First quarter 2021

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
Strategy execution

- Strategy built on increased investments in R&D continued to support a strong result in first quarter of 2021
- Continued market share gains
- Organic sales growth of 14% adjusted for IPR revenues
- Gross margin 42.9%\(^1\) and EBIT margin 10.7%\(^1\) driven by Networks
- Digital Services increased investments
- Free cash flow before M&A was SEK 1.6 (2.3) b., significantly impacted by lower IPR payments
- Continued focus on ethically responsible culture and individual accountability

\(^1\)Excluding restructuring charges
Market share gains

Middle East & Africa: Sales SEK 4.4 (5.8) b.
- Sales declined due to timing of investments in the Middle East and macroeconomic impact in Africa

North America: Sales SEK 17.1 (17.9) b.
- Strong demand for 5G solutions in Networks and for cloud-native solutions in Digital Services
- C-band auction completed — record level

Europe & Latin America: Sales SEK 12.6 (12.2) b.
- Europe: Organic growth +15% driven by market share gains
- Latin America: Organic sales flat

SE Asia, Oceania & India: Sales SEK 6.7 (5.9) b.
- Networks growth driven by India (LTE) and Australia (5G)
- Growth in Digital Services

Northeast Asia: Sales SEK 6.5 (3.9) b.
- Mainland China flat YoY — new tenders expected in Q2
- Strong growth in other countries in the market area

Strong organic growth in four of the five market areas
Good market momentum

Sales and gross margin
Excluding restructuring charges

<table>
<thead>
<tr>
<th>Segment</th>
<th>2Q1</th>
<th>2Q01</th>
<th>YoY</th>
<th>Organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ericsson Group</td>
<td>49.8</td>
<td>49.8</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>42.9%</td>
<td>40.4%</td>
<td>-3%</td>
<td>15%</td>
</tr>
<tr>
<td>Networks</td>
<td>36.3</td>
<td>35.1</td>
<td>-3%</td>
<td>15%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>46.0%</td>
<td>44.6%</td>
<td>3%</td>
<td>15%</td>
</tr>
<tr>
<td>Digital Services</td>
<td>6.9</td>
<td>7.3</td>
<td>-6%</td>
<td>3%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>43.6%</td>
<td>40.1%</td>
<td>-8%</td>
<td>3%</td>
</tr>
<tr>
<td>Managed Services</td>
<td>4.9</td>
<td>5.7</td>
<td>-15%</td>
<td>-8%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>21.0%</td>
<td>20.6%</td>
<td>-15%</td>
<td>-8%</td>
</tr>
<tr>
<td>Emerging Business &amp; Other</td>
<td>1.7</td>
<td>1.6</td>
<td>- 11%</td>
<td>9%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>36.8%</td>
<td>21.9%</td>
<td>-8%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Group gross margin
Excluding restructuring charges

- **Networks**
  - New product: 2nd generation massive MIMO
  - New Open Lab driving RAN virtualization with customers and partners
  - Supply chain resilience – no impact from global semiconductor shortage

- **Digital Services**
  - Increased investments in R&D cloud native 5G portfolio
  - Gross margin rolling 4Q: 42.6% – improved sales mix

- **Managed Services**
  - AI & automation investments continue
  - Exit of non-core field service business in Italy

- **Emerging Business & Other**
  - Cradlepoint developing according to plan

- **Gross margin improvements in all segments YoY**
  - Despite lower IPR revenues

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Financial overview

Carl Mellander
Chief Financial Officer
**Continued operating leverage**

Excluding restructuring charges

<table>
<thead>
<tr>
<th>Financial performance</th>
<th>21Q1</th>
<th>20Q1</th>
<th>YoY</th>
<th>20Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>49.8</td>
<td>49.8</td>
<td>0%</td>
<td>69.6</td>
</tr>
<tr>
<td>Organic and FX adj. growth</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>42.9%</td>
<td>40.4%</td>
<td>40.6%</td>
<td></td>
</tr>
<tr>
<td>R&amp;D and SG&amp;A expenses</td>
<td>-15.7</td>
<td>-15.4</td>
<td>-17.8</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>5.3</td>
<td>4.6</td>
<td>16%</td>
<td>11.0</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>10.7%</td>
<td>9.3%</td>
<td>15.8%</td>
<td></td>
</tr>
<tr>
<td>Net income¹</td>
<td>3.2</td>
<td>2.3</td>
<td>39%</td>
<td>7.2</td>
</tr>
<tr>
<td>Free cash flow b. M&amp;A</td>
<td>1.6</td>
<td>2.3</td>
<td>-33%</td>
<td>12.8</td>
</tr>
</tbody>
</table>

- Organic and FX adjusted sales: 10% YoY
- Gross margin – All segments improved YoY
  - YoY – Operational leverage, despite lower IPR
- R&D investments in cloud native 5G portfolio and Cradlepoint
- EBIT SEK 5.3 (4.6) b.
  - YoY impacted by IPR by SEK -1.7 b.
- EBITA excl restructuring charges rolling 4Q: 13.3% vs long-term target of 15%-18%
- Free cash flow before M&A SEK 1.6 (2.3) b.
  - Strongest Q1 since 2014 if adjusted for IPR payments

¹Including 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.
## Financial Performance

<table>
<thead>
<tr>
<th>SEK b.</th>
<th>Q1'21</th>
<th>Q1'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT excluding restructuring charges</td>
<td>5.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Depreciation, amortization &amp; impairment losses</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>-0.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>Changes in operating net assets</td>
<td>-3.9</td>
<td>-0.2</td>
</tr>
<tr>
<td>Interest paid &amp; received, taxes paid and other</td>
<td>-0.1</td>
<td>-1.9</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>3.2</td>
<td>4.3</td>
</tr>
<tr>
<td>Capex net and other investing activities</td>
<td>-1.1</td>
<td>-1.4</td>
</tr>
<tr>
<td>Repayment of lease liabilities</td>
<td>-0.5</td>
<td>-0.6</td>
</tr>
<tr>
<td>Free cash flow before M&amp;A</td>
<td>1.6</td>
<td>2.3</td>
</tr>
</tbody>
</table>

- Cash flow from operating activities SEK 3.2 (4.3) b.
  - Continued working capital discipline
- Free cash flow before M&A of SEK 1.6 (2.3) b.
  - Mainly driven by lower IPR payments
- Net cash grew to SEK 43.0 from 41.9 b. QoQ driven by positive cash flow
- Repayment of EUR bond loan: SEK -5.1 b.
  - Gross cash decreased by SEK -3.4 b. QoQ

<table>
<thead>
<tr>
<th>Net cash end of period</th>
<th>43.0</th>
<th>38.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross cash end of period</td>
<td>68.6</td>
<td>79.5</td>
</tr>
</tbody>
</table>

Free cash flow before M&A of SEK 21.5 b. rolling four quarters
Planning assumptions highlights
Please see the Q1 report for complete planning assumptions

Market related
— Global RAN equipment market estimated to grow by 3% in FY 2021. China is expected to grow by 4%, North America by 2%, Europe by 3%. Source: Dell’Oro Mobile RAN 5-year forecast report, Jan 2021.

Ericsson related
— Normal sales seasonality Q1→Q2: +13%, however, with large variations depending on timing of deployments and currency impact.
— Networks gross margins could be temporarily negatively impacted by a higher share of roll-out projects during the second quarter.
— Operating expenses typically increase between Q1 and Q2 due to seasonality, however, with large variations.
— IPR: The first quarter revenues reflect the portfolio of contracts, until expired contracts are renewed.
— Digital Services: 2021 will be an investment year and a similar earnings level in Q2 2021 as in Q1 2021 is expected.
Summary

Börje Ekholm
President and CEO
Entering the growth phase

— Investing to create a stronger platform for the long term
— Expect continued good momentum throughout 2021 with strong order intake
— Continue to invest in further strengthening our portfolio — 5G for IoT and Enterprise offer another attractive growth area
— The ongoing global pandemic has fast-forwarded the digitalization of societies

Fully committed to the 2022 and long-term targets
Q&A
Forward-looking statements

This presentation includes forward-looking statements, including statements reflecting management’s current views relating to the growth of the market, future market conditions, future events, financial condition, and expected operational and financial performance, including, in particular the following:
- 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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