

## Ericsson's FRAND licensing terms for 5G/NR in 3GPP Release 15

Today, Ericsson discloses its fair, reasonable and non-discriminatory licensing terms for multimode mobile handsets that fully conform to 3GPP's forthcoming 5G/NR Release 15 technology. The disclosure is enclosed to this letter.



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Ericsson, a global leader in 3GPP's development of cellular technologies, today announced a reference framework for industry participants to access its patented R&D in the upcoming 3GPP 5G/NR standardized technology. The framework aims at establishing predictable and transparent licensing terms and conditions for those who seek a license to Ericsson's portfolio of cellular standard essential patents, with coverage for multimode mobile handsets that fully conform to 3GPP's forthcoming 5G/NR Release 15 technology.

Ericsson is prepared to grant licenses to its cellular standard essential patents on fair, reasonable, and non-discriminatory (FRAND) terms and conditions, and its reference framework is consistent with this commitment. This means that Ericsson will follow the long-standing industry practice of licensing essential patents for use by a fully conforming user equipment, in accordance with the ETSI IPR Policy.

Gustav Brismark, Chief Intellectual Property Officer at Ericsson, says, "Ericsson is committed to contributing its cutting-edge, patented technology to 5G standardization, and providing access to that technology on fair, reasonable, and non-discriminatory terms and conditions. By disclosing our reasonable royalty rate at this early stage, we want to increase transparency and predictability, stimulate widespread adoption of the standard once it is released, and maintain a healthy ecosystem for the industry by encouraging future development and adoption of standardized technology."

Consistent with FRAND principles, Ericsson is prepared to grant licenses to its portfolio of essential cellular patents as defined above, subject to reciprocity by the license seeker, at a fair and reasonable royalty rate of \$5 per 5G/NR multimode compliant handset. In order to encourage the adoption of the standardized technology also in market segments that will have low average sales prices for handsets, Ericsson has decided to voluntarily allow for even lower royalty rates on a case-by-case basis. In exceptional circumstances, Ericsson is prepared to allow for rates as low as, but not lower than, a floor of \$2.5 per 5G/NR multimode compliant handset. Ericsson's reference framework reflects the value that its standard essential patented inventions will confer on 5G/NR multimode handsets, as well as its long-standing commitment to reasonable aggregate royalties and proportional compensation for innovators. Ericsson also intends to apply the FRAND principles underlying this reference framework when licensing fully conforming 5G/NR multimode end user equipment other than handsets.

#### Forward looking statement.

All statements made or incorporated by reference in this release, other than statements or characterizations of historical facts, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as "anticipates", "expects", "intends", "plans", "predicts", "believes", "seeks", "estimates", "may", "will", "should", "would", "potential", "continue", and variations or negatives of these words, and include, among others, statements regarding: (i) strategies, outlook and growth prospects; (ii) positioning to deliver future plans and to realize potential for future growth; (iii) liquidity and capital resources and expenditure, and our credit ratings; (iv) growth in demand for our products and services; (v) our joint venture activities; (vi) economic outlook and industry trends; (vii) developments of our markets; (viii) the impact of regulatory initiatives; (ix) research and development expenditures; (x) the strength of our competitors; (xi) future cost savings; (xii) plans to launch new products and services; (xiii) assessments of risks; (xiv) integration of acquired businesses; (xv) compliance with rules and regulations and (xvi) infringements of intellectual property rights of others. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. Important factors that may cause such a difference for Ericsson include, but are not limited to: (i) material adverse changes in the markets in which we operate or in global economic conditions; (ii) increased product and price competition; (iii) reductions in capital expenditure by network operators; (iv) the cost of technological innovation and increased expenditure to improve quality of service; (v) significant changes in market share for our principal products and services; (vi) foreign exchange rate or interest rate fluctuations; and (vii) the successful implementation of our business and operational initiatives.