

# Ericsson announces non-cash impairment charge mainly relating to Vonage

- Non-cash impairment of SEK 11.4 billion to be recorded in the second quarter 2024, relating to the impairment of intangibles mainly attributed to the Vonage acquisition
- Reflects lower anticipated market growth in some of Vonage's current portfolio
- The Ericsson strategy to build a new source of monetization for the telecom industry remains. Vonage is positioned at the center of digitalizing enterprises and society through the development of the Global Network Platform for network APIs; 12 partnerships with leading service providers have already been announced, with Singtel and Telstra added in Q2

Ericsson (NASDAQ: ERIC) today announces that, in accordance with IFRS accounting requirements, it will record a non-cash impairment charge of SEK 11.4 billion in the second quarter of 2024, primarily reflecting lower anticipated market growth rates in Vonage's current portfolio. The Net income impact after tax will be SEK 11.4 billion and reported in segment Enterprise.

Niklas Heuvelodop, Head of Business Area Global Communications Platform and CEO of Vonage says: "Given deterioration in the market environment and elective decisions we have made to refocus our investments in strategically prioritized areas, we have reassessed certain growth assumptions, resulting in a non-cash impairment of SEK 11.4 billion."

Niklas Heuvelodop adds: "We continue to advance our strategy to build a Global Network Platform for network APIs, which was the strategic impetus for the Vonage acquisition. We recently announced additional partnerships with leading mobile network operators and we see continued positive momentum across the industry. Through this strategy, we are making advanced 5G network capabilities available to the world's developer community to accelerate the innovation of value-added applications for industry and society. This will open up new revenue streams for our operator customers and spur growth in the telecom industry."

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### **Forward-looking statements**

This release includes forward-looking statements, including expected write-down of our goodwill and other asset impairments, amounts of such impairments, effect of impairments on cash flow and dividend capacity, financial condition, performance and results of operations, business plans, objectives, market conditions, and assumptions upon which those statements are based including, in particular the following risks and uncertainties:

- Final determination of the extent of the impairment based on fair value analysis compared to carrying value
- Completion of the quarterly financial statements and review by our independent registered public accounting firm
- Potential changes in estimated impairment amounts based on the completion of the review process

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- Extent of impairment impacts on cash flow and dividend capacity
- 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 research and development expenditures
- The ability to deliver on future plans and to realize potential for future growth
- Technology and industry trends including the regulatory and standardization environment in which we operate, competition and our customer structure.
- Potential dividend capacity in future periods is assessed based on full year performance and is impacted by a variety of factors including earnings, business outlook and financial position.

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. Any statement that refers to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

We caution investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond our control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Important factors that could affect whether and to what extent any of our forward-looking statements materialize include, but are not limited to, the factors described in the section "Risk Factors" in the latest interim reports, and in "Risk Factors" in the Annual Report 2023.

These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. 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 release, to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events, whether as a result of new information, future events or otherwise, except as required by applicable law or stock exchange regulations.

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This is information that Telefonaktiebolaget LM Ericsson is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 22:15 CEST on July 3, 2024.