

Interim Report

January 1 – September 30, 2023

Financial summary July–September 2023

- Net sales totaled SEK 172m (235), a decrease of 26.8 percent. Organic growth totaled -28.7 percent and the currency effect 1.9 percent.
- EBIT totaled SEK 35m (66) and the EBIT margin totaled 20.2 percent (28.0).
- Profit for the period totaled SEK 27m (54).
- Return on operating capital totaled 56.5 percent (81.1).
- Cash flow from operating activities amounted to SEK 29m (64).
- Earnings per share (before and after dilution)¹ totaled SEK 0.67 (1.34).

Financial summary January–September 2023

- Net sales totaled SEK 583m (618), a decrease of 5.7 percent. Organic growth totaled -12.8 percent, the currency effect 4.3 percent, and the effect of acquisitions 2.9 percent.
- EBIT totaled SEK 153m (169), and the EBIT margin, 26.3 percent (27.3).
- Profit for the period totaled SEK 119m (130).
- Cash flow from operating activities totaled SEK 147m (157).
- Earnings per share (before and after dilution)¹ totaled SEK 2.96 (3.24).

Financial summary October 2022–September 2023

- Net sales totaled SEK 813m (836), a decrease of 2.7 percent. Organic growth totaled -12.9 percent, the currency effect 5.9 percent, and the effect of acquisitions 4.3 percent.
- EBIT totaled SEK 234m (247), and the EBIT margin, 28.8 percent (29.6).
- Profit for the period totaled SEK 183m (189).
- Cash flow from operating activities totaled SEK 226m (258).
- Earnings per share (before and after dilution)¹ totaled SEK 4.58 (4.73).

Net sales
LTM

SEK 813m
(SEK 836m)

EBIT
LTM

SEK 234m
(SEK 247m)

EBIT margin
LTM

28.8%
(29.6%)

Return on operating
capital
LTM

56.5%
(81.1%)

For information and explanations of alternative performance measures, including pro forma, see pages 19–22.

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

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

Key ratios, Group

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022 - Sep 2023	Full year 2022
Net sales, SEKm	172	235	583	618	813	848
Net sales ¹ pro forma*, SEKm	-	-	-	642	-	872
Organic growth, %	-28.7	6.5	-12.8	5.1	-12.9	-0.8
EBITA, SEKm	48	80	195	205	290	299
EBITA margin, %	28.0	34.0	33.4	33.1	35.6	35.3
EBIT, SEKm	35	66	153	169	234	249
EBIT pro forma*, SEKm	-	-	-	169	-	249
EBIT margin, %	20.2	28.0	26.3	27.3	28.8	29.3
EBIT margin ¹ pro forma*, %	-	-	-	26.3	-	28.6
Adjusted EBIT ¹ , SEKm	35	66	153	177	234	257
Adjusted EBIT margin ¹ , %	20.2	28.0	26.3	28.6	28.8	30.3
Profit/loss for the period, SEKm	27	54	119	130	183	194
Cash flow from operating activities, SEKm	29	64	147	157	226	236
Net debt ² , SEKm	88	65	88	65	88	4
Net debt/EBITDA LTM	0.28	0.21	0.28	0.21	0.28	0.01
Return on capital employed, %	47.9	59.1	47.9	59.1	47.9	52.5
Return on operating capital, %	56.5	81.1	56.5	81.1	56.5	84.1
Earnings per share, SEK ³	0.67	1.34	2.96	3.24	4.58	4.85

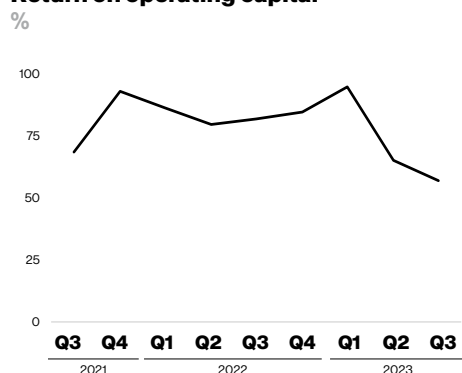
1) For information and explanations of alternative performance measures, including pro forma, see pages 19–22.

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

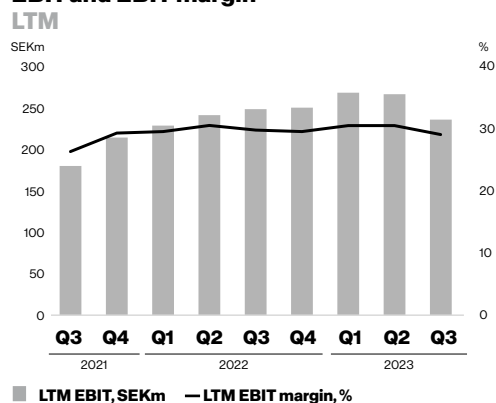
3) Calculated based on 40,000,000 ordinary shares before and after dilution.

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

Return on operating capital



EBIT and EBIT margin



Investing in new products to drive demand

During the last 12 months, we have had a turnover of SEK 813m (836), a decrease of 3 percent compared to the previous 12 months. Growth in the third quarter was unfortunately lower than that and our sales compared to last year decreased by 27 percent to SEK 172m (235). The low sales level meant that our profitability at EBIT level decreased to 20 percent (28), which is below our target of 25-30 percent. On a positive note, we succeeded in improving our gross margin to 70 percent (69) during the quarter.

Cautious market and few product launches

Naturally, we face a tough market. Our customers primarily create visual content for the sale of consumer goods, and inflation, higher interest rates and geopolitical uncertainty affect the willingness to invest among both consumers and our customers. In the dialogue with our customers and retailers, it is clear that both professional photographers and e-com studios are cautious with their investments in these uncertain times.

My conviction is that our fate is in our own hands and my experience is that we always need to give our customers strong reasons to buy our products today, and not wait until tomorrow, to get business in uncertain times. Profoto's success has always been based on our ability to introduce new, innovative products that meet our customers' needs. For the past 20 years, we have had one or two major product launches per year, driving annual growth of over 10 percent in a market that has grown 3-5 percent.

Over the past year, we have unfortunately not succeeded in this. We have not had a major product introduction in five quarters, which means that sales from new products have decreased. Looking back over the past three years, I can conclude that our reduced rate of investment in product development during the pandemic has caused the "hole" in our product launch pipeline that we are now seeing the consequences of.

High sales activity and continued investments in product development

To create demand in the medium term, our clear ambition is to get back to, and preferably exceed, our historical rate of one to two major product launches per year. We expect to reach that level already in the next 12-36 months. Anyone who has followed us since the listing in 2021 can see that, after the pandemic, we have continuously increased our investments in product development and I feel confident in our ability to translate these investments into new exciting products and solutions for our customers in the three areas that will drive our future growth: Light for professional photographers, workflow solutions for e-commerce and light for moving images.

We are a sales-driven company and to create demand in the shorter term, our global sales team, led by Patrik Bluhme, has worked hard to increase our level of activity in the market. This has led us to increase the number of profitable sales and marketing activities, which has already yielded results during this quarter.

Innovation for our customers

To get a better sense of what's happening in the market and to confirm that we are putting our energy and resources into the right things, I have prioritized spending extra time with our customers. I've been traveling around and meeting some of our biggest retailers and studio customers in the world. It was also important for me to take the opportunity to work at our booth at a trade show in New York during the quarter. The fair was organized by



our largest retailer and the number of participants was far beyond both their and our expectations. I therefore had a unique opportunity to spend two days with several hundred customers and other suppliers in the industry. In addition to a number of new insights about our customers that will be reflected in the new products we are developing, it is clear to me that our market is very active and that there is a lot of interest in creating visual content, and in doing so with our products.

I am therefore convinced that we are focusing on the right things to create more demand for our products: sales activities and product development. I also see that the whole organization at Profoto really focuses on sales and product development and that makes me very proud.

Even though it is difficult to predict when the macroeconomic conditions will improve, I feel very confident about the future as our customers are creating more and more visual content and our innovation is unique.

Sundbyberg, November 7, 2023

Anders Hedebark
President and CEO

Financial Overview

The third quarter, July 1 – September 30, 2023

Net sales

Net sales for the third quarter totaled SEK 172m (235), a decrease of 26.8 percent compared to the corresponding quarter the previous year. Organic growth totaled -28.7 percent, and the currency effect, 1.9 percent.

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

Regions*

Demand in the regions remained cautious during the quarter. Sales in EMEA totaled SEK 55m (77), representing a decrease of 28.6 percent compared to the previous year. Sales for APAC totaled SEK 40m (56), a decrease of 28.6 percent. Interest rate and economic uncertainty were the main reasons for the negative development.

In the Americas, demand was also somewhat more subdued during the period. Sales totaled SEK 76m (101), corresponding to a decrease of 24.8 percent. For further information on sales by region, see note 2 on page 17.

Operating profit/loss (EBIT)

Third quarter EBIT totaled SEK 35m (66), corresponding to an EBIT margin of 20.2 percent (28.0). The decrease in EBIT compared to the previous year was mainly the result of lower sales.

Capitalized work for own account increased from SEK 7m to SEK 14m, compared to last year, as a result of a higher rate of investment in product development. Compared to the previous year, personnel expenses decreased by SEK 2m, totaling SEK 37m (39). Other external costs totaled SEK 43m (46). Depreciation and amortization totaled SEK 19m (20), SEK 6m (6) of which was attributable to property, plant and equipment and SEK 13m (14) to intangible fixed assets. Amortization of intangible fixed assets included SEK 7m (9) in amortization of capitalized development costs, SEK 3m (4) in amortization related to excess value from acquisitions, and SEK 2m (2) in amortization of other intangible assets.

Financial items

Net financial items were negative and totaled SEK 2m, compared to a positive net of SEK 3m in the corresponding quarter last year. Interest income totaled SEK 1m (0), net unrealized exchange rate gains totaled SEK 0m (5), and interest expenses related to lease liabilities and liabilities to credit institutions totaled SEK 2m (2).

Profit for the period and tax expenses

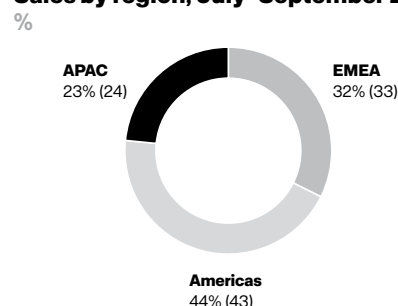
Profit for the period totaled SEK 27m (54). The tax expense was SEK 6m (15), of which SEK 9m (18) was current tax and SEK -3m (-3) changes in deferred tax. The effective tax rate for the period totaled 18.9 percent (21.9).

* Data on changes in sales for the regions show only the relative change in net sales.

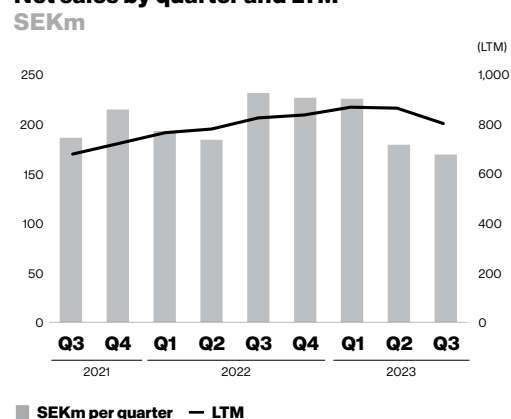
Change in net sales

	Jul-Sep 2023
Organic growth	-28.7
Acquisitions	-
Currency effect	1.9
Total	-26.8

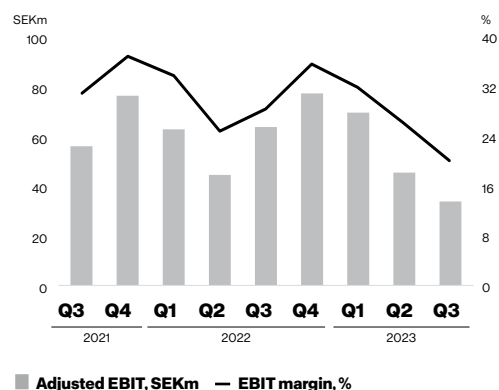
Sales by region, July–September 2023



Net sales by quarter and LTM



Adjusted EBIT and EBIT margin



First three quarters, January 1 – September 30, 2023

Net sales

Net sales for the first three quarters totaled SEK 583m (618), a decrease of 5.7 percent compared to the same period last year. Organic growth totaled -12.8 percent, currency effect 4.3 percent, and the effect of acquisitions 2.9 percent.

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

Regions*

Demand for the period was affected by higher interest rates and economic uncertainty. This was particularly noticeable in EMEA and APAC. Sales in EMEA totaled SEK 207m (231), a decrease of 10.4 percent. Sales for APAC totaled SEK 122m (128) corresponding to a decrease of 4.7 percent.

In the Americas, demand was also somewhat hesitant during the period and sales totaled SEK 253m (258), a decrease of 1.9 percent.

Operating profit/loss (EBIT)

EBIT for the period totaled SEK 153m (169), corresponding to an EBIT margin of 26.3 percent (27.3). The decrease in EBIT compared to the previous year was mainly an effect of lower sales.

Capitalized work for own account increased from SEK 25m to SEK 46m, compared to the previous year, as a result of increased investment in product development. Other external costs totaled SEK 131m (124) and personnel expenses totaled SEK 120m (105). The increases were mainly due to higher development costs and were offset by the increase in capitalized work for own account.

Depreciation and amortization during the period totaled SEK 59m (53), of which SEK 17m (17) was attributable to property, plant and equipment and SEK 42m (36) to intangible fixed assets.

Financial items

Net financial items were negative and totaled SEK 4m (1). Interest income totaled SEK 2m (0), net unrealized exchange rate losses totaled SEK 1m (-3) during the first three quarters, and interest expenses related to lease liabilities and liabilities to credit institutions totaled SEK 5m (3).

Net profit for the period and tax expenses

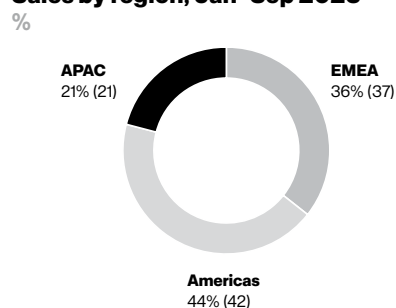
Net income totaled SEK 119m (130). The tax expense was SEK 31m (38), of which SEK 34m (40) was current tax and SEK -3m (-1) was changes in deferred taxes. The effective tax rate for the period totaled 20.7 percent (22.8).

* Data on change in sales for the regions show only the relative change in net sales.

Change in net sales

	Jan-Sep 2023
Organic growth	-12.8
Acquisitions	2.9
Currency effect	4.3
Total	-5.7

Sales by region, Jan-Sep 2023



Financial Position and Other Information

Product development and other investments

Total spending on product development and technology in the third quarter totaled SEK 22m (15). Of this, SEK 14m (7) was capitalized. The total book value of capitalized development expenses totaled SEK 124m (97), and technology, SEK 80m (85) as of September 30. Product development expenses expensed in the third quarter totaled SEK 8m (8). Expenditure incurred mainly related to product maintenance costs, pre-study phase projects and project-wide administrative costs not attributable to the development of specific products. During the quarter, SEK 5m (3) was invested in tools and equipment mainly related to ongoing development projects.

Working capital, liquidity and cash flow

At the end of the third quarter, inventories totaled SEK 152m (136), and accounts receivable totaled SEK 78m (111). Accounts payable totaled SEK 37m (50). Cash flow from operating activities for the quarter totaled SEK 29m (64). The decrease was mainly due to lower operating profit for the quarter.

Return on operating capital

EBIT LTM at September 30, 2023, totaled SEK 234m (247), while operating capital LTM totaled SEK 414m (305). Return on operating capital thus totaled 56.5 percent (81.1). For further information and explanations, see alternative performance measures on page 21.

Financial position and liquidity

On September 30, 2023, the Group's equity totaled SEK 356m (318). Cash and cash equivalents totaled SEK 58m (92). The Group showed a net debt of SEK 88m (65). Interest-bearing liabilities totaled SEK 146m (157). Available and unutilized RCF loan at the end of the third quarter was SEK 250m. Leasing liabilities totaled SEK 46m (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 annual organic net sales growth of over 10 percent in constant currency.
- 2) Profitability: Achieve an EBIT margin of 25–30 percent, while maintaining year-on-year growth in EBIT.
- 3) Dividend policy: Aim to pay out at least 50 percent of net profit, while taking into account other factors such as financial position, cash flow and growth opportunities.

Employees

The average number of employees in Q3 2023 was 136 (135), of which 67 (76) were employed in sales companies in China, Japan, USA, Germany, France, the UK, and the Netherlands.

Dividend

For the financial year 2022, the Board of Directors proposed a dividend of SEK 4.00 per share, which was approved at the Annual General Meeting on May 5, 2023, and paid on May 12, 2023. The decision entailed a total dividend of SEK 160m, corresponding to 82.5 percent of net profit for 2022.

Share-based incentive programs

The AGM 2023 has decided to establish a share-based incentive program for senior executives and key personnel in the Profoto

Group. Further hereto, 1,080,000 warrants divided into three equal series, TO 2023/2026, TO 2024/2027 and TO 2025/2028, have been issued to Profoto Aktiebolag, a wholly owned subsidiary of Profoto Holding AB, for further sale and transfer to the participants. During the third quarter of 2023, 360,000 warrants in series 2023/2026 were acquired by participants. The warrants were transferred at a price of SEK 8.50 per warrant, which corresponds to the fair market price at the time of transfer. The warrants can be exercised for shares between June 15 and December 15, 2026 and the exercise price per share has been set at SEK 110.77, which corresponds to 140 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list during the five trading days immediately preceding the transfer. The so-called ceiling price has been set at SEK 174.38, which corresponds to 220.4 percent of the same average share price. This means that if the market price of the company's share exceeds the ceiling price when the option is exercised, the exercise price shall be increased accordingly.

Significant events July–September

There were no other significant events during the period.

Significant events after the end of the period

There were no significant events after the period ended.

Owners

On September 30, 2023, Profoto had 1,726 owners, of which the ten largest were:

Owners	Number of shares	%
Anders and Helén Hedebark	15,252,321	38.1
Conny Dufgran	6,060,000	15.2
Lannebo Fonder	3,624,992	9.1
Herenco Holding AB	2,514,295	6.3
Svolder	2,100,000	5.3
Hans Eckerström	1,230,508	3.1
Enter Fonder	1,054,502	2.6
Nordnet Pension Insurance	638,636	1.6
Athanase Industrial Partners	524,330	1.3
Investering & Tryghed A/S	488,259	1.2

The Profoto share

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

2024 AGM

Profoto's AGM will take place on Tuesday, May 14 at 1:00 p.m. at Profoto's address at Landsvägen 57 in Sundbyberg, Sweden. Shareholders who wish to have a matter addressed at the AGM must, for the request to be considered with certainty, submit their proposal to the Board of Directors agm@profoto.com no later than March 26, 2024. Shareholders who wish to submit proposals regarding the Board of Directors, chairman of the board, chairman of the meeting or nomination committee for next year's AGM can contact Profoto's nomination committee, no later than March 26, 2024, via email to nomination@profoto.com or by mail sent to the

address Profoto Holding AB (publ), Att: Nomination Committee, Box 1264, Landsvägen 57, 172 25 Sundbyberg, Sweden.

Parent Company

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

The Parent Company is a holding company with management fees to other Group companies of SEK 5.0m (3.5) as the only income in the third quarter, and with personnel expenses and other external costs related to the management of the Group as expenses.

Operating profit (EBIT) totaled SEK 0.5m (0.8) for the third quarter. Current assets totaled SEK 2.7m (2.1), and total current liabilities totaled SEK 166.2m (158.0). Other Non-current liabilities at the end of the third quarter totaled SEK 8.6m (16.4). The non-current portion of the vendor note from the acquisition of StyleShoots has decreased as a result of scheduled amortization of part of the debt in the second quarter of 2023. The remaining debt is scheduled to be fully repaid by April 2025.

Significant risks and uncertainties

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

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

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

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

Auditor's Report

Profoto Holding AB (publ.) org nr 556810-9879

Introduction

We have reviewed the condensed interim financial information (interim report) of Profoto Holding AB (publ.) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in

scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 7, 2023
Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow

Authorised Public Accountant

Other information

About Profoto

Profoto was founded more than 50 years ago and has since then been the world leader in lighting equipment for professional photographers, driving innovation and awareness of how to create better images through light. We know that light is the indispensable source in all image making – whatever the camera or situation. Creating great images is about mastering and shaping light. The end users are professional photographers and commercial customers, including major consumer brands and e-commerce companies. The company currently has sales in 58 countries globally. Net sales in 2022 totaled SEK 848m, with an adjusted EBIT margin of 30 percent. Profoto has about 135 employees at its headquarters in Stockholm and in subsidiaries in the USA, Japan, China, Germany, France, England, and the Netherlands.

Financial calendar

Year-End Report 2023 – February 6, 2024

Annual Report 2023 – April 12, 2024

Interim Report Q1 2024 – May 14, 2024

General Meeting 2024 – May 14, 2024

Interim Report Q2 2024 – July 17, 2024

Interim Report Q3 2024 – October 24, 2024

Conference call

Profoto Holding AB (publ) will publish the interim report for the third quarter 2023 on Wednesday, November 7 at 8:00 a.m. At 9:00 a.m. on the same day, a webcast telephone conference will be held, where President and CEO Anders Hedebark will present the report together with CFO Carl Bandhold. The presentation will be followed by a Q&A session. The presentation will be held in English. If you wish to participate via the webcast, please use the link below.

<https://ir.financialhearings.com/profoto-q3-report-2023>

If you wish to participate via teleconference, please register via the link below. After registering, you will receive a phone number and a conference ID to log in to the conference. The teleconference provides an opportunity to ask questions in real time.

<https://conference.financialhearings.com/teleconference/?id=5004771>

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 agency of the contact persons set out above, at 8:00 a.m. on November 7, 2023.

Stockholm, November 7, 2023

Anders Hedebark
President and CEO

Consolidated Financial Statements

Consolidated statement of profit and loss

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales	2	172	235	583	618	848
Other income		11	7	24	23	32
Total revenue		182	242	606	641	881
Capitalized work for own account		14	7	46	25	37
Goods		-51	-73	-167	-198	-266
Other external expenses		-43	-46	-131	-124	-166
Personnel expenses		-37	-39	-120	-105	-137
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-19	-20	-59	-53	-73
Other operating expenses		-11	-5	-22	-16	-26
Operating profit/loss (EBIT)		35	66	153	169	249
Finance income and costs						
Finance income		1	5	2	8	10
Finance costs		-2	-2	-6	-9	-16
Profit/loss before tax		33	69	150	168	243
Tax		-6	-15	-31	-38	-49
Profit/loss for the period		27	54	119	130	194
<i>Attributable to:</i>						
Owners of the Parent Company		27	54	119	130	194
Basic and diluted earnings per share ¹ , SEK		0.67	1.34	2.96	3.24	4.85

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

Consolidated statement of comprehensive income

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Profit/loss for the period		27	54	119	130	194
<i>Other comprehensive income items that may be reclassified to the consolidated statement of profit and loss:</i>						
Translation differences for the period		-4	-3	3	-3	6
Total comprehensive income for the period		23	51	122	127	200
<i>Attributable to:</i>						
Parent Company shareholders		23	51	122	127	200

Consolidated statement of financial position

SEKm	Note	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible fixed assets				
	4			
Capitalized development expenditure		124	97	102
Technology, customer assets and brand		80	85	83
Other intangible assets		3	10	8
Goodwill		132	108	110
Total intangible assets		339	300	304
Property, plant and equipment				
Leased assets		44	50	47
Equipment, tools and installations		31	25	25
Leasehold improvements		1	1	1
Total property, plant and equipment		76	77	73
Financial assets				
		2	2	2
Deferred tax assets				
		23	21	19
Total non-current assets		440	400	399
Current assets				
Inventories				
		152	136	141
Current receivables				
Accounts receivable		78	111	96
Current tax assets		5	-	2
Other current assets		5	9	5
Prepayments and accrued income		8	9	8
Total current receivables		96	129	111
Cash and cash equivalents				
		58	92	150
Total current assets		306	356	403
TOTAL ASSETS		746	756	801

Cont. Condensed consolidated statement of financial position

SEKm	Note	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
EQUITY AND LIABILITIES				
Total equity		356	318	391
Non-current liabilities				
Liabilities to credit institutions		2	7	4
Other non-current liabilities		9	16	17
Lease liabilities		34	40	38
Provisions		8	10	15
Deferred tax liabilities		95	79	91
Total non-current liabilities		148	151	165
Current liabilities				
Liabilities to credit institutions		81	66	66
Lease liabilities		12	12	12
Provisions		15	9	17
Accounts payable		37	50	53
Current tax liabilities		13	31	19
Other current liabilities		31	28	24
Accrued expenses and deferred income		53	91	55
Total current liabilities		241	287	246
TOTAL EQUITY AND LIABILITIES		746	756	801

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, 2023	1	0	390	391
Profit/loss for the period	-	-	119	119
Total other comprehensive income	-	3	-	3
Total comprehensive income	0	3	119	122
Warrants	-	-	3	3
Dividends to shareholders	-	-	-160	-160
Closing balance September 30, 2023	1	3	352	356
Opening balance January 1, 2022	1	-6	336	331
Profit/loss for the period	-	-	130	130
Total other comprehensive income	-	-3	-	-3
Total comprehensive income	0	-3	130	127
Dividends to shareholders	-	-	-140	-140
Closing balance September 30, 2022	1	-8	325	318

Consolidated statement of cash flows

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Cash flow from operating activities						
Operating profit/loss		35	66	153	168	249
Adjustments for items not affecting the cash flow:						
Depreciation, amortization and impairment of non-current assets		19	20	59	53	73
Adjustments for other noncash items		3	4	0	0	18
Interest received		1	0	1	0	1
Interest paid		-2	-1	-5	-3	-5
Income tax paid		-12	-8	-43	-16	-28
Cash flow from operating activities before changes in working capital		44	80	166	202	308
Changes in working capital						
Decrease (+)/increase (-) in inventories		-18	-13	-18	-28	-39
Decrease (+)/increase (-) in accounts receivable		8	-33	18	-15	-1
Decrease (+)/increase (-) in other receivables		3	-4	-0	-6	-1
Decrease (-)/increase (+) in accounts payable		-6	4	-16	-8	-4
Decrease (-)/increase (+) in other current liabilities		-2	29	-3	12	-27
Cash flow from operating activities		29	64	147	157	236
Investing activities						
Investments in intangible fixed assets		-14	-7	-54	-24	-39
Acquisition of property, plant and equipment		-5	-3	-11	-10	-12
Acquired subsidiary		-	-	-17	-141	-141
Cash flow from investing activities		-19	-10	-82	-176	-192
Financing activities						
Repayment of external loans		-1	-75	-6	-86	-90
Amortization of leasing liability		-4	-3	-11	-8	-12
New loans		4	16	20	138	145
Warrants		3	-	3	-	-
Dividends paid		-	-	-160	-140	-140
Cash flow from financing activities		3	-62	-154	-97	-97
Cash flow for the period		13	-8	-90	-116	-52
Cash and cash equivalents at beginning of period		47	100	150	206	206
Exchange rate differences in cash and cash equivalents		-1	0	-2	1	-4
Cash and cash equivalents at end of period		58	92	58	92	150

Parent Company Financial Statements

Parent Company Income Statement

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales		5.0	3.5	13.2	10.6	14.3
Operating expenses						
Other external expenses		-1.1	-0.8	-6.0	-3.6	-5.5
Personnel expenses		-3.5	-1.9	-9.3	-7.8	-9.5
Other operating expenses		-	0.0	-	0.0	0.0
Operating profit/loss (EBIT)		0.5	0.8	-2.1	-0.8	-0.8
Profit/loss from financial items						
Income from participations in Group companies		-	-	-	-	150.0
Interest income and similar income statement items		5.7	-	5.7	-	-
Interest and similar expenses		-	-4.6	-11.6	-11.9	-15.7
Profit after financial items		6.1	-3.8	-8.0	-12.7	133.5
Appropriations		-	-	-	-	15.4
Profit/loss before tax		6.1	-3.8	-8.0	-12.7	148.9
Tax on profit/loss for the period		-1.6	0.2	1.6	2.2	4.7
Profit/loss for the period		4.6	-3.6	-6.4	-10.5	153.6

Parent Company balance sheet

SEKm	Note	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Financial assets				
Participations in Group companies		217.3	217.3	217.3
Total non-current assets		217.3	217.3	217.3
Deferred tax assets		1.5	0.9	1.1
Current assets				
Current receivables from Group companies	3	-	-	31.8
Current tax assets		2.2	-	0.5
Other current receivables		-	1.4	-
Prepayments and accrued income		0.5	0.8	0.7
Total current receivables		2.7	2.1	32.9
Cash and cash equivalents		-	-	-
Total current assets		2.7	2.1	32.9
ASSETS		221.4	220.3	251.4
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		0.5	0.5	0.5
Total restricted equity		0.5	0.5	0.5
Unrestricted equity				
Retained earnings		52.6	55.9	55.9
Profit/loss for the period		-6.4	-10.5	153.6
Total unrestricted equity		46.2	45.4	209.5
Total equity		46.7	45.9	210.0
Non-current liabilities				
Other non-current liabilities		8.6	16.4	16.7
Total non-current liabilities		8.6	16.4	16.7
Current liabilities				
Accounts payable		0.5	10.2	0.4
Current liabilities to Group companies	3	148.0	123.1	-
Current tax liabilities		-	1.9	-
Other current liabilities		10.2	16.4	18.6
Accrued expenses and deferred income		7.5	6.5	5.6
Total current liabilities		166.2	158.0	24.6
TOTAL EQUITY AND LIABILITIES		221.4	220.3	251.4

Parent Company Statement of Cash Flows

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Cash flow from operating activities						
Operating profit/loss		0.5	0.8	-2.1	-0.8	-0.8
Income tax paid		-0.4	-0.5	-0.8	-0.8	-0.9
Cash flow from operating activities before changes in working capital		0.1	0.3	-2.9	-1.6	-1.7
Changes in working capital						
Decrease (+)/increase (-) in other receivables		0.2	0.3	0.1	-0.2	0.4
Decrease (-)/increase (+) in accounts payable		0.4	10.0	0	9.9	0.2
Decrease (-)/increase (+) in other current liabilities		0.9	-2.9	1.2	-2.7	-1.0
Cash flow from operating activities		1.6	7.7	-1.6	5.4	-2.1
Investing activities						
Acquired subsidiary		-	-	-16.5	-154.4	-154.4
Cash flow from investing activities		0.0	0.0	-16.5	-154.4	-154.4
Financing activities						
Change in intercompany liabilities		-4.7	67.3	175.0	289.0	296.5
Borrowings		-	-	-	75.0	75.0
Warrants		3.1	-	3.1	-	-
Repayment of loans		-	-75.0	-	-75.0	-75.0
Dividends to shareholders		-	-	-160.0	-140.0	-140.0
Cash flow from financing activities		-1.6	-7.7	18.1	149.0	156.5
Cash flow for the period		0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at beginning of period		0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period		0.0	0.0	0.0	0.0	0.0

Notes

Note 1 Accounting policies and general information

This consolidated interim report was prepared in accordance with IAS 34 “Interim Financial Reporting” and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9. Interim Report in the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are presented in the financial statements and their notes, as well as in the remaining sections of the interim report.

The same accounting policies and calculation basis as in the last annual report have been applied for the Group and the Parent Company.

There are no material differences between the fair value and the carrying amount of financial assets or liabilities.

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

Note 2 Operating segments and allocation of revenue

The Profoto Group consists of a single operating segment. Product development, sourcing, manufacturing and marketing are all managed at the Groupwide level, while sales are conducted in three regions, EMEA, Americas and APAC. Internal monthly

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

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EMEA	55	77	207	231	318
Americas	76	101	253	258	356
APAC	40	56	122	128	174
Total net sales	172	235	583	618	848

Note 3 Related-party transactions

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

The Parent Company sends monthly management fee invoices of SEK 1.7m (1.2) to the subsidiary Profoto AB and SEK 0.0m to Profoto Holding B.V. The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. In Q3 2023, the Parent Company’s revenue from invoiced management fees amounted to a total of SEK 5.0m (3.5). In the third quarter, the Group expensed consulting costs of SEK 0.3m for the benefit of Aligro Advisory AB, which is owned by Profoto’s chairman. According to the agreement, services

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

Parent Company SEKm	Sep 30, 2023	Sep 30 2022	Dec 31, 2022
Intercompany receivables	-	-	31.8
Intercompany liabilities	-148.0	-123.1	-
Total	-148.0	-123.1	31.8

Note 4 Intangible fixed assets

SEKm	Capitalized develop- ment expenditure	Technology, customer assets and brand	Other intangible assets ¹	Total
Opening accumulated acquisition value, January 1, 2023	278	95	35	408
Acquisitions	-	6	-	6
Capitalized development expenditure	46	-	0	46
Currency effects	1	3	-	4
Closing accumulated cost at September 30, 2023	325	104	35	464
Opening depreciation/amortization, January 1, 2023	-157	-11	-27	-195
Acquisitions	-	-	-	-
Depreciation/amortization for the period	-25	-12	-5	-42
Currency effects	-1	-0	-	-1
Closing accumulated depreciation/amortization at September 30, 2023	-182	-23	-32	-238
Opening impairment, January 1, 2023	-19	-	-	-19
Closing accumulated impairment at September 30, 2023	-19	-	-	-19
Book value at September 30, 2023	124	80	3	207
Opening accumulated cost, January 1, 2022	235	-	35	270
Acquisitions	3	87	-	90
Capitalized development expenditure	25	-	-	25
Currency effects	0	5	-	5
Closing accumulated acquisition value at September 30, 2022	263	93	35	391
Opening amortization, January 1, 2022	-125	-	-20	-145
Depreciation/amortization for the period	-23	-7	-5	-36
Currency effects	0	0	-	0
Closing accumulated amortization at September 30, 2022	-148	-7	-25	-181
Opening impairment, January 1, 2022	-19	-	-	-19
Closing accumulated impairment at September 30, 2022	-19	-	-	-19
Carrying amount at September 30, 2022	97	85	10	192

Goodwill as of September 30, 2023, totaled SEK 132m and decreased to SEK 3m during the quarter due to currency effects. During the year, goodwill preliminarily increased by SEK 16m and technology by SEK 6m as a result of an asset acquisition at the end of the first quarter. The acquisition is not considered material to the Profoto Group.

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

Note 5 Pledged assets and contingent liabilities

Group SEKm	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022	Group SEKm	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Pledged collateral				Contingent liabilities			
Pledges on accounts receivable and inventories of Group companies	-	82	-	Swedish Customs Service	1	1	1
Total	-	82	-	Total	1	1	1

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

Explanations for alternative performance measures

Adjusted operating profit/loss (adjusted EBIT)

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

Adjusted items have a significant impact on EBIT. These are business-related events involving material amounts that have not occurred to the same extent in the past, and where the likelihood is low that similar transactions will occur in future periods. In order to provide a good understanding of the Profoto Group's operating activities and what EBIT would have looked like without these items, the company has chosen to present adjusted EBIT without items affecting comparability.

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

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales	172	235	583	618	848
Operating profit/loss (EBIT)	35	66	153	169	249
Total items affecting comparability	-	-	-	8	8
Costs related to acquisitions	-	-	-	8	8
Adjusted operating profit (EBIT)	35	66	153	177	257
Adjusted EBIT margin, %	20.2	28.0	26.3	28.6	30.3

Adjusted EBIT margin, %

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

EBIT margin, %

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

EBITA

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

EBITA margin, %

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

EBIT

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

EBITDA

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

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Operating profit/loss (EBIT)	35	66	153	169	249
Depreciation and impairment of intangible fixed assets	13	14	42	36	50
EBITA	48	80	195	205	299
Depreciation and impairment of property, plant and equipment	6	6	17	17	23
EBITDA	54	86	212	222	322

Gross margin

Gross profit as a percentage of net sales. The metric reflects the part of the business that is linked to the procurement of goods. The metric is used to monitor the efficiency in this part of the business.

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEKm	172	235	583	618	848
Goods, SEKm	-51	-73	-167	-198	-266
Gross profit, SEKm	120	162	416	420	582
Gross margin, %	70.2	69.0	71.3	67.9	68.6

Items affecting comparability

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

Net debt/net cash

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

SEKm	Sep 30, 2023	Sep 30, 2022
Liabilities to credit institutions, non-current	2	7
Other interest-bearing liabilities, non-current	9	16
Lease liabilities, non-current	34	40
Liabilities to credit institutions, current	81	66
Other interest-bearing liabilities, current	9	16
Lease liabilities, current	12	12
Cash and cash equivalents	-58	-92
Net debt	88	65

Gross profit

Net sales for the period less the cost of goods. The metric is mainly used to calculate the gross margin.

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	Sep 30, 2023	Sep 30, 2022
Net debt	88	65
EBITDA, LTM	312	315
Net debt/EBITDA LTM, quota	0.28	0.21

Net sales adjusted for currency effects, %

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

%	Jul-Sep 2023	Jul-Sep 2022
Change in net sales	-26.8	23.9
Acquisitions	-	-4.9
Currency effect	-1.9	-12.5
Organic growth adjusted for currency effect	-28.7	6.5

Return on equity, %

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

SEKm	Sep 30, 2023	Sep 30, 2022
Profit/loss for the period, LTM	183	189
Equity	356	318
Equity, LTM	337	296
Return on equity, %	54.3	63.9

Capital employed

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

SEKm	Sep 30, 2023	Sep 30, 2022
Total assets	746	756
Provisions, long-term	-8	-10
Deferred tax liabilities	-95	-79
Provisions, short-term	-15	-9
Accounts payable	-37	-50
Current tax liabilities	-13	-31
Accrued expenses and deferred income	-53	-91
Other noninterest-bearing liabilities, current	-22	-11
Capital employed	502	475

Return on capital employed, %

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

SEKm	Sep 30, 2023	Sep 30, 2022
EBIT, LTM	234	247
Capital employed	502	475
Capital employed, LTM	489	419
Return on capital employed, %	47.9	59.1

Operating capital

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

SEKm	Sep 30, 2023	Sep 30, 2022
Total assets	746	756
Provisions, long-term	-8	-10
Deferred tax liabilities	-95	-79
Provisions, short-term	-15	-9
Accounts payable	-37	-50
Current tax liabilities	-13	-31
Accrued expenses and deferred income	-53	-91
Other noninterest-bearing liabilities, current	-22	-11
Cash and cash equivalents	-58	-92
Operating capital	444	383

Return on operating capital, %

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

SEKm	Sep 30, 2023	Sep 30, 2022
EBIT, LTM	234	247
Operating capital	444	383
Operating capital, LTM	414	305
Return on operating capital, %	56.5	81.1

Pro forma

On April 6, 2022, Profoto Holding AB acquired all shares in the Dutch company StyleShoots Holding B.V. and its subsidiaries (StyleShoots). The purchase price for the shares totaled SEK 177m. Profoto has prepared consolidated pro forma financial statements in order to report the hypothetical impact that the acquisition and financing of StyleShoots would have had on Profoto's consolidated net sales, EBIT, and net debt for the period January 1 – September 30, 2022, if the acquisition had taken place on January 1, 2022. The pro forma information is for informational and factual purposes only. By its nature, the pro forma information is intended to describe a hypothetical situation and thus does not serve to describe Profoto's actual performance. Furthermore, the pro forma information is not representative of the future performance of the business. Investors should therefore not place too much emphasis on pro forma information.

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

SEKm	Jan-Sep 2022	Full year 2022
Net sales pro forma		
Profoto	618	848
StyleShoots	24	24
Net sales pro forma	642	872
EBIT pro forma		
Profoto	169	249
StyleShoots	4	4
Depreciation/amortization of acquired intangible assets	-4	-4
EBIT pro forma	169	249

Performance measure by quarter

	2023			2022			2021	
	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec
Net sales, SEKm	172	182	229	230	235	187	196	218
Organic growth, %	-28.7	-8.5	0.0	-12.5	6.5	-12.7	20.2	24.3
EBITA, SEKm	48	61	86	95	80	61	64	88
EBITA margin, %	28.0	33.6	37.4	41.1	34.0	32.6	32.6	40.2
EBIT, SEKm	35	47	72	80	66	48	55	79
EBIT margin, %	20.2	25.8	31.3	34.9	28.0	25.7	27.9	36.1
Adjusted EBIT, SEKm	35	47	72	80	66	46	65	79
Adjusted EBIT margin, %	20.2	25.8	31.3	34.9	28.0	24.6	33.1	36.1
Profit/loss for the period, SEKm	27	36	56	65	54	36	40	60
Net debt, SEKm	88	100	-75	4	66	121	-179	-134
EBITDA LTM, SEKm	312	344	344	322	315	301	284	269
Net debt/EBITDA LTM	0.28	0.29	-0.22	0.01	0.21	0.40	-0.63	-0.50
Return on equity, %	54.3	70.3	51.4	53.8	64.1	72.4	45.5	47.5
Earnings per share, SEK	0.67	0.89	1.40	1.62	1.34	0.90	0.99	1.50
Return on capital employed, %	47.9	54.9	49.4	52.5	59.1	58.9	44.6	46.1
Return on operating capital, %	56.5	64.7	94.0	84.2	81.1	79.3	85.5	92.4
Gross margin, %	70.2	72.5	71.2	70.3	69.0	67.3	67.3	68.4

Definitions

Average number of employees

Average number of full-time employees during the period.

Earnings per share

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

LTM

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

Organic growth

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

Parent Company

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

Profoto Group/the Group

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

Region APAC

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

Region EMEA

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

Region Americas

Central America, North America and South America.