

# Year-end report

January 1–December 31, 2022

## Financial summary October–December 2022

- Net sales totaled SEK 230m (218), an increase of 5.6 percent. Organic growth totaled -12.5 percent, and the currency effect was 11.1 percent.
- EBITA totaled SEK 95m (88), and the EBITA margin 41.1 percent (40.2).
- EBIT totaled SEK 80m (79) and the EBIT margin 34.9 percent (36.1).
- Profit for the period totaled SEK 65m (60).
- Cash flow from operating activities totaled SEK 80m (101).
- Earnings per share (basic and diluted)<sup>2</sup> totaled SEK 1.61 (1.50).

## Financial summary January–December 2022

- Net sales totaled SEK 848m (732), an increase of 15.8 percent. Organic growth totaled -0.8 percent, and the currency effect was 10.8 percent.
- EBITA totaled SEK 299m (247), and the EBITA margin 35.3 percent (33.8).
- EBIT totaled SEK 249m (212), and the EBIT margin 29.3 percent (28.9).
- Adjusted EBIT<sup>1</sup> totaled SEK 257m (237). Adjustments for the period were related to acquisition costs of SEK 8m. Adjustments for the period 2021 related to IPO expenses of SEK 25m. The adjusted EBIT margin<sup>1</sup> totaled 30.3 percent (32.3).
- Profit for the period was SEK 194m (158).
- Cash flow from operating activities totaled SEK 236m (240).
- Earnings per share (basic and diluted)<sup>2</sup> totaled SEK 4.85 (3.95).

## Significant events after the end of the period

- The Board of Directors has proposed a dividend of SEK 4.00 (3.50) per share, corresponding to a total amount of SEK 160m (140).

*This year-end-report is published in Swedish and English. If there are any discrepancies, the Swedish version shall prevail.*

- 1) For information and explanations regarding alternative performance measures, see pages 21–23.  
2) Calculated based on 40,000,000 basic and diluted ordinary shares (retroactive adjustment due to share split implemented in Q2 2021).

Net sales  
Q4 2022

**SEK 230m**  
(SEK 218m)

Net sales  
full year 2022

**SEK 848m**  
(SEK 732m)

EBIT  
Q4 2022

**SEK 80m**  
(SEK 79m)

EBIT margin  
Q4 2022

**34.9%**  
(36.1%)

Adjusted EBIT  
full year 2022

**SEK 257m**  
(SEK 237m)

Adjusted EBIT margin  
full year 2022

**30.3%**  
(32.3%)

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

## Key ratios, Group

	2022 Oct-Dec	2021 Oct-Dec	Full year 2022	Full year 2021
Net sales, SEKm	230	218	848	732
Net sales <sup>1</sup> pro forma*, SEKm	-	248	872	820
EBITDA, SEKm	100	93	322	269
EBITA, SEKm	95	88	299	247
EBITA margin, %	41.1	40.2	35.3	33.8
EBIT, SEKm	80	79	249	212
EBIT pro forma*, SEKm	-	84	249	-
EBIT margin, %	34.9	36.1	29.3	28.9
EBIT margin <sup>1</sup> pro forma*, %	-	33.9	28.6	-
Adjusted EBIT <sup>1</sup> , SEKm	80	79	257	237
Adjusted EBIT margin <sup>1</sup> , %	34.9	36.1	30.3	32.3
Profit/loss for the period, SEKm	65	60	194	158
Cash flow from operating activities, SEKm	80	101	236	240
Net debt <sup>2</sup> , SEKm	4	-134	4	-134
Net debt/EBITDA LTM	0.01	-1.44	0.01	-0.50
Earnings per share <sup>3</sup>	1.61	1.50	4.85	3.95

1) For information and an explanation of alternative performance measures, including pro forma, see pages 21-23.

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.

# Good profitability ended a robust 2022

Profoto's fourth quarter was characterized by weak demand and cautious customers, although profitability was good. Sales totaled SEK 230m, representing growth of six percent compared to the corresponding quarter in the previous year. For the full year 2022, the corresponding figures were SEK 848m and 16 percent. Organic sales growth totaled -12.5 percent for the quarter and -0.8 percent for the year. The EBIT margin was strong at 35 percent in the quarter and 29 percent for the full year.

## Continued market uncertainty

After a robust third quarter, however, the fourth quarter was weak. The uncertainty in the market, characterized by interest rate hikes, inflation and higher electricity prices, has resulted in a wait-and-see attitude among our customers during the quarter.

The caution shown by self-employed photographers and consumers when it comes to spending in these times has been noticeable. We have seen greater caution, which has also prompted resellers to reduce their stocks. We also saw that some major investments were put on hold, affecting demand for our automated solutions which have higher price levels than our modular solutions.

In the third quarter, we noted that Europe, in particular, was affected by the macroeconomic situation. In the fourth quarter, we saw a slight increase in positivity in that region, while developments in the US slowed. Japan remained strong and China was negatively affected by the pandemic.

## Profoto delivers a profitable year

The quarter was tough for Profoto and we also faced strong comparables from the fourth quarter of 2021. Countries were beginning to open up in earnest after the pandemic, and the war in Ukraine had not yet broken out. Everyone was preparing for reopenings and physical gatherings such as weddings, parties and events, which gave a boost to sales.

Sales for the full year 2022 totaled SEK 848m. This is above the target of SEK 800m that we said we would reach by the end of 2023 at the time of our IPO in July 2021. However, we benefited from exchange rates gains and from the acquisition we made in the second quarter. The adjusted EBIT margin for the full year 2022 was 30 percent, which was within our target range of 25 to 30 percent. We are proud to have continued to deliver high profitability.

The growth in sales for our acquisition has also been affected by the more difficult market. At the same time, we continue to work on integration and establishing a sales organization in the US. We have recruited a sales team and are in the process of opening a showroom in Brooklyn, New York, where we can demonstrate our full product range. From automated solutions to our modular products.

## Continued focus on innovation

We continue to focus on product development in our focus areas and where we are unique. We clearly see the underlying structural trends of market growth.

- In e-commerce, the importance of creating high quality visual content, images and moving content is becoming ever more important for staying competitive.
- Building strong fashion brands requires differentiation – as well as strong images and films.



- For events such as weddings, where there is some sign of an upturn, skilled photographers are the key to creating memories for life. And how does a photographer stand out? Through fantastic light, of course.

## Several interesting growth opportunities

Although the market outlook is uncertain in the near future, we are working for what we believe in by constantly increasing our innovation. This is reflected in our higher investment rate in 2022, with 10 percent of sales being invested in research and development. Our strategy continues to be to strengthen our position as a premium brand through product development. The professional imaging market continues to grow, and there are several interesting sub-markets in which Profoto has good growth opportunities, both organically and through acquisitions.

I would like to take this opportunity to thank all our dedicated staff for their drive and commitment during the year. I look forward to seeing what we can achieve together in 2023!

Sundbyberg, February 22, 2023

**Anders Hedebark**  
President and CEO

# Financial Overview

## The fourth quarter, October 1–December 31, 2022

### Net sales

Net sales for the fourth quarter totaled SEK 230m (218), an increase of 5.6 percent compared to the corresponding quarter in the previous year. Organic growth totaled -12.5 percent, and the currency effect was 11.1 percent.

Overall demand in the fourth quarter was weaker compared to the previous quarter. An uncertainty in the market was noted, which was due to interest rate hikes, inflation and increased electricity prices and contributed to some hesitation among freelance photographers. Broad e-commerce companies are also facing weaker demand, which has led to them postponing new investment decisions.

Despite weaker demand, there was continued strong demand for studio photography products, which accounted for a large portion of sales.

### Regions

After a more reduced demand in EMEA in the previous quarter, demand picked up in the fourth quarter. Sales for the region totaled SEK 87m (66), corresponding to a change of 30.5 percent compared to the previous year. A large part of the growth in the region was attributable to acquisitions.

In the Americas demand was more reduced during the period. Mainly due to inflation and interest rate fears. Sales for the region totaled SEK 99m (104), corresponding to a change of -5.3 percent.

Sales for APAC totaled SEK 46m (48), a 4 percent decrease. In Japan demand was good, while China continued to be affected by the ongoing pandemic. For further information on sales by region, see note 2 on page 18.

### Operating profit/loss (EBIT)

Fourth quarter EBIT totaled SEK 80m (79), corresponding to an EBIT margin of 34.9 percent (36.1). EBITA totaled SEK 95m (88), corresponding to an EBITA margin of 41.1 percent (40.2). EBITDA totaled SEK 100m (93).

Capitalized work for own account increased from SEK 7m to SEK 12m compared to the previous year, which is a result of an increased investment rate in product development. Compared to the previous year, personnel expenses increased by SEK 3m and totaled SEK 32m (29). Other external expenses totaled SEK 41m (37). The increase in personnel expenses and external expenses was mainly due to the increased cost base resulting from business acquisition. Depreciation and amortization totaled SEK 20m (14), of which SEK 6m (6) related to property, plant and equipment and SEK 14m (9) to intangible fixed assets. Of the depreciation/amortization of intangible fixed assets, SEK 10m (9) consisted of depreciation/amortization of capitalized development expenditure, SEK 4m (0) of depreciation/amortization of excess value from acquisitions and SEK 0 (0) of depreciation/amortization of other intangible assets.

### Financial items

Net financial items were negative, totaling SEK 6m (1). Net unrealized foreign exchange effects totaled 5m (1), and interest expenses related to lease liabilities and liabilities to credit institutions totaled 1m (0).

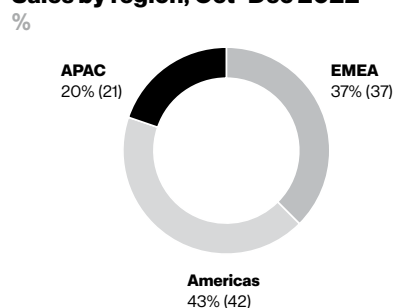
### Profit for the period and tax expenses

Profit for the period totaled SEK 65m (60). The tax expense was SEK 10m (18), of which SEK -4m (10) was current tax and SEK 14m (7) change in deferred tax. The effective tax rate for the period was 13.8 percent (22.9). The effective tax rate was affected by a downward adjustment of final tax for the previous year of SEK -5m in the Parent Company. Excluding the effect of this adjustment, the effective tax rate in the fourth quarter was 20.7 percent.

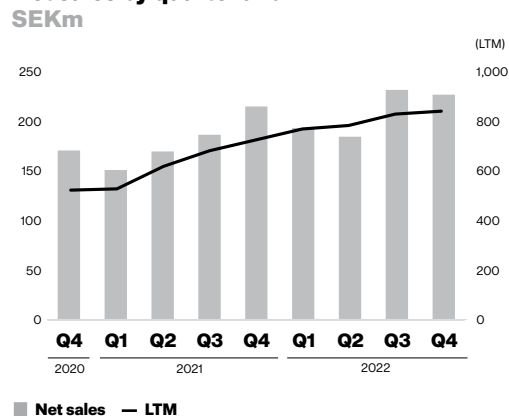
### Change in net sales

	Oct-Dec 2022
Organic growth	-12.5
Acquisitions	7.0
Currency effect	11.1
<b>Total</b>	<b>5.6</b>

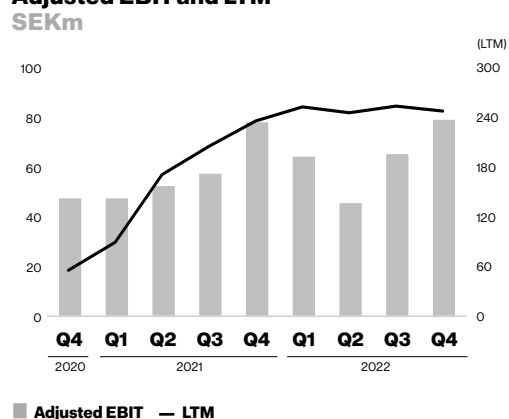
### Sales by region, Oct-Dec 2022



### Net sales by quarter and LTM



### Adjusted EBIT and LTM



## Twelve-month period, January 1–December 31, 2022

### Net sales

Net sales for 2022 totaled SEK 848m (732), an increase of 15.8 percent compared to the previous year. Organic growth totaled -0.8 percent, and the currency effect was 10.8 percent. Strong demand from brand-driven companies was noted during the period. They have a need to create a large amount of content for their websites and e-commerce stores, which generates a demand for products used for studio photography in particular.

During the second quarter, two new products, A2 and Connect Pro, were launched, generating considerable interest. Since the second quarter, we have seen some hesitation among freelance photographers, due to inflation and interest rate fears and lower growth in demand from broad e-commerce companies.

### Regions

In the Americas, sales for the period amounted to SEK 356m (306), corresponding to a growth of 16.6 percent. In May there was a temporary drop in demand before it returned to a normal level in June and the third quarter. In the fourth quarter, demand was again weaker.

Demand in EMEA was good until the third quarter, before picking up slightly in the fourth quarter. Sales totaled SEK 318m (248), representing growth of 28.4 percent. A large part of the growth in the region was attributable to acquisitions.

Sales for APAC totaled SEK 174m (179), corresponding to a change of -2.9 percent. For much of the period, APAC was affected by the pandemic in China, which had a negative impact on the region's sales. Demand in Japan was good during the period.

### Operating profit/loss (EBIT)

EBIT for the full year was SEK 249m (212), which corresponds to an EBIT margin of 29.3 percent (28.9). Adjusted EBIT was SEK 257m (237), and the adjusted EBIT margin was 30.3 percent (32.3). During the period, other external expenses were adjusted by SEK 8m due to acquisition costs. EBITA totaled SEK 299m (247), corresponding to an EBITA margin of 35.3 percent (33.8). EBITDA totaled SEK 321m (269).

Capitalized work for own account increased from SEK 22m to SEK 37m compared to the previous year, which is a result of an increased investment rate in product development. In the same period in the previous year, other external expenses were adjusted by SEK 25m because of expenses related to the IPO. The increase in EBIT and adjusted EBIT was an effect of increased sales and also an increase in capitalized work for own account, which increased from SEK 22m to SEK 37m compared to the full year 2021.

Other external expenses, excluding items affecting comparability, totaled SEK 166m (142), and personnel expenses totaled SEK 137m (117). The increase was mainly due to an increased cost base resulting from a business acquisition and higher development costs. Depreciation/amortization during the period totaled SEK 73m (57), of which SEK 22m (22) related to property, plant and equipment and SEK 50m (36) to intangible fixed assets. Of the depreciation/amortization of intangible fixed assets, SEK 38m (35) consisted of depreciation/amortization of capitalized development expenditure, SEK 11m (0) of depreciation/amortization of excess value from acquisitions and SEK 1 (1) of depreciation/amortization of other intangible assets.

### Financial items

Net financial items were negative, totaling SEK 6m (3). Realized and unrealized exchange rate effects on financial items totaled SEK 2m (1) and interest expenses SEK 5m (3). Interest expense mainly related to interest on lease liabilities, utilized overdraft credit and external loans.

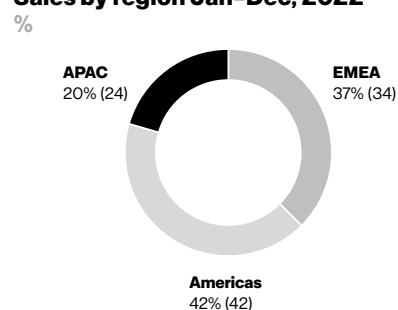
### Profit for the period and tax expenses

Profit for the period was SEK 194m (158). The tax expense was SEK 49m (51), of which SEK 36m (49) was current tax and SEK 13m (2) was deferred tax. The effective tax rate for the period was 20.0 percent (24.4). The effective tax rate was affected by a downward adjustment of final tax for the previous year of SEK -5m in the Parent Company. Excluding the effect of this adjustment, the effective tax rate was 22.2 percent for the full year 2022 and 21.9 percent for 2021.

### Change in net sales

	Jan-Dec 2022
Organic growth	-0.8
Acquisitions	5.8
Currency effect	10.8
<b>Total</b>	<b>15.8</b>

### Sales by region Jan-Dec, 2022



# Financial Position and Other Information

## Product development and other investments

Total expenditure on product development amounted to SEK 22m (16) in the fourth quarter and to SEK 85m (51) for the full year 2022. Of this, SEK 12m (7) was recognized as investments in product development in the fourth quarter and a total of SEK 37m (22) was recognized in the full year 2022. In total, the carrying amount of capitalized development expenditure totaled SEK 102m (91) at December 31. Product development expensed in the fourth quarter totaled SEK 10m (8) and to SEK 48m (29) for the full year 2022. 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. SEK 2m (2) in the quarter and SEK 12m (6) for the full year 2022 were invested in tools and equipment, mainly related to ongoing development projects

## Working capital, liquidity and cash flow

At the end of the fourth quarter, inventories totaled SEK 141m (99) and accounts receivable, SEK 96m (69). Accounts payable totaled SEK 53m (46). Cash flow from operating activities totaled SEK 80m (101) for the quarter and SEK 236m (240) for the full year. The decrease was mainly due to a negative change in working capital, which was primarily related to a decrease in other current liabilities for the quarter and to an increase in inventories for the full year, compared to the same periods in the previous year.

## Financial position and liquidity

On December 31, 2022, the Group's equity totaled SEK 391m (331). Cash and cash equivalents totaled SEK 145m (206). The Group reported a net debt of SEK 4m (-134). Interest-bearing liabilities totaled SEK 149m (72). The main reason for the increase in net debt was the acquisition of StyleShoots for SEK 177m. The available and undrawn RCF loan was SEK 250m at the end of the fourth quarter. Lease liabilities totaled SEK 50m (52).

## 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 in 2022 was 124 (95), of which 65 (36) were employed in sales companies in China, Japan, USA, Germany, France, the UK and the Netherlands. The increase in the average number of employees during the year was due to the acquisition of StyleShoots, which added 41 employees from April 6, 2022.

## 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 3.6m (2.9) as its only income in the fourth quarter, and with personnel expenses and other external expenses related to management of the Group as expenses.

The operating profit/loss (EBIT) was SEK 0.1m (-1.8) for the fourth quarter. Current assets totaled SEK 32.9m (200.9) and current liabilities totaled SEK 24.6m (37.8). The change was mainly due to a decrease in net debt to Group companies compared to 2021 year-end, and the current portion of the vendor note from the acquisition of StyleShoots of SEK 16m to be repaid in April 2023 being added in 2022. Non-current liabilities at the end of the fourth quarter totaled SEK 16.7 (-). The increase consists of the long-term portion of the vendor loan note from the acquisition of StyleShoots, which is due to be fully repaid in April 2025.

## Dividend

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

## Summary of significant events

### October–December

Carl Bandhold has been hired and will join the company in May 2023 as Vice President and CFO.

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

No significant events after the end of the period.

## Owners

As of December 31, 2022, Profoto had 1,631 known owners; the ten largest owners were:

Owners	Number of shares	%
Anders and Helén Hedebark	15,127,321	37.8
Conny Dufgran	6,038,000	15.1
Lannebo Fonder	3,624,992	9.1
Herenco Holding AB	2,514,295	6.3
Svolder	2,305,000	5.8
Hans Eckerström	1,230,508	3.1
Enter Fonder	1,062,648	2.7
Deka Investments	600,000	1.5
Nordnet Pension Insurance	595,571	1.5
Investerings & 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 and sustainability and climate risks.

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

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

#### *Operational risks:*

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

The Group is dependent on the supply of components for its products in order to be able to deliver to customers. Risks include loss of suppliers, delayed or non-delivery of products, or failure of products to meet quality requirements set by customers, which may damage Profoto's reputation.

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

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

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

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

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

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

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

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

#### *Sector and market-related risks:*

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

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

There is a risk that the Group's growth strategy will not materialize due to the company's inability to compete effectively in an environment of rapid technological development or the company's misjudgment of ongoing and future market development, result-

ing in ineffective product development activities and, consequently, unsuccessful product launches.

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 and credit and counterparty risk. The latter refers to the risk that the counterparty will not fulfil its contractual obligations.

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

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

#### *Sustainability and climate risks:*

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

A more comprehensive description of the risks is available in the 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 been the world leader in lighting equipment for professional photographers, driving innovation and awareness of how to create better images through light. We know that light is the indispensable source in all image creation – regardless of camera or situation. Creating great images is about mastering and shaping light. The end users are professional photographers and commercial customers, including major consumer brands and e-commerce companies. The company currently has sales in 58 countries globally. Net sales in 2022 totaled SEK 848m, with an adjusted EBIT margin of 30 percent. Profoto has 135 employees at its headquarters in Stockholm and at subsidiaries in the US, Japan, China, Germany, France, the UK and the Netherlands.

## Financial calendar

Annual Report 2022 – April 11, 2023, published at <https://investors.profoto.com/>

Interim Report Q1 2023 – May 4, 2023

Annual General Meeting 2023 – May 5, 2023

Interim Report Q2 2023 – July 21, 2023

Interim Report Q3 2023 – November 7, 2023

## Conference call

Profoto Holding AB (publ) will publish its year-end report for 2022 on Wednesday February 22 at 08:00 a.m. CET. At 10:00 CET the same day, a webcast teleconference will be held where Anders Hedebark, President and CEO, will present the report together with acting CFO Amanda Åström. The presentation will be followed by a Q&A session. The presentation will be held in English. Those wishing to participate in the conference call in conjunction with the presentation should call in at the following number: SE: +46 8 505 163 86 UK: +44 20 319 84884 US: +1 (412) 317 6300, Pin code: 2995588#

You can also follow and listen to the presentation and the conference via the following link: <https://ir.financialhearings.com/profoto-q4-2022>.

## For further information, please contact

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This information is insider information that Profoto Holding AB (publ) is required to make public under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 a.m. CET on February 22, 2023.

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

Stockholm, February 22, 2023

Anders Hedebark  
President and CEO



# Consolidated Financial Statements

## Consolidated statement of profit and loss

SEKm	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales	2	230	218	848	732
Other operating income		10	4	32	11
<b>Total revenue</b>		<b>240</b>	<b>222</b>	<b>881</b>	<b>744</b>
Capitalized work for own account		12	7	37	22
Goods		-68	-69	-266	-232
Other external expenses		-41	-37	-166	-142
Personnel expenses		-32	-29	-137	-117
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-20	-14	-73	-57
Other operating expenses		-10	-2	-26	-5
<b>Operating profit/loss (EBIT)</b>		<b>80</b>	<b>79</b>	<b>249</b>	<b>212</b>
<b>Finance income and costs</b>					
Finance income		2	0	10	0
Finance costs		-8	-1	-16	-3
<b>Profit/loss before tax</b>		<b>75</b>	<b>78</b>	<b>243</b>	<b>209</b>
Tax		-10	-18	-49	-51
<b>Profit/loss for the period</b>		<b>65</b>	<b>60</b>	<b>194</b>	<b>158</b>
<i>Attributable to:</i>					
Owners of the Parent Company		65	60	194	158
Basic and diluted earnings per share, SEK <sup>1</sup>		1.61	1.50	4.85	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	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Profit/loss for the period		65	60	194	158
<i>Other comprehensive income, items that may be reclassified to the consolidated statement of profit and loss:</i>					
Translation differences for the period		8	1	6	-5
<b>Total comprehensive income for the period</b>		<b>73</b>	<b>61</b>	<b>200</b>	<b>153</b>
<i>Attributable to:</i>					
Parent Company shareholders		73	61	200	153

## Consolidated statement of financial position

SEKm	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible fixed assets</b>			
	4		
Capitalized development expenditure		102	91
Technology, customer assets and brand		83	–
Other intangible assets		8	15
Goodwill		110	–
<b>Total intangible assets</b>		<b>304</b>	<b>106</b>
<b>Property, plant and equipment</b>			
Leased assets		47	49
Equipment, tools and installations		25	23
Leasehold improvements		1	2
<b>Total property, plant and equipment</b>		<b>73</b>	<b>75</b>
<b>Financial assets</b>		<b>2</b>	<b>2</b>
<b>Deferred tax assets</b>		<b>19</b>	<b>16</b>
<b>Total non-current assets</b>		<b>399</b>	<b>199</b>
<b>Current assets</b>			
<b>Inventories</b>			
		<b>141</b>	<b>99</b>
<b>Current receivables</b>			
Accounts receivable		96	69
Current tax assets		2	–
Other current assets		5	5
Prepayments and accrued income		8	6
<b>Total current receivables</b>		<b>111</b>	<b>80</b>
<b>Cash and cash equivalents</b>		<b>150</b>	<b>206</b>
<b>Total current assets</b>		<b>403</b>	<b>386</b>
<b>TOTAL ASSETS</b>		<b>801</b>	<b>585</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>			
		<b>391</b>	<b>331</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions		4	6
Other non-current liabilities		17	–
Lease liabilities		38	43
Provisions		15	7
Deferred tax liabilities		91	54
<b>Total non-current liabilities</b>		<b>165</b>	<b>110</b>
<b>Current liabilities</b>			
Liabilities to credit institutions		66	14
Lease liabilities		12	9
Provisions		17	5
Accounts payable		53	46
Current tax liabilities		19	9
Other current liabilities		24	6
Accrued expenses and deferred income		55	55
<b>Total current liabilities</b>		<b>246</b>	<b>144</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>801</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			194	194
Total other comprehensive income	-	6	-	6
<b>Total comprehensive income</b>	<b>0</b>	<b>6</b>	<b>194</b>	<b>200</b>
Dividends to shareholders	-	-	-140	-140
<b>Closing balance at December 31, 2022</b>	<b>1</b>	<b>0</b>	<b>390</b>	<b>391</b>
<b>Opening balance at January 1, 2021</b>	<b>0</b>	<b>-1</b>	<b>335</b>	<b>334</b>
Profit/loss for the period			158	158
Total other comprehensive income	-	-5	-	-5
<b>Total comprehensive income</b>	<b>0</b>	<b>-5</b>	<b>158</b>	<b>153</b>
Bonus issue	1	-	-1	-
Dividends to Parent Company	-	-	-156	-156
<b>Closing balance at December 31, 2021</b>	<b>1</b>	<b>-6</b>	<b>336</b>	<b>331</b>

## Consolidated statement of cash flows

SEKm	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
<b>Cash flow from operating activities</b>					
Operating profit/loss		80	79	249	212
Adjustments for items not affecting the cash flow:					
Depreciation, amortization and impairment of non-current assets		20	14	73	57
Adjustments for other non-cash items		18	3	18	4
Interest received		1	0	1	0
Interest paid		-2	0	-5	-2
Income tax paid		-10	-11	-28	-36
<b>Cash flow from operating activities before changes in working capital</b>		<b>108</b>	<b>85</b>	<b>308</b>	<b>235</b>
<b>Changes in working capital</b>					
Decrease (+)/increase (-) in inventories		-13	-7	-39	-6
Decrease (+)/increase (-) in accounts receivable		14	9	-1	-2
Decrease (+)/increase (-) in other receivables		5	0	-1	0
Decrease (-)/increase (+) in accounts payable		4	4	-4	0
Decrease (-)/increase (+) in other current liabilities		-39	10	-27	13
<b>Cash flow from operating activities</b>		<b>80</b>	<b>101</b>	<b>236</b>	<b>240</b>
<b>Investing activities</b>					
Investments in intangible fixed assets		-14	-9	-39	-24
Investments in property, plant and equipment		-2	-2	-12	-6
Intra-group loans given <sup>1</sup>		-	-	-	-116
Acquired subsidiary	6	-	-	-141	-
<b>Cash flow from investing activities</b>		<b>-16</b>	<b>-11</b>	<b>-192</b>	<b>-146</b>
<b>Financing activities</b>					
Repayment of external loans		-7	-15	-90	-34
Amortization of leasing liability		-3	-3	-12	-11
New loans		7	1	145	13
Repaid intercompany liabilities <sup>2</sup>		-	-	-	-103
Dividends paid		-	-	-140	-
<b>Cash flow from financing activities</b>		<b>-3</b>	<b>-17</b>	<b>-97</b>	<b>-135</b>
Cash flow for the period		60	72	-52	-42
Cash and cash equivalents at beginning of period		92	135	206	254
Exchange rate differences in cash and cash equivalents		-1	-1	-4	-7
<b>Cash and cash equivalents at end of period</b>		<b>150</b>	<b>206</b>	<b>150</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.

# Parent Company Financial Statements

## Parent Company Income Statement

SEKm	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales		3.7	2.9	14.3	11.7
<b>Operating expenses</b>					
Other external expenses		-1.9	-1.4	-5.5	-26.5
Personnel expenses		-1.7	-3.3	-9.5	-12.4
Other operating expenses		0.0	0.0	0.0	0.0
<b>Operating profit/loss (EBIT)</b>		<b>0.1</b>	<b>-1.8</b>	<b>-0.8</b>	<b>-27.3</b>
<b>Profit/loss from financial items</b>					
Income from participations in Group companies		150.0	153.0	150.0	153.0
Interest and similar expenses		-3.8	0.0	-15.7	0.0
<b>Profit after financial items</b>		<b>146.2</b>	<b>151.2</b>	<b>133.5</b>	<b>125.7</b>
Appropriations		15.4	51.9	15.4	51.9
<b>Profit/loss before tax</b>		<b>161.6</b>	<b>203.1</b>	<b>148.9</b>	<b>177.6</b>
Tax on profit/loss for the period		2.5	-10.9	4.7	-9.7
<b>Profit/loss for the period</b>		<b>164.1</b>	<b>192.2</b>	<b>153.6</b>	<b>167.9</b>

## Parent Company balance sheet

SEKm	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Participations in Group companies		217.3	32.0
<b>Total non-current assets</b>		<b>217.3</b>	<b>32.0</b>
<b>Deferred tax assets</b>			
		<b>1.1</b>	<b>1.3</b>
<b>Current assets</b>			
Current receivables from Group companies	3	31.8	199.5
Current tax assets		0.5	-
Other current receivables		-	0.5
Prepayments and accrued income		0.7	0.9
<b>Total current receivables</b>		<b>32.9</b>	<b>200.9</b>
<b>Cash and cash equivalents</b>			
		-	<b>0.0</b>
<b>Total current assets</b>		<b>32.9</b>	<b>200.9</b>
<b>ASSETS</b>		<b>251.4</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
<b>Total restricted equity</b>		<b>0.5</b>	<b>0.5</b>
<b>Unrestricted equity</b>			
Retained earnings		55.9	28.0
Profit/loss for the period		153.6	167.9
<b>Total unrestricted equity</b>		<b>209.5</b>	<b>195.9</b>
<b>Total equity</b>		<b>210.0</b>	<b>196.4</b>
<b>Non-current liabilities</b>			
Other non-current liabilities		16.7	-
<b>Total non-current liabilities</b>		<b>16.7</b>	<b>-</b>
<b>Current liabilities</b>			
Accounts payable		0.4	0.3
Current liabilities to Group companies	3	-	24.7
Current tax liabilities		-	4.9
Other current liabilities		18.6	1.2
Accrued expenses and deferred income		5.6	6.7
<b>Total current liabilities</b>		<b>24.6</b>	<b>37.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>251.4</b>	<b>234.2</b>

## Parent Company Statement of Cash Flows

SEKm	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
<b>Cash flow from operating activities</b>					
Operating profit/loss		0.1	-1.8	-0.8	-27.3
Income tax paid		-0.1	0.4	-0.9	0.2
<b>Cash flow from operating activities before changes in working capital</b>		<b>0.0</b>	<b>-1.4</b>	<b>-1.7</b>	<b>-27.1</b>
<b>Changes in working capital</b>					
Decrease (+)/increase (-) in other receivables		0.6	0.0	0.4	-0.8
Decrease (-)/increase (+) in accounts payable		-9.7	-0.7	0.2	-3.1
Decrease (-)/increase (+) in other current liabilities		1.7	4.0	-1.0	3.1
<b>Cash flow from operating activities</b>		<b>-7.5</b>	<b>1.9</b>	<b>-2.1</b>	<b>-27.9</b>
<b>Investing activities</b>					
Acquired subsidiary		-	-	-154.4	-
<b>Cash flow from investing activities</b>		<b>-</b>	<b>0.0</b>	<b>-154.4</b>	<b>0.0</b>
<b>Financing activities</b>					
Change in intercompany liabilities		7.5	-1.9	296.5	27.6
Borrowings		-	-	75.0	-
Repayment of loans		-	-	-75.0	-
Dividends to shareholders		-	-	-140.0	-
<b>Cash flow from financing activities</b>		<b>7.5</b>	<b>-1.9</b>	<b>156.5</b>	<b>27.6</b>
Cash flow for the period		0.0	0.0	0.0	-0.3
Cash and cash equivalents at beginning of period		0.0	0.0	0.0	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>

# 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 fol-

low-up focuses on the Group as a whole, in addition to the geographical sales data that are presented at levels other than the Group level.

SEKm	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
EMEA	87	66	318	248
Americas	99	104	356	306
APAC	45	48	174	179
<b>Total net sales</b>	<b>230</b>	<b>218</b>	<b>848</b>	<b>732</b>

## Note 3 Related-party transactions

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

The Parent Company invoices the subsidiary Profoto AB a monthly management fee of SEK 1.2m (1.0) and Profoto Holding B.V a fee of SEK 0.0m. The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. In the fourth quarter of 2022, the Parent Company's income from invoiced management fees totaled SEK 3.7m (2.9). The Parent Company has issued a general guarantee on behalf of its subsidiary, see note 5.

Parent Company SEKm	Dec 31, 2022	Dec 31, 2021
Intercompany receivables	31.8	199.5
Intercompany liabilities	-	-24.7
<b>Total</b>	<b>31.8</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>235</b>	-	<b>35</b>	<b>270</b>
Acquisitions	3	87	-	90
Capitalized development expenditure	40	-	-	40
Currency effects	-	7	-	7
<b>Closing accumulated acquisition value at December 31, 2022</b>	<b>278</b>	<b>95</b>	<b>35</b>	<b>408</b>
<b>Opening depreciation/amortization, January 1, 2022</b>	<b>-125</b>	-	<b>-20</b>	<b>-145</b>
Depreciation/amortization for the period	-32	-11	-7	-51
Currency effects	0	0	-	0
<b>Closing accumulated depreciation/amortization December 31, 2022</b>	<b>-157</b>	<b>-11</b>	<b>-27</b>	<b>-195</b>
<b>Opening impairment, January 1, 2022</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Closing accumulated impairment December 31, 2022</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Carrying amount per December 31, 2022</b>	<b>102</b>	<b>83</b>	<b>8</b>	<b>193</b>
<b>Opening accumulated cost, January 1, 2021</b>	<b>214</b>	-	<b>33</b>	<b>246</b>
Acquisitions	-	-	2	2
Capitalized development expenditure	22	-	0	22
<b>Closing accumulated acquisition value at December 31, 2021</b>	<b>236</b>	-	<b>35</b>	<b>271</b>
<b>Opening depreciation/amortization January 1, 2021</b>	<b>-97</b>	-	<b>-13</b>	<b>-109</b>
Depreciation/amortization for the period	-29	-	-7	-36
<b>Closing accumulated depreciation/amortization December 31, 2021</b>	<b>-126</b>	-	<b>-20</b>	<b>-146</b>
<b>Opening impairment January 1, 2021</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Closing accumulated impairment December 31, 2021</b>	<b>-19</b>	-	-	<b>-19</b>
<b>Carrying amount at December 31, 2021</b>	<b>91</b>	-	<b>15</b>	<b>106</b>

Goodwill at December 31, 2022 totaled SEK 110m and increased during the quarter by SEK 2m 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	Dec 31, 2022	Dec 31, 2021
<b>Pledged collateral</b>		
Company mortgage	-	40
Pledges on accounts receivable and inventories of Group companies	-	57
<b>Total</b>	<b>-</b>	<b>97</b>
<b>Contingent liabilities</b>		
Swedish Customs Service	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

Company mortgages of SEK 40m were 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. Profoto AB also has an unlimited general guarantee in favor of its subsidiary Profoto US Inc.

## 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 2022 would have increased by SEK 24m to SEK 872m and the Group's operating profit (EBIT) is estimated to have been unchanged at SEK 249m after deducting depreciation/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

An acquisition analysis has been prepared as follows, allocating the cost of the shares to the net assets acquired in the subsidiary and goodwill. Final acquisition costs of SEK 8m are included in the Group's operating expenses for 2022. No acquisition costs affected the Group's operating expenses in the fourth quarter.

### 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 StyleShoots' 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 StyleShoots products. Goodwill does not give rise to any future tax-related deductible expenses.

### 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–Dec 2022

SEKm	Carrying amount
<b>Impact after the acquisition date April 6, 2022, included in the Group's results for Jan–Dec 2022</b>	
Net sales	49
EBIT	-14

EBIT includes depreciation/amortization of excess values from acquired intangible assets of SEK -11m during the period. Positive EBIT of SEK 6m related to intra-group sales has been eliminated and is not included in the acquired company's earnings for the period.

# 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. were made. 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	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales	230	218	848	732
Operating profit/loss (EBIT)	80	79	249	212
Total items affecting comparability	-	-	8	25
IPO expenses	-	-	-	25
Costs related to acquisitions	-	-	8	-
<b>Adjusted operating profit (EBIT)</b>	<b>80</b>	<b>79</b>	<b>257</b>	<b>237</b>
<b>Adjusted EBIT margin, %</b>	<b>34.9</b>	<b>36.1</b>	<b>30.3</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.

## EBITA

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

## 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.

## EBITA margin, %

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

## EBITDA

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

SEKm	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating profit/loss (EBIT)	80	79	249	212
Depreciation and impairment of intangible fixed assets	14	9	50	36
<b>EBITA</b>	<b>95</b>	<b>88</b>	<b>299</b>	<b>247</b>
Depreciation and impairment of tangible fixed assets	6	5	23	22
<b>EBITDA</b>	<b>100</b>	<b>93</b>	<b>322</b>	<b>269</b>

**Items affecting comparability**

Business transactions that represent the difference between operating profit/loss (EBIT) and adjusted operating profit/loss. These are transactions such as significant write-downs of inventories and tangible/intangible fixed assets, government grants received, IPO expenses and significant acquisition costs, which by their nature are uncommon and have a material impact on the result. The transactions play an important role in understanding underlying business developments.

**Net debt**

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	Dec 31, 2022	Dec. 31, 2021
Liabilities to credit institutions, non-current	6	6
Other interest-bearing liabilities, non-current	17	-
Lease liabilities, non-current	38	43
Liabilities to credit institutions, current	64	14
Other interest-bearing liabilities, current	17	-
Lease liabilities, current	12	9
Cash and cash equivalents	-150	-206
<b>Net debt</b>	<b>4</b>	<b>-134</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	Dec 31, 2022	Dec. 31, 2021
Net debt	4	-134
EBITDA, LTM	322	269
<b>Net debt/EBITDA LTM, quota</b>	<b>-0.0</b>	<b>-0.5</b>

**Organic growth, %**

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

%	Oct-Dec 2022	Oct-Dec 2021
Change in net sales	5.6	25.7
Acquisitions	-7.0	-
Currency effect	-11.1	-1.4
<b>Organic growth</b>	<b>-12.5</b>	<b>24.3</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 January 1 – December 31, 2022, and 2021, respectively, and October 1 – December 31, 2021, if the acquisition was to have 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 for 2021 and the first quarter of 2022 prepared in accordance with good accounting practice in the Netherlands, adjusted for differences between good accounting practice in the Netherlands and Profoto's accounting policies under IFRS. In addition, the result has been debited with depreciation/amortization on the excess values arising on the acquisition in respect of technology, customer contracts, customer relationships and brand. Net sales and EBIT have been translated from EUR to SEK based on the average exchange rate for the respective period, and net debt has been translated at the exchange rate on the balance sheet date.

SEKm	Full year 2022	Oct-Dec 2021	Full year 2021
<b>Net sales pro forma</b>			
Profoto	848	218	732
StyleShoots	24	30	88
<b>Net sales pro forma</b>	<b>872</b>	<b>248</b>	<b>820</b>
<b>EBIT pro forma</b>			
Profoto	249	80	212
StyleShoots	4	7	17
Depreciation/amortization of acquired intangible assets	-4	-3	-14
<b>EBIT pro forma</b>	<b>249</b>	<b>84</b>	<b>215</b>

SEKm	Dec 31 2021
<b>Net debt pro forma</b>	
Profoto	-134
Purchase price	177
StyleShoots	-6
<b>Net debt pro forma</b>	<b>37</b>

#### Performance measure by quarter

	2022				2021			
	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar
Net sales, SEKm	230	235	187	196	218	189	172	153
EBITA, SEKm	95	80	61	64	88	67	45	48
EBITA margin, %	41.1	34.0	32.6	32.6	40.2	35.1	26.1	31.6
EBIT, SEKm	80	66	48	55	79	58	36	40
EBIT margin, %	34.9	28.0	25.6	27.9	36.1	30.4	20.9	25.9
Adjusted EBIT, SEKm	80	66	46	65	79	58	53	48
Adjusted EBIT margin, %	34.9	28.0	24.5	33.1	36.1	30.4	30.7	31.1
Profit/loss for the period, SEKm	65	54	36	40	60	45	22	31
Net debt, SEKm	4	65	120	-179	-134	-46	-14	-124
EBITDA LTM, SEKm	322	315	301	284	269	238	159	101
Net debt/EBITDA LTM	0.01	0.21	0.40	-0.63	-0.50	-0.19	-0.09	-1.23
Earnings per share, SEK	1.61	1.34	0.90	0.99	1.50	1.11	0.56	0.78

# Definitions

**Average number of employees**

Average number of full-time employees during the period.

**LTM**

The last twelve months; twelve-month period ending on the date specified.

**Parent Company**

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

**Organic growth**

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

**Profoto Group/the Group**

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

**Region 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. Earnings per share are recorded in accordance with IAS 33 Earnings per share.