



Ericsson First quarter 2024

April 16, 2024

First quarter 2024



This presentation contains forward-looking statements. Such statements are based on our current expectations and are subject to risks and uncertainties that could materially affect our business and results. Please read our earnings reports and our most recent annual report for a better understanding of these risks and uncertainties and please see the last page in this presentation for further information about forward-looking statements. Any forward-looking statements made during this presentation speaks only as of the date of this presentation and Ericsson expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them.

Business Overview



Börje Ekholm
President and CEO

Q1 2024 – Key takeaways



- Strong gross margins growth – supported by competitive product portfolio and cost initiatives
- Continued focus on strategy execution:
 - Creating industry-leading solutions for high-performance and programmable networks
 - Taking steps to build a Global Network Platform for network APIs
 - Independent Monitor certifies compliance program
- Proactively optimizing the business with cost-saving measures

Organic sales YoY:

-14%

Gross margin¹:

42.7%

EBITA margin¹:

9.6%

Executing on strategy and taking action to ensure competitive position

Financial Overview



Lars Sandström
Chief Financial Officer



Financial update Q1 2024



Financial performance

Excluding restructuring charges

| SEK b. | 24Q1 | 23Q1 | YoY | 23Q4 |
|-----------------------------|--------------|--------------|------|--------------|
| Net sales | 53.3 | 62.6 | -15% | 71.9 |
| Organic and FX adj. sales | | | -14% | |
| Gross income | 22.8 | 24.9 | -9% | 29.6 |
| <i>Gross margin</i> | <i>42.7%</i> | <i>39.8%</i> | | <i>41.1%</i> |
| R&D expenses | -11.6 | -11.9 | | -12.5 |
| SG&A expenses | -8.6 | -9.0 | | -9.8 |
| Other op. income & expenses | 2.0 | 0.0 | | -0.1 |
| EBIT | 4.3 | 4.0 | 7% | 7.4 |
| <i>EBIT margin</i> | <i>8.1%</i> | <i>6.4%</i> | | <i>10.3%</i> |
| EBITA | 5.1 | 4.8 | 6% | 8.2 |
| <i>EBITA margin</i> | <i>9.6%</i> | <i>7.7%</i> | | <i>11.4%</i> |
| Net income ¹ | 2.6 | 1.6 | 66% | 3.4 |
| Free cash flow b. M&A | 3.7 | -8.9 | | 12.2 |

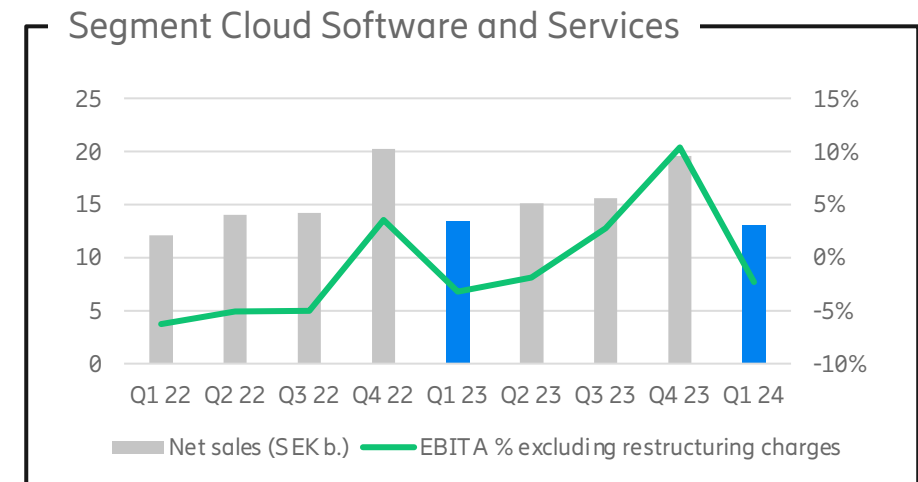
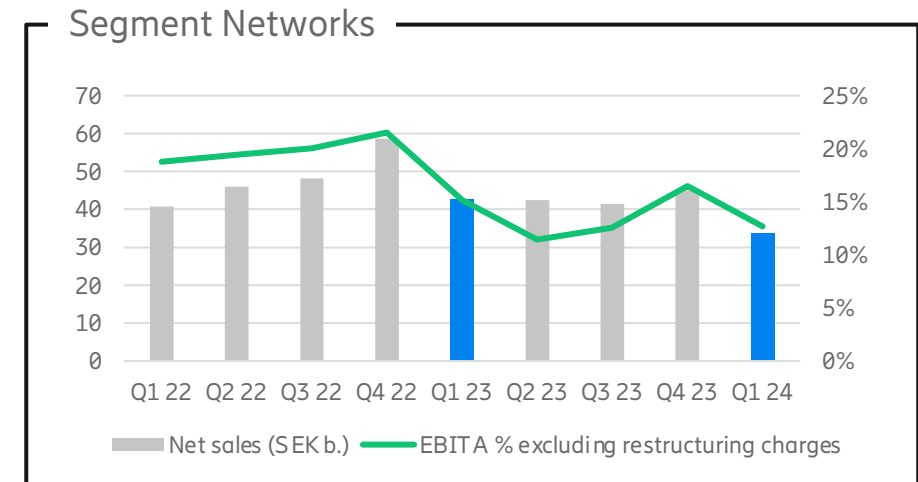
- Organic and FX adjusted sales: -14% YoY
 - Decline mainly due to Networks (-19%)
- Gross margin: 42.7%
 - Strong gross margin in Networks of 44.3% supported by competitive product portfolio, cost actions and IPR revenues
- EBITA margin: 9.6%
 - Supported by cost actions and included a one-time gain of SEK 1.9 b.
 - Free cash flow before M&A: SEK 3.7 b.
 - Improvement in working capital

Mobile Networks

Highlights



- Networks
 - Strong gross margin¹ of 44.3%
 - EBITA¹ of SEK 4.3 b.
 - Cautious customer investment levels
- Cloud Software and Services
 - Continued execution of our strategy
 - Sales decrease primarily due to Managed Network Services
 - EBITA margins¹ improved YoY for 5th consecutive quarter
- IRP revenues grew in the quarter



¹Excluding restructuring charges

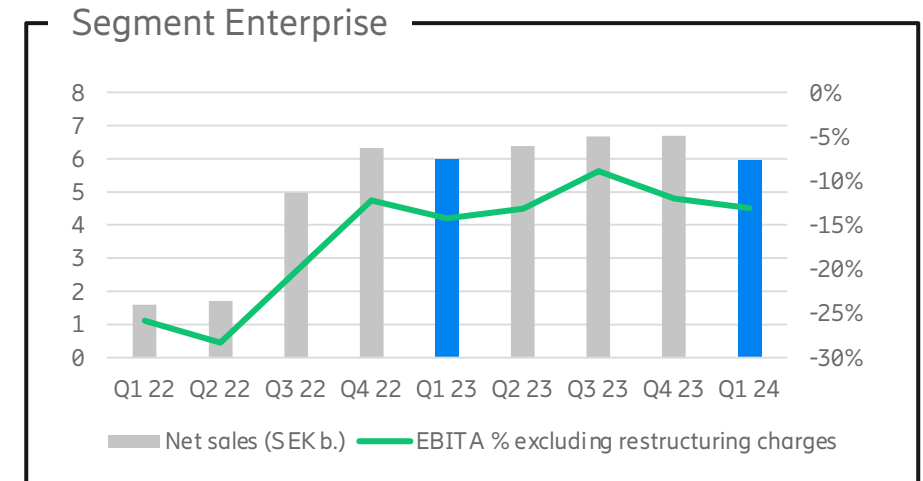
This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements

Enterprise

Highlights

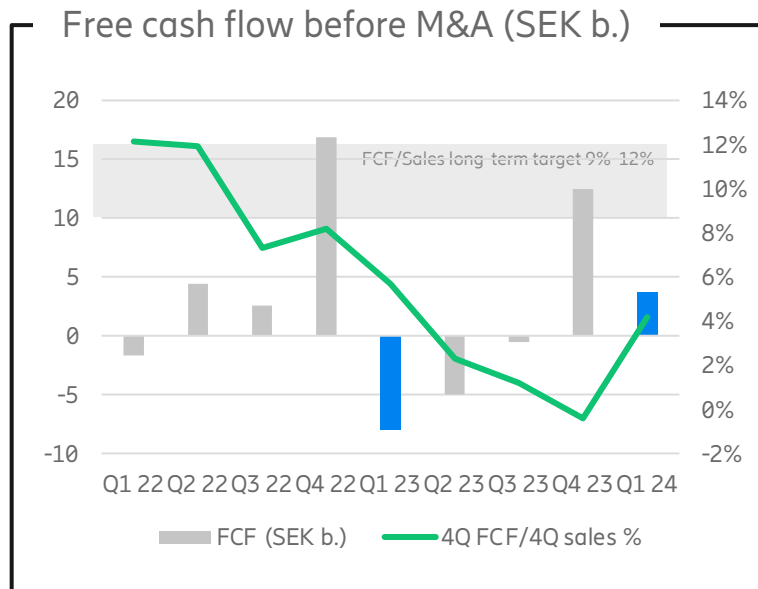


- Key strategic pillar
 - Accelerating digital transformation
 - Creating new monetization opportunities
- Sales broadly stable YoY
 - Growth in Enterprise Wireless Solutions within both Private Cellular and Cradlepoint
 - Sales in Global Communication platform impacted by a low margin contract loss and decision to reduce activities in some countries
- Investments continued, to build a Global Network Platform for network APIs

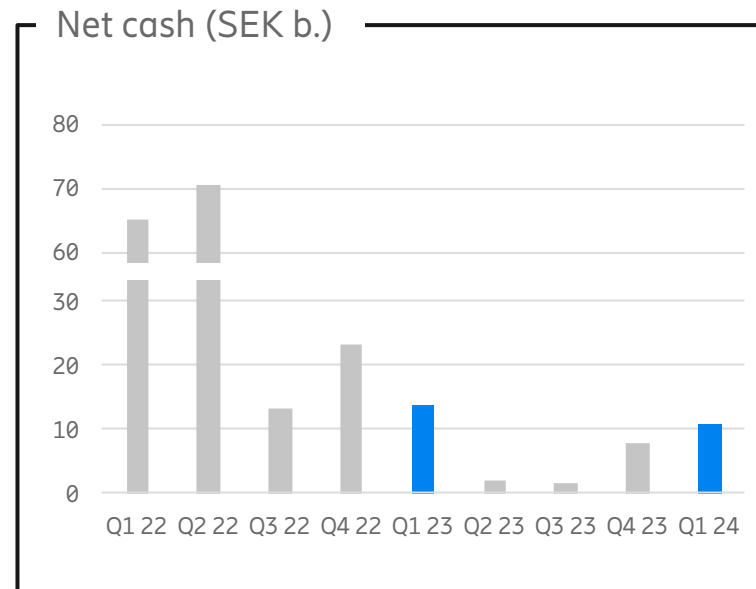


Cash flow and financial position

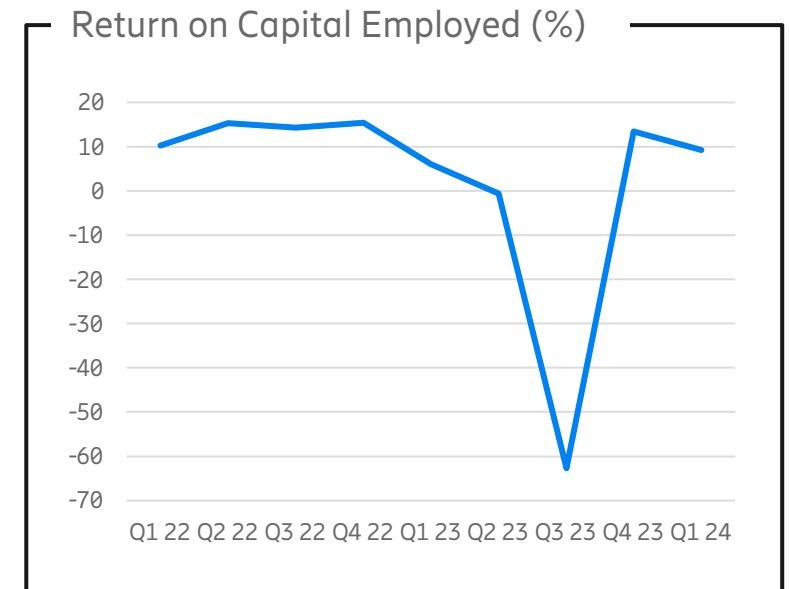
First quarter highlights



SEK 3.7 b.¹



SEK 10.8 b.



ROCE 9.2%

¹Before M&A

This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements

Outlook¹



Sales
Networks

Average seasonality between Q1 and Q2 last 3 years: +8%

Sales
Cloud Software and
Services

Average seasonality between Q1 and Q2 last 3 years: +13%

Gross margin
Networks

Gross margin² in Q2 is expected to be in the range of 42-44%

Operating
expenses

Average seasonality between Q1 and Q2 last 3 years: SEK -1.6 b.³

Restructuring
charges

Estimated to be SEK 3-4 b. in 2024

¹ See key data points, page 8, first quarter results

² Excluding restructuring charges

³ Excluding Vonage

This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements

Closing Remarks

Börje Ekholm
President and CEO



Summary



- Mobile networks market to remain challenging – business mix to improve in the second half
- Laser focused on managing what is in our control, including cost saving initiatives
- Continued focus on strategy execution
- Maintaining our technology and market leadership



Our long-term EBITA¹ target of 15-18% remains and we aim to reach it as soon as possible



Q&A



Forward-looking statements



This report includes forward-looking statements. All statements other than statements of historical fact are forward-looking statements. The words “believe,” “expect,” “foresee,” “anticipate,” “assume,” “intend,” “likely,” “projects,” “may,” “could,” “plan,” “estimate,” “forecast,” “will,” “should,” “would,” “predict,” “aim,” “ambition,” “seek,” “potential,” “target,” “might,” “continue,” or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking statements, including, in particular the following:

- Potential material additional costs and liability resulting from our ongoing future compliance with the terms of the Plea Agreement with the DOJ and extended monitorship
- Potential to become a target for public scrutiny as a result of entering into the Plea Agreement with the DOJ, which could damage our reputation and materially and adversely affect our business and prospects
- Risks resulting from entering into the Plea Agreement, including potential debarment from government contracting in the United States and elsewhere, reputational risk, as well as potential counterparty reluctance to continue business relationships
- Potential material additional liability resulting from past conduct, including allegations of past conduct that remains unresolved or unknown in multiple jurisdictions including Iraq, which remains the subject of ongoing investigations by Ericsson and US governmental authorities
- Risks related to internal controls and governance, including the potential to incur material liability in connection with internal controls surrounding payments made to third parties in connection with past conduct in multiple jurisdictions, including Iraq which remains the subject of ongoing investigations by Ericsson and US governmental authorities
- The risk that the ongoing investigations by Ericsson and US governmental authorities result in a conclusion by Ericsson or US governmental authorities that the Company’s past conduct included making or having responsibility for making payments to a terrorist organization or other improper payments, which could lead to material additional liability
- Risks related to our ongoing compliance with obligations under the NSA entered into in connection with Ericsson’s acquisition of Vonage, which may adversely affect the Vonage business and subject the Company to additional liabilities
- Our goals, strategies, planning assumptions and operational or financial performance expectations
- Macroeconomic conditions, including inflationary pressures and effects on customer investments, market recovery and growth
- Ongoing geopolitical and trade uncertainty, including challenging global economic conditions, market trends and pandemics such as COVID-19
- Risks related to cybersecurity and privacy
- Industry trends, future characteristics and development of the markets in which we operate
- Our ability to comply with legal and regulatory requirements internationally
- Our future liquidity, capital resources, capital expenditures, cost savings and profitability
- The expected demand for our existing and new products and services as well as plans to launch new products and services, including research and development expenditures
- Our ability to deliver on future plans and achieve future growth
- The expected operational or financial performance of strategic cooperation activities and joint ventures
- Risks related to acquisitions and divestments, including our ability to successfully consummate such transactions, protect the value of acquisitions during integration, or achieve the value anticipated with an acquisition
- Trends related to our industry, including our regulatory environment, competition and customer structure
- Other factors included in our filings with the SEC, including the factors described throughout this report, included in the section Risk Factors, and in “Risk Factors” in the Annual Report 2023, as updated by subsequent reports filed with the SEC.

These forward-looking statements also represent our estimates, assumptions and expectations only as of the date that they were made, and to the extent they represent third-party data, we have not undertaken to independently verify such third-party data and do not intend to do so. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements and are urged to carefully review and consider the various disclosures made in this report and in other documents we file from time to time with our regulators that disclose risks and uncertainties that may affect our business. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this report, except as required by applicable law or stock exchange regulations.