Ericsson
First quarter 2023

Apr 18, 2023

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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.

Strategic overview

Börje Ekholm
President and CEO

Q1 2023 Highlights

- Executing on our strategic priorities
  - Leveraging our leadership position in Mobile Networks and building a network API platform
  - Networks saw strong growth in India, offset by lower sales in other markets
  - Continuing to deliver on revised strategy in Cloud Software and Services
  - Investing in product and go-to-market and security capabilities in Enterprise Wireless Solutions
  - Closed divestment of IoT platform business – reducing losses in Enterprise
  - Increased cost savings ambition – run rate savings of SEK 11 b. by end of 2023
- Financial performance in line with expectations
- Continuing to drive cultural transformation and embedding integrity
- Expanding our addressable market – positioning us well for future growth

Gross income[1]:

SEK 24.9 b.

SEK 1.6 b. YoY change

Cloud Software and Services organic growth:

5%

Enterprise segment as share of net sales:

10%

[1]Excluding restructuring charges
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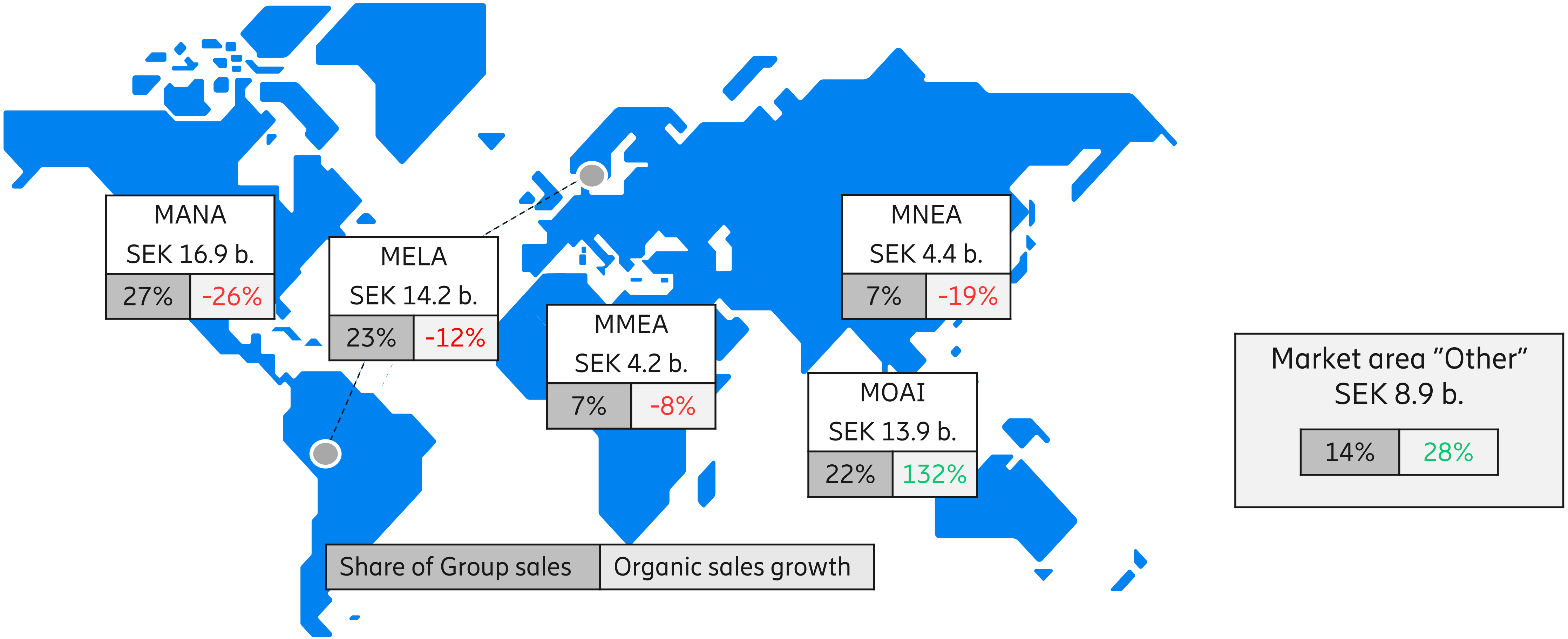
See the last page in this presentation for further information about forward-looking statements

Financial overview

Carl Mellander
Chief Financial Officer

Market update Q1



Q1 2023 in numbers

Financial Performance
Excluding restructuring charges

SEK b.	23Q1	22Q1	YoY	22Q4
Net sales	62.6	55.1	14%	86.0
Organic and FX adj. sales			0%	
Gross Income	24.9	23.3	7%	35.7
Gross margin	*39.8%*	*42.3%*		*41.5%*
R&D expenses	-11.9	-10.7		-13.2
SG&A expenses	-9.0	-6.6		-11.7
Other op. income & expenses	0.0	-1.1		-2.8
EBITA	4.8	5.0	-3%	9.3
EBITA margin	*7.7%*	*9.1%*		*10.8%*
EBIT	4.0	4.8	-16%	8.1
EBIT margin	*6.4%*	*8.7%*		*9.4%*
Net income[1]	1.6	2.9	-46%	6.2
Free cash flow b. M&A	-8.0	-1.7		16.9

- Organic and FX adjusted sales: Flat YoY, as anticipated
  - Networks: North America declined by -30% while South East Asia, Oceania and India grew by 184%
  - Cloud Software and Services: High software in mix
  - Enterprise: 19% – organic growth in Enterprise Wireless Solutions
- Reported sales up 14% – Vonage contributed SEK 3.9 b.
- Gross margin
  - Networks impacted by the business mix shift
  - Higher IPR and share of software in sales mix
- Opex increase driven by investment in Enterprise Wireless Solutions and consolidation of Vonage
- EBITA – In line with the Q1 expectations
- FCF b. M&A: SEK -8.0 (-1.7) b. – impacted by increase in working capital

[1]Including restructuring charges
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Free cash flow and financial position

Financial Performance

SEK b.	Q123	Q122
Cash flow from operating activities	**-5.8**	**0.0**
Capex net and other investing activities	-1.5	-1.1
Repayment of lease liabilities	-0.7	-0.6
Free cash flow before M&A	**-8.0**	**-1.7**
Free cash flow before M&A rolling 4Q	15.8	28.8
Net cash end of period	*13.6*	*65.2*
Gross cash end of period	*47.3*	*104.2*

- Following very strong Free cash flow in Q4, Q1 weaker as expected
- Working capital grew related to business mix shift
  - Increase in customer financing and reduction in trade payables
- Net cash decreased by SEK -9.7 b. QoQ to SEK 13.6 b.
- Average maturity of long-term borrowings: 3.6 years

Free cash flow before M&A rolling four quarters: SEK 15.8 b. and 5.7% of net sales (long-term target 9-12%)

Outlook

Cost savings	• Restructuring charges may amount to around SEK 7 b. for FY, of which more than half is likely to be booked in Q2. • Additional cost savings opportunities of SEK 2 b. – plan to reduce cost run rate by SEK 11 b. by 2023.
Sales	• Networks: Sales in Q2 is expected to be in line with Q1 2023. • Cloud Software & Services: Positive seasonality Q1->Q2 expected to be somewhat less than normal in Q2 2023. • Enterprise: The slower sales growth rate in Q1 is expected to continue in Q2.
Gross margin	• Networks: Gross margin excluding restructuring charges in Q2 is expected to be in the range of 37-39%.
Operating expenses	• Q1→Q2: Average seasonality last 3 years (2020–2022) excluding Vonage: Increase of SEK 1.5 b.
Amortization	• Amortization of intangible assets is expected to continue to be around SEK -0.9 b. per quarter for Ericsson Group in 2023, out of which around SEK -0.8 b. related to segment Enterprise.
EBITA	• Mid-single-digit Group EBITA[1] margin excluding restructuring charges expected in Q2.

[1]Excluding restructuring charges

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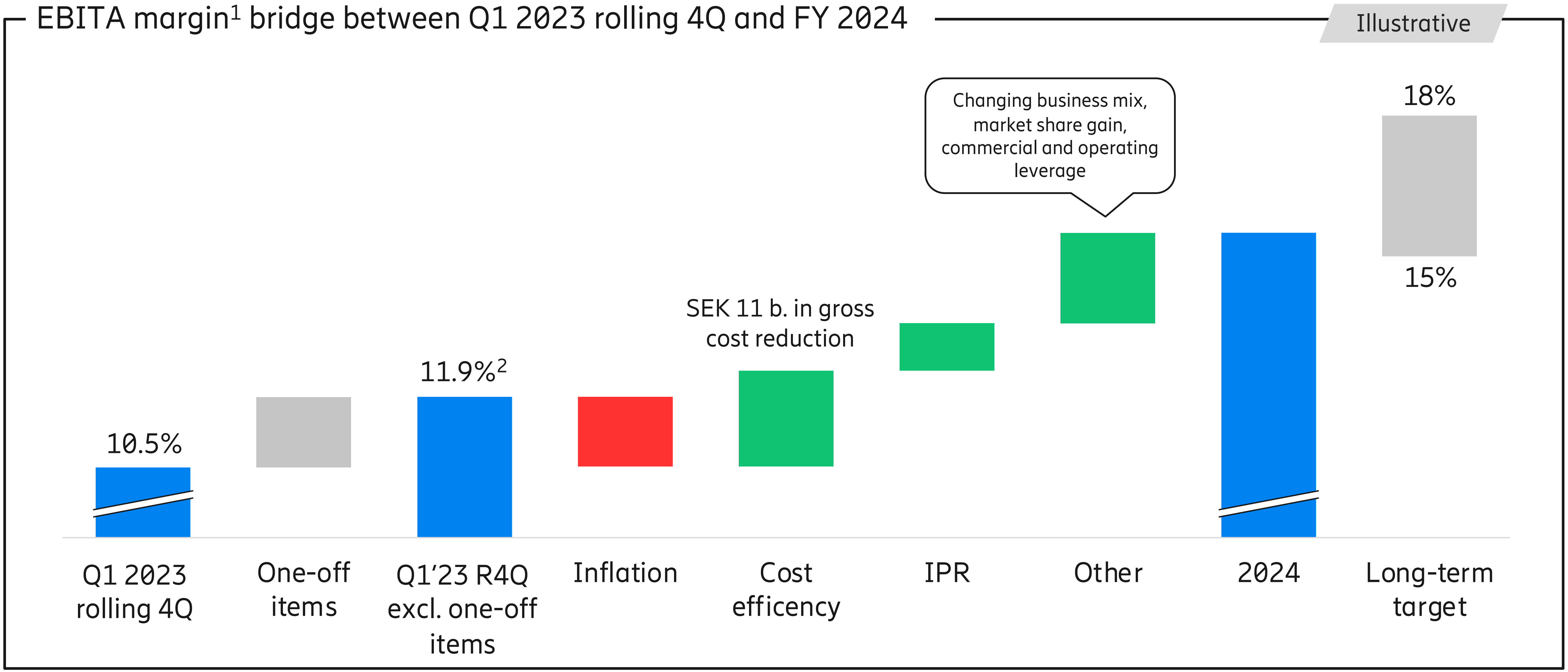
Reaching our long-term target range by 2024



[1] Numbers exclude restructuring charges
[2] Excluding DOJ resolution, IoT divestment, Cloud Software and Services contract and portfolio exits
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Summary

- Well positioned to capitalize on the full value of 5G
  - Expect gradual recovery in H2 2023
  - Turnaround of Cloud Software and Services on track to reaching break-even in 2023
  - Enterprise Wireless Solutions and Global Communications Platform to drive Enterprise expansion
- Reduction in customers' inventory levels and lower capex to impact sales in H1'23
- Taking action to combat near-term uncertainty
  - Accelerated cost savings initiatives – reaching run rate savings of SEK 11 b. by 2023

Ericsson Radio Dot for indoor connectivity

On track to reaching the lower end of our long-term EBITA[1] target of 15-18% by 2024

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Q&A

Closing remarks

Börje Ekholm
President and CEO

Forward-looking statements

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- Our goals, strategies, planning assumptions and operational or financial performance expectations;
- Industry trends, future characteristics and development of the markets in which we operate;
- 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 R&D expenditures;
- The ability to deliver on future plans and to realize potential for future growth;
- The expected operational or financial performance of strategic cooperation activities and joint ventures;
- The time until acquired entities and businesses will be integrated and accretive to income; and
- Technology and industry trends including the regulatory and standardization environment in which we operate, competition and our customer structure.

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