
Cash and cash equivalents of acquired subsidiary deducted	5
Total	-141.6

Explanations for alternative performance measures

Adjusted operating profit/loss (adjusted EBIT)

Alternative performance measures are used to describe trends in the business and to increase comparability between periods. Adjustments include significant effects from inventory write-downs and development costs, costs related to acquisitions and listing costs. In the first quarter of 2022, adjustments have been made to other external expenses related to the acquisition of the Dutch company StyleShoots Holding B.V. For 2021, adjustments have been made for other external expenses related to preparations for the IPO in 2021.

Adjusted items have a significant impact on EBIT. These are business-related events involving material amounts that have not

occurred to the same extent in the past, and where the likelihood is low that similar transactions will occur in future periods. In order to provide a good understanding of the Profoto Group's operating activities and what EBIT would have looked like without these items, the company has chosen to present adjusted EBIT without items affecting comparability.

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

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Net sales	196	153	732
Operating profit/loss (EBIT)	55	40	212
Total items affecting comparability	10	8	25
IPO expenses	-	8	25
Costs related to acquisitions	10	-	-
Adjusted operating profit (EBIT)	65	48	237
Adjusted EBIT margin, %	33.1	31.1	32.3

Adjusted EBIT margin, %

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

EBIT adjusted for currency effect, %

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

%	Jan-Mar 2022	Jan-Mar 2021
Change in EBIT	38.3	207.1
Currency effect	-16.1	85.5
EBIT adjusted for currency effect	22.2	292.6

EBIT

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

EBIT margin, %

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

EBITDA

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

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Operating profit/loss (EBIT)	55	40	212
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	14	14	57
EBITDA	69	54	269

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	Mar 31 2022	Mar 31 2021
Liabilities to credit institutions, non-current	5	8
Lease liabilities, non-current	41	45
Liabilities to credit institutions, current	38	45
Lease liabilities, current	10	11
Current liabilities to Group companies	-	83
Current receivables from Group companies	-	-102
Cash and cash equivalents	-272	-215
Net debt	-179	-124

Net debt/EBITDA

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

SEKm	Mar 31 2022	Mar 31 2021
Net debt	-179	-124
EBITDA, LTM	284	101
Net debt/EBITDA LTM, quota	-0.63	-1.23

Net sales adjusted for currency effect, %

Change in net sales for the period, 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.

%	Jan-Mar 2022	Jan-Mar 2021
Organic growth	28.3	3.1
Currency effect	-8.1	10.1
Net sales adjusted for currency effect	20.2	13.2

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 178m. 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 January 1 – March 31, 2021, January 1 – December 31, 2021, 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, the purchase consideration paid and StyleShoot's audited consolidated financial reports for the full year 2021 and unaudited internal consolidated quarterly reports for 2021 and first quarter 2022 performed 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-Mar 2022	Jan-Mar 2021	Apr 2021- Mar 2022	Full year 2021
Net sales pro forma				
Profoto	196	153	775	732
StyleShoots	24	20	93	88
Net sales pro forma	220	173	868	820
EBIT pro forma				
Profoto	55	40	227	212
StyleShoots	4	3	18	17
Depreciations on acquired intangible assets	-4	-3	-14	-14
EBIT pro forma	55	40	231	215
SEKm	Mar 31 2022	Mar 31 2021	Dec 31 2021	
Net debt pro forma				
Profoto	-179	-124	-134	
Purchase price	179	177	177	
StyleShoots	-2	-4	-4	
Net debt pro forma	-2	49	37	

Performance measure by quarter	2022	2021			2020			
	Jan-Mar	Oct-Dec	July-Sep	Apr-June	Jan-Mar	Oct-Dec	July-Sep	Apr-June
Net sales, SEKm	196	218	189	172	153	173	126	81
EBIT, SEKm	55	79	58	36	40	46	-48	-23
EBIT margin, %	27.9	36.1	30.4	20.9	25.9	26.6	-38.0	-28.6
Adjusted EBIT, SEKm	65	79	58	53	48	48	24	-30
Adjusted EBIT margin, %	33.1	36.1	30.4	30.7	31.1	27.7	18.9	-36.6
Profit/loss for the period, SEKm	40	60	45	22	31	33	-39	-21
Net debt, SEKm	-179	-134	-46	-14	-124	-91	-30	-3
EBITDA LTM, SEKm	284	269	238	159	101	76	66	108
Net debt/EBITDA LTM	-0.63	-0.50	-0.19	-0.09	-1.23	-1.20	-0.45	-0.02
Earnings per share, SEK	0.99	1.50	1.11	0.56	0.78	0.82	-0.99	-0.53

Definitions

Average number of employees

Average number of full-time employees during the period.

LTM

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

Parent Company

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

Organic growth

Change in net sales for the period, excluding acquisitions.

Profoto Group / the Group

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

Region EMEA

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

Region APAC

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

Region Americas

Central America, North America and South America.

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.