

10 days to report

Ericsson to release the external financial report at working day +10

IFRS Symposium

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Value creation



Faster release of the financial numbers to the capital markets

Reduce time spent and resources needed to prepare the monthly financial reports. More time available to focus on operational performance, planning and risk management.

Strengthens cooperation and collaboration within the different finance functions as the shorter closing times can only be achieved as a team effort.

Creates trust and a solid external perception that Ericsson's internal processes are effective.

Lower risk for information leakage during silent period.

Group financial reporting process



Risk & Value Management

- Customer contracts, LE structures, supply agreements



In the past: 15-17 working days



Today: **10** working days

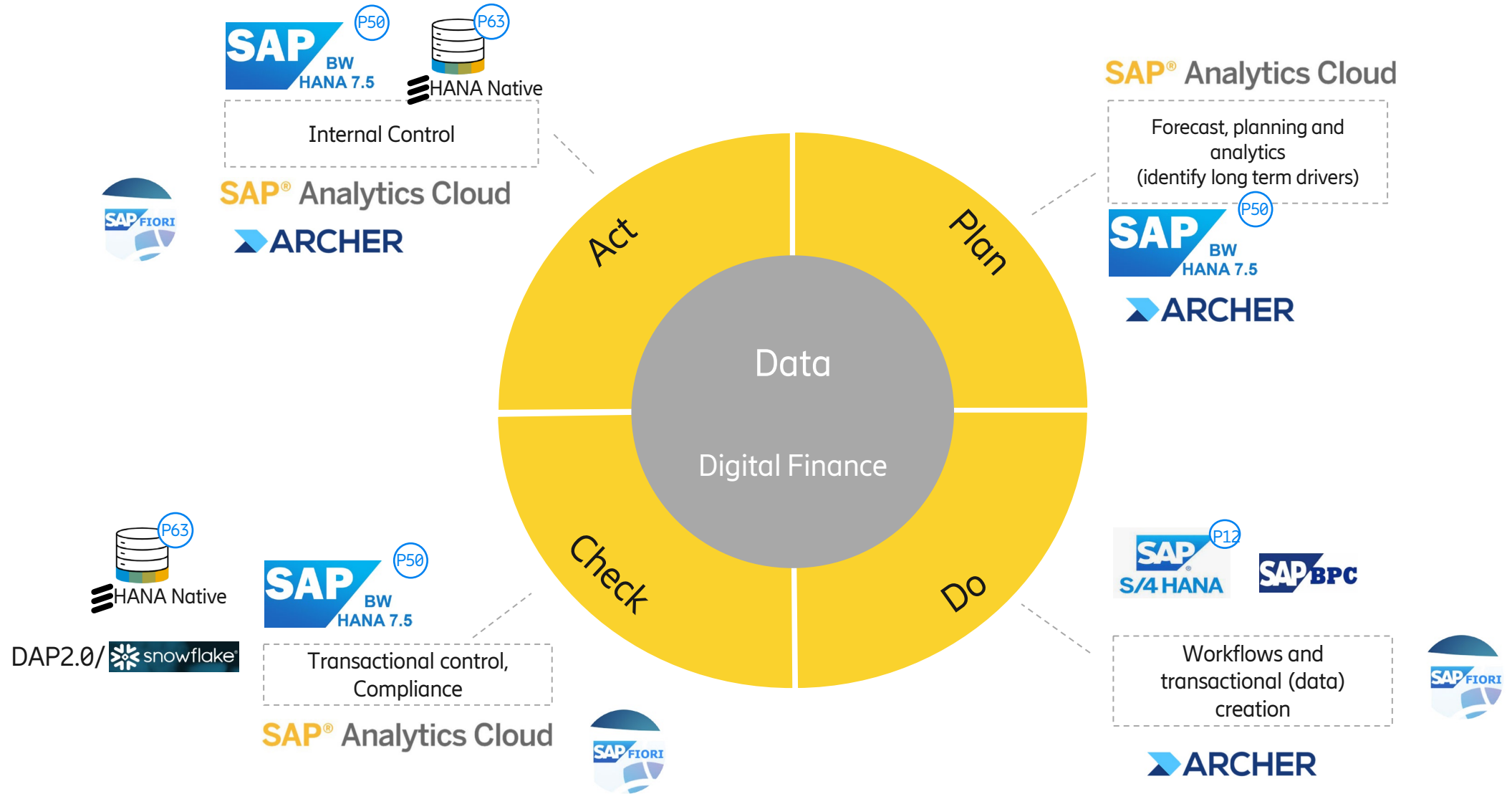
Which areas will be impacted by the intended time reduction in the financial reporting ?



Group closing time plan (technical)	<ul style="list-style-type: none">- document and review the E2E technical closing time plan.- adjust time plan to meet shortened deadline.- clarify, what transactions are executed where (SAP vs BPC).- adjust technical schedule for Non-SAP Companies.
Legal entity reporting (analysis and documentation)	<ul style="list-style-type: none">- develop & deploy standardized closing activities in the LE dimension.- clarify roles and responsibility between GAC and CC Hub.- standardize transactional processing and approval processes using SAP FIORI.- improve WoW in tax accounting to meet reporting deadlines.
Operational review/ Financial planning	<ul style="list-style-type: none">- adjust financial planning process to four forecast before the Q close.- adjust strategy planning process (update twice a year).- review content of operational review meetings and the time plan. Develop and deploy a dashboard in SAP SAC.
Quarterly report package / external Q-report	<ul style="list-style-type: none">- adjust time plan for the Q-report and leverage on changes in the financial planning.- review format of the Q-report and eliminate content not required in the Q-report.- review and improve current reporting tools to digitalize the reporting process incl. the annual report (digital filing).
External financial review & audit	<ul style="list-style-type: none">- develop standardized review schedules.- reuse analytical tools from the external auditors and leverage in other processes (e.g. quarterly close, operational review).- review data storage strategy for audit material to include BAs/MAs and enable the reuse of existing analysis for audit purposes.
Internal control framework / SOX	<ul style="list-style-type: none">- adjust SOX framework and time plan to mirror adjusted closing time plan.- distinguish between analytical and transactional controls and separated processes.- reuse analytical tools from external auditors to develop the analytical control framework.

Finance vision

Data is key

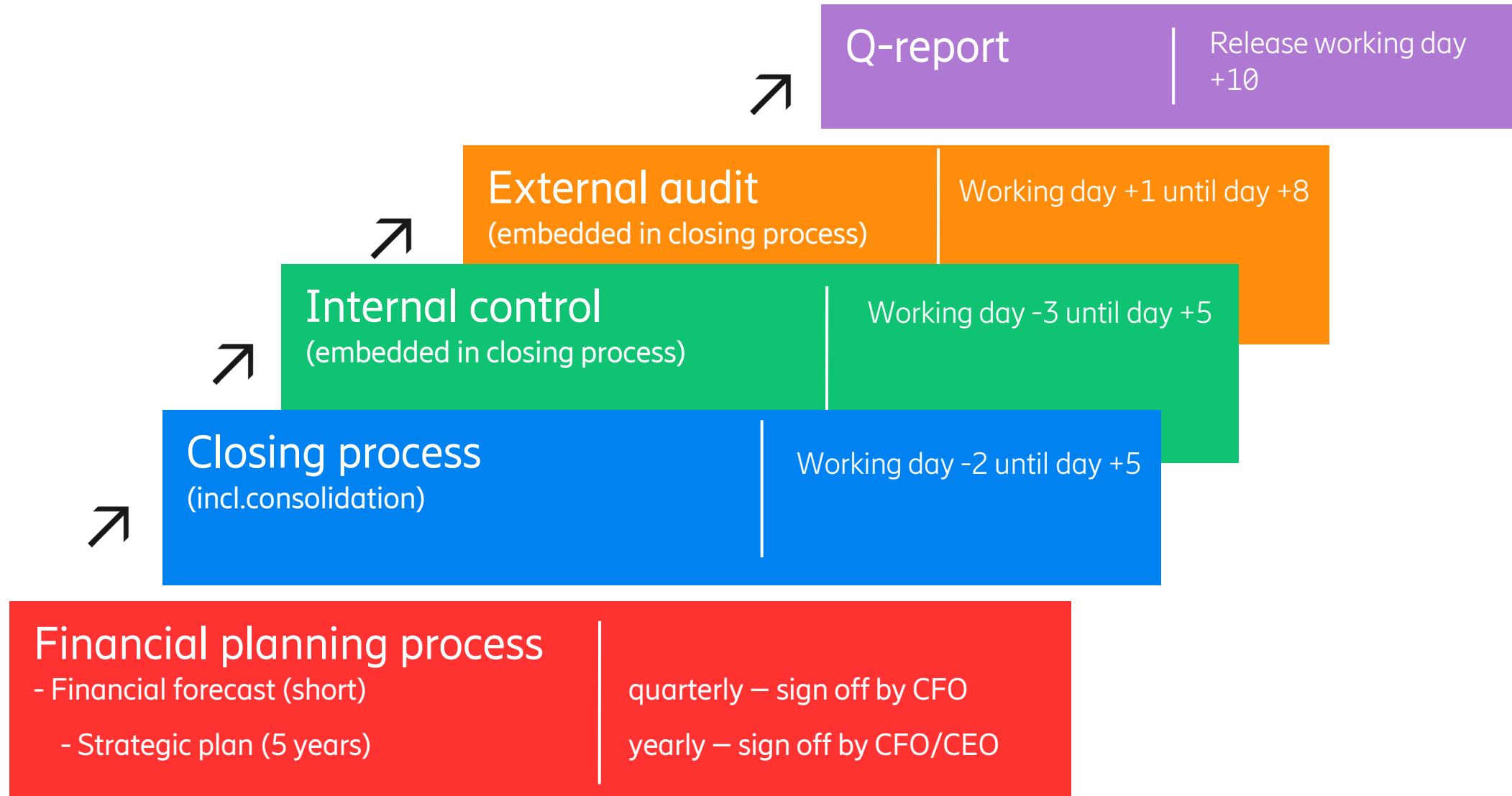


Closing process

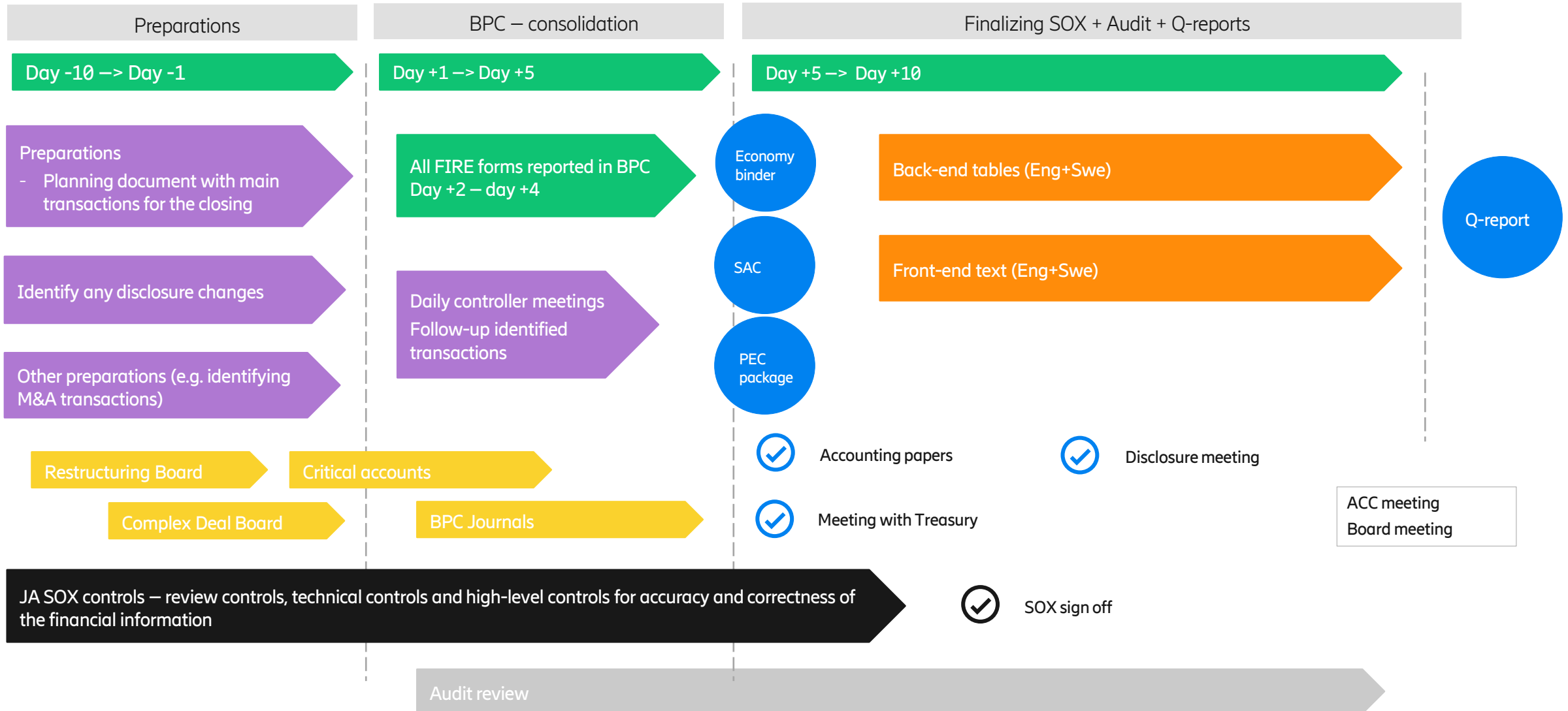


Closing schedule for the Ericsson Group

Financial Reporting – 10 days to close



Quarterly closing process



IFRS 18



IFRS 18 reflections



- Will require some effort to adjust P&L presentation and related disclosures.
- Minor impact in Treasury related topics.
- Main investment will be taken in the definition of the management performance measure. How we intend to work with this measure internally and externally to secure proper aggregation / disaggregation in the financial reporting.
- Will be integrated in the financial transformation project with emphasis on process automation and internal control automation where possible.
- Extended disclosure requirement will result in increased reporting requirement in the consolidation system. Beside IFRS 18 possible ESG reporting related topics.

Proposal of project structure



- Project will be run in different streams with one appointed driver for each stream

1.	Presentation and disclosure – set up framework	<ul style="list-style-type: none">- Classification of income and expenses I/S (chart of accounts and BPC)- Assessment of main business activities- Reviewing aggregation and disaggregation in the primary financial statements and notes- Accounting directives and financial reporting instructions- Restatement- Q-reports / Annual report / 20-F / XBRL tagging / ESEF reporting- Communication and training
2.	Treasury assessment	<ul style="list-style-type: none">- Classification of income and expenses I/S (treasury related)- Cash flow changes
3.	Performance measures and Financial model	<ul style="list-style-type: none">- Impact of classification on income and expenses on performance measures- Management defined performance measures (MPM) and related disclosure requirements- Internal performance measures- Expenses by nature disclosure
4.	Enterprise reporting	<ul style="list-style-type: none">- Enterprise reporting requirements- Alignment with IFRS 18 requirements
5.	Legal entities	<ul style="list-style-type: none">- Identify impacted entities (statutory)- Remapping and restatement for impacted entities

- Controls & processes and System changes will be driven within each stream
- Cross-collaborations between the different streams



GF Finance

Champions of Value Creation and Custodians of Risk