UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

______________________, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. TELEFONAKTIEBOLAGET LM ERICSSON, HANS VESTBERG, JAN FRYKHAMMAR, BÖRJE E. EKHOLM, CARL MELLANDER, and MAGNUS MANDERSSON, Defendants.	Case No. <u>CLASS ACTION</u> COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS <u>DEMAND FOR JURY TRIAL</u>

INTRODUCTION

__________________ ("Plaintiff"), individually and on behalf of all others similarly situated, alleges the following based on personal knowledge as to Plaintiff and Plaintiff's own acts, and upon information and belief as to all other matters based upon the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of press releases and other public statements issued by Telefonaktiebolaget LM Ericsson ("Ericsson" or the "Company"), Ericsson's filings with the U.S. Securities and Exchange Commission ("SEC"), and media and analyst reports about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

SUMMARY OF THE ACTION

1. This is a securities class action on behalf of all persons or entities who purchased or otherwise acquired Ericsson American Depositary Shares ("ADSs") between April 8, 2013 and July 17, 2017, inclusive (the "Class Period"). The action is brought against Ericsson and certain of its officers and/or senior executives for violations of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC Rule 10b-5 promulgated thereunder.

2. Ericsson provides computer networking hardware, software, and related services to telecommunications companies around the world. Services provided by the Company include systems integration, network rollouts, and consulting projects that are often structured as multi-year contracts. In 2015, revenue from services accounted for more than half of the Company's total revenues.

3. During the Class Period, Ericsson claimed that its financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). However, Ericsson violated IFRS by materially overstating service revenues and improperly delaying the recognition of at least $1 billion in expenses on its long-term service projects.

4. The Company's improper accounting on the long-term service project contracts and/or the associated material impact on Ericsson's financial performance was revealed through a series of disclosures. On April 21, 2016, Ericsson announced disappointing results for the first quarter ended March 31, 2016 due to weak revenues from service projects, including poor execution of network rollouts and consulting engagements. On this news, Ericsson ADS price fell $1.48 per share, or 15.18 percent, to close at $8.27 per share on April 21, 2016.

5. On July 19, 2016, Ericsson announced more disappointing results for the second quarter ended June 30, 2016. The Company blamed weak revenues from service projects and

higher-than-expected costs associated with restructuring activities. On this news, Ericsson ADS price fell $0.46 per share, or 6.10 percent, to close at $7.08 per share on July 19, 2016.

6. On October 12, 2016, Ericsson pre-announced lower-than-expected revenues and margins for the third quarter ended September 30, 2016, including 5.20 percent lower margins than the previous quarter. The Company provided scarce details, but attributed the poor results to long-term service projects. On this news, Ericsson ADS price fell $1.46 per share, or 20.83 percent, to close at $5.55 per share on October 12, 2016.

7. Two weeks later, on October 21, 2016, Ericsson released its final results for the third quarter ended September 30, 2016. The Company provided a final loss figure for the quarter of $26 million, more than 50 percent greater than what analysts expected, and identified network rollout projects as the main factor responsible for these poor results. On this news, Ericsson ADS price fell $0.27 per share, or 5.03 percent, to close at $5.10 per share on October 21, 2016.

8. On March 28, 2017, Ericsson issued a press release disclosing that the Company would be recording a loss provision of up to $1.7 billion "related to certain large customer projects." The Company assured investors that the loss provision was related to only a handful of Ericsson's contracts. On this news, Ericsson ADS price fell $0.24 per share, or 3.59 percent, to close at $6.45 per share on March 28, 2017.

9. On July 18, 2017, Ericsson reported disappointing results for the second quarter ended June 30, 2017. During the related earnings call, the Company revealed that it had identified 42 long-term service contracts to date with total annual sales of almost $1 billion that Ericsson would exit, renegotiate, or transform. On this news, Ericsson ADS price fell $1.21 per share, or 16.62 percent, to close at $6.07 per share on July 18, 2017.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's ADSs, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

12. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the preparation and/or dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. Ericsson transacts business in this District, and the Company's ADSs trade in this District on NASDAQ New York.

13. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

14. Plaintiff _______________ purchased Ericsson ADSs during the Class Period, as set forth in the certification attached hereto, and was damaged as the result of Defendants' wrongdoing as alleged in this complaint.

15. Defendant Ericsson is a Swedish limited liability company, organized under the Swedish Companies Act, with its principal executive offices located at SE–164 83 Stockholm,

Sweden. The Company's ADSs are listed on the Nasdaq Stock Market under the ticker symbol "ERIC."

16. Defendant Hans Vestberg ("CEO Vestberg") served as President and Chief Executive Officer ("CEO") of Ericsson prior to July 25, 2016.

17. Defendant Jan Frykhammar ("CFO Frykhammar") served as Chief Financial Officer ("CFO") of Ericsson during the period prior to July 25, 2016 and acting CEO between July 25, 2016 and January 15, 2017.

18. Defendant Börje E. Ekholm ("CEO Ekholm") has served as President and CEO of Ericsson since January 16, 2017.

19. Defendant Carl Mellander ("CFO Mellander") served as acting CFO from July 25, 2016 through March 31, 2017 and has served as CFO since April 1, 2017.

20. Defendant Magnus Mandersson ("EVP Mandersson") served as Executive Vice President ("EVP") and Head of Segment Global Services during all relevant times, and as Advisor to the CEO from July 1, 2016 through November 7, 2017.

21. Defendants CEO Vestberg, CFO Frykhammar, CEO Ekholm, CFO Mellander, and EVP Mandersson are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Ericsson's reports to the SEC, press releases, and presentations to securities analysts, money portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual

Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each "group-published" information, the result of the collective actions of the Individual Defendants.

22. Ericsson and the Individual Defendants are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS

Background

23. Ericsson provides computer networking hardware, software, and related services to telecommunications companies around the world. Traditionally, Ericsson's reporting segments were: (1) Global Services (network management, consulting, and other professional services); (2) Networks (networking hardware and infrastructure); and (3) Support Solutions (business software and e-commerce solutions). Global Services, Networks, and Support Solutions contributed 50 percent, 44 percent, and 6 percent to Ericsson's total 2015 revenues, respectively.

24. Starting in 2016, Ericsson modified its reporting structure by eliminating the Global Services segment and reallocating the Global Services operations between the Company's Networks segment and a newly-created segment called IT & Cloud. In addition, Ericsson renamed its Support Solutions segment to Media. Networks, IT & Cloud, and Media contributed 74 percent, 22 percent, and 4 percent to Ericsson's total 2016 revenues, respectively.

25. Ericsson provides services to its telecommunications customers over extended periods—often multiple years. These services include system integration projects, network design, network rollouts, and consulting engagements. Prior to 2016, revenues from these types

of projects were included in the Global Services segment. Starting in 2016, these revenues were split between the Networks and IT & Cloud segments.

26. Throughout the Class Period, Ericsson purported to report its financial statements in accordance with IFRS.

Materially False and Misleading Statements Issued During the Class Period

27. The Class Period begins on April 8, 2013, when Ericsson filed its Annual Report with the SEC on Form 20-F for the fiscal year ended December 31, 2012 (the "2012 Annual Report"). The Company reported its net sales, operating income, and margins, including **SEK 227.78 billion net sales and SEK 10.46 billion operating income**. Ericsson highlighted its sales and margins:

> **2012 was a year with strong growth in Global Services and Support Solutions** while Networks had a more challenging year. . . . In 2012, the Company continued to execute its strategy to leverage its strengths in the growth areas of mobile broadband, managed services as well as [operations support systems ("OSS")] and [business support systems ("BSS")]. Due to the current technology cycle in which mobile broadband is being rolled out, the business mix in 2012 continued to include a higher share of coverage business than capacity business. Ericsson was also to a large extent engaged in network modernization projects in Europe with its lower margins.

Ericsson touted its Global Services segment:

> **With strong growth in Global Services and Support Solutions in 2012**, Ericsson took further steps in establishing itself as a leading [information and communications technology ("ICT")] player. . . . In the coming years, Ericsson expects software sales to gradually increase as radio expansions and upgrades, [internet protocol ("IP")] and OSS and BSS materialize. **This development will result in more recurring revenues from software and services businesses** as well as less capital utilization.

Ericsson also touted strong sales in various business regions:

> **NORTH AMERICA** . . . Development in North America has been strong across all segments. . . .
>
> **WESTERN AND CENTRAL EUROPE** . . . Global Services sales increased slightly, driven by network modernization.

> **MEDITERRANEAN** . . . Global Services sales increased driven by network modernization projects.

28. The 2012 Annual Report contained certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), signed by Defendants CEO Vestberg and CFO Frykhammar, who certified the following:

> 1. I have reviewed this annual report on Form 20-F of Telefonaktiebolaget LM Ericsson (publ) (the "Company");
>
> 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
>
> 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
>
> 4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
>
> (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
>
> (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
>
> (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

29. On July 18, 2013, Ericsson filed its report with the SEC on Form 6-K for the second quarter ended June 30, 2013. During the related earnings call, EVP Mandersson stated:

> Global services showed a very good sales pick up in the quarter compared to last year. We are up 9%. . . . We have seen also [sic] strong development . . . on professional services when it is currency adjusted, I would say almost 5% up. We are seeing still [sic] a good development on new contract[s] in consulting and systems integration.

30. On April 8, 2014, Ericsson filed its 2013 Annual Report with the SEC on Form 20-F for the fiscal year ended December 31, 2013. The Company highlighted its net sales, operating income, and margins:

> Our focus on profitability is now starting to pay off, with stable margins in Professional Services and a steady improvement in Networks during the year. **Operating income was up from SEK 10.5 billion in 2012 to SEK 17.8 billion in 2013**, with our operating margin increasing from 5% to 8%. . . . **Ericsson's sales ended at SEK 227.4 billion**. The focus on profitability started to pay off and operating margin for the Group gradually improved in 2013, despite significant currency headwind, driven primarily by improvements in Networks and Network Rollout. The business mix, with a higher share of coverage projects than capacity projects, started to shift towards more capacity during the year.

Ericsson touted its Global Services segment and related margins:

> Reported sales for Global Services were flat in comparison to a strong 2012. Network Rollout reported sales grew 4% driven by high coverage project activities, primarily in North America. **Professional Services had a strong development in region North America and India**. Global Services operating margin was 6% (6%). Network Rollout margin gradually improved during the year due to the declining dilutive effect from European network modernization projects as well as the ongoing efficiency programs. Professional Services operating margin was 14% (14%).

Ericsson also touted strong sales in various business regions:

> **North America:** [S]trong first half while the second half was weaker as a result of the two large mobile broadband coverage projects that peaked in the first half of the year. While executing on the large rollout projects in the US, Ericsson has also strengthened its professional services position and capabilities. **Global Services accounted for more than 50% of the region's sales in the second half of the year**. . . .
>
> **Western and Central Europe:** Sales growth was driven by network modernization projects in several countries and also by a high activity level in managed services.

31. The 2013 Annual Report also contained certifications signed by Defendants CEO Vestberg and CFO Frykhammar pursuant to SOX substantially similar in all material respects to those set forth in ¶ 28, *supra*.

32. On January 27, 2015, Ericsson filed its report with the SEC on Form 6-K for the fourth quarter and full-year ended December 31, 2014. During the related earnings call, EVP Mandersson stated:

> Global services, we had a good 30% up in the quarter. We are growing 9 out of 10 regions. We continue to be a [sic] very strong in professional services, seeing demand increasing both on managed services, where you had 18% growth on. Professional services was 12% in the quarter. We saw managed services with 17 contracts. . . . [W]e had a high share of new managed service contracts coming in, as well.

33. On March 31, 2015, Ericsson filed its Annual Report with the SEC on Form 20-F for the fiscal year ended December 31, 2014 (the "2014 Annual Report"). The Company highlighted its net sales, operating income, and margins:

> **[Net] Sales were SEK 228.0 (227.4) billion**, flat compared with 2013.
>
> **Operating income was SEK 16.8 (17.8) billion**, with an operating margin of 7.4% (7.8%). Gross margin improved due to a higher share of capacity business, offset by increased operating expenses and currency hedge losses.

Ericsson continued to tout its Global Services segment and related margins:

> Sales for Global Services were flat compared with 2013 despite strong development in Managed Services and in Network Design and Optimization. **There was continued momentum for Professional Services with double-digit sales growth during the second half of the year**. Sales in targeted areas developed positively and in line with plan.

Ericsson also continued to tout strong sales in various business regions:

> **North America:** . . . **Sales in Support Solutions and Professional Services continued to grow**, driven by OSS and BSS modernization. . . .
>
> **Northern Europe and Central Asia:** Sales increased, driven primarily by mobile broadband deployments in Russia with sales of SEK 6.7 (5.6) billion. Professional Services sales grew, driven by network design and optimization services. TV & Media business showed positive development.
>
> **Mediterranean:** . . . managed services contributed positively to sales.

34. The 2014 Annual Report also contained certifications signed by Defendants CEO Vestberg and CFO Frykhammar pursuant to SOX substantially similar in all material respects to those set forth in ¶ 28, *supra*.

35. On January 27, 2016, Ericsson filed its report with the SEC on Form 6-K for the fourth quarter and full-year ended December 31, 2015. During the related earnings call, EVP Mandersson stated:

> [W]e are seeing still [sic] a good growth in Professional Services, driven both with Consulting and Systems Integration, but also Managed Services. . . . Good growth in Professional Services in all regions throughout the whole portfolio, all our different business lines. We did over 100 contracts in Managed Services. We did 65 big contracts with Consulting Systems Integration.

36. On April 4, 2016, Ericsson filed its Annual Report with the SEC on Form 20-F for the fiscal year ended December 31, 2015 (the "2015 Annual Report"). The Company reported its net sales, operating income, and margins, including **SEK 246.92 billion net sales and SEK 21.81 billion operating income**. Ericsson incorporated by reference information set forth in its 2015 Swedish Annual Report under the heading "Board of Directors' Report," in which Ericsson highlighted its sales and operating income:

> **Reported sales increased by 8%**. Sales growth in India, North America and China as well as higher [intellectual property rights ("IPR")] licensing revenues were partly offset by lower sales in Japan, Russia and Brazil. Sales, adjusted for comparable units and currency, decreased by -5%.
>
> **Operating income increased to SEK 21.8 (16.8) billion**.

Under the same heading, Ericsson continued to tout its Global Services segment and related margins:

> Reported sales increased by 11% compared to last year. **Professional Services reported sales grew 15% with strong development across the portfolio and with growth in all ten regions. . . . Global Services operating income increased by more than 30% compared with 2014**, driven by increased sales in Professional Services and reduced losses in Network Rollout. Professional Services margin was stable compared to last year.

Under the same heading, Ericsson also continued to tout strong sales in various business regions:

> **North America** . . . **Professional Services developed favorably**.
>
> **Latin America** . . . Professional Services sales grew. . . .
>
> **Northern Europe and Central Asia** . . . Professional Services sales increased, driven by Managed Services and ICT transformation projects in the Nordics. . . .
>
> **Middle East** Sales increased, primarily in Global Services. . . .

37. The 2015 Annual Report also contained certifications signed by Defendants CEO Vestberg and CFO Frykhammar pursuant to SOX substantially similar in all material respects to those set forth in ¶ 28, *supra*.

38. The statements contained in ¶¶ 27–37 were materially false and/or misleading when made because Defendants failed to disclose that: (1) Ericsson prematurely recognized revenues and improperly delayed the recognition of costs related to services contracts; and (2) as a result of the foregoing, Ericsson materially overstated its revenues, margins, and profits during the Class Period.

39. The Company's improper accounting on the long-term service project contracts and/or the associated material impact on Ericsson's financial performance was revealed through a series of disclosures. On April 21, 2016, Ericsson announced disappointing results for the first quarter ended March 31, 2016 ("Q1 2016"), missing analyst estimates for revenues, gross margins, and profits for Q1 2016. During the related earnings call, the Company primarily blamed these shortfalls on challenges with Global Services projects that included network rollouts and professional service engagements. On this news, Ericsson ADS price fell $1.48 per share, or 15.18 percent, to close at $8.27 per share on April 21, 2016. Notwithstanding the disappointing results, CEO Vestberg assured investors that management was taking corrective measures and margins on service projects would improve.

40. On July 19, 2016, Ericsson announced more disappointing results for the second quarter ended June 30, 2016. The Company reported weak sales and earnings citing negative industry trends, and blamed weak revenues from service projects and higher-than-expected costs associated with restructuring activities. On this news, Ericsson ADS price fell $0.46 per share, or 6.10 percent, to close at $7.08 per share on July 19, 2016. The Company again assured investors that management was taking corrective measures and margins on service projects would improve.

41. On October 12, 2016, Ericsson reported preliminary results for its third quarter ended September 30, 2016. Sales were much weaker than analysts had expected for the quarter, including 5.20 percent lower margins than the previous quarter. The Company attributed its poor results in large part to lower Network segment revenues, which included a significant amount of legacy service projects from the prior Global Services segment. On this news, Ericsson ADS price fell $1.46 per share, or 20.83 percent, to close at $5.55 per share on October 12, 2016.

42. Two weeks later, on October 21, 2016, Ericsson released its final results for the third quarter ended September 30, 2016. The Company released its final loss figure for that quarter, $26 million—more than 50 percent greater than what analysts had anticipated. The Company identified network rollout projects as the main factor responsible for these disappointing results. On this news, Ericsson ADS price fell $0.27 per share, or 5.03 percent, to close at $5.10 per share on October 21, 2016.

43. On March 28, 2017, Ericsson issued a press release presenting a new "focused business strategy" for the purpose of "improving operating income and margin." As part of this change, Ericsson also disclosed that the Company would be recording a loss provision of up to $1.7 billion for the first quarter ended March 31, 2017, "related to certain large customer projects." On this news, Ericsson ADS price fell $0.24 per share, or 3.59 percent, to close at $6.45 per share on March 28, 2017. Despite this impending charge, the Company continued to assure investors that the loss provision was related to only a handful of Ericsson's contracts.

44. On April 26, 2017, Ericsson filed its Annual Report with the SEC on Form 20-F for the fiscal year ended December 31, 2016 (the "2016 Annual Report"). The Company reported its net sales, operating income, and margins, including **SEK 222.61 billion net sales and SEK 6.30 billion operating income**. The Company incorporated by reference information

set forth in its 2016 Swedish Annual Report under the heading "Board of Directors' Report," in which Ericsson highlighted its sales and margins:

> Reported sales decreased by -10% mainly due to weaker demand for mobile broadband, especially in markets with a weak macroeconomic environment. IPR licensing revenues declined to SEK 10.0 (14.4) billion.
>
> Operating income declined to SEK 6.3 (21.8) billion due to lower sales and a changed business mix in mobile broadband, with a lower proportion of capacity business. This was partly offset by lower operating expenses.

Under the same heading, Ericsson continued to tout its Global Services segment:

> Global Services represented 45.7% of net sales in 2016 (43.7% in 2015). The segment delivers network rollout services and professional services (i.e., managed services, consulting and systems integration (CSI), customer support as well as network design and optimization services). . . . Ericsson has been successful and won several [information technology ("IT")] transformation contracts.

45. The 2016 Annual Report contained certifications signed by Defendants CEO Ekholm and CFO Mellander pursuant to SOX substantially similar in all material respects to those set forth in ¶ 28, *supra*.

46. The statements contained in ¶¶ 39–45 were materially false and/or misleading when made because Defendants failed to disclose that: (1) Ericsson prematurely recognized revenues and improperly delayed the recognition of costs related to services contracts; and (2) as a result of the foregoing, Ericsson materially overstated its revenues, margins, and profits during the Class Period.

47. On July 18, 2017, Ericsson reported disappointing results for the second quarter ended June 30, 2017. During the related earnings call, the Company revealed that it had identified 42 long-term service contracts to date with total annual sales of almost $1 billion that Ericsson would exit, renegotiate, or transform. On this news, Ericsson ADS price fell $1.21 per share, or 16.62 percent, to close at $6.07 per share on July 18, 2017.

48. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's ADSs, Plaintiff and other Class members have suffered significant losses and damages.

ADDITIONAL SCIENTER ALLEGATIONS

49. During the Class Period, as alleged herein, the Individual Defendants acted with scienter in that the Individual Defendants knew or were reckless as to whether the public documents and statements issued or disseminated in the name of the Company during the Class Period were materially false and misleading; knew or were reckless as to whether such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

50. The Individual Defendants permitted Ericsson to release these false and misleading statements and failed to file the necessary corrective disclosures, which artificially inflated the value of the Company's ADSs.

51. As set forth herein, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Ericsson, their control over, receipt, and/or modification of Ericsson's allegedly materially misleading statements and omissions, and/or their positions with the Company that made them privy to confidential information concerning Ericsson, participated in the fraudulent scheme alleged herein.

52. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Ericsson ADSs by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme deceived the investing public regarding Ericsson's business, operations, and

management and the intrinsic value of Ericsson ADSs and caused Plaintiff and members of the Class to purchase Ericsson ADSs at artificially inflated prices.

LOSS CAUSATION/ECONOMIC LOSS

53. During the Class Period, as detailed herein, Ericsson and Individual Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of Ericsson ADSs, and operated as a fraud or deceit on Class Period purchasers of Ericsson ADSs by misrepresenting the Company's business and prospects. Later, when Defendants' prior misrepresentations and fraudulent conduct became known to the market, the price of Ericsson ADSs declined as the prior artificial inflation came out of the price over time. As a result of their purchases of Ericsson ADSs during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD ON THE MARKET

54. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) the omissions and misrepresentations were material;

(c) the Company's ADSs traded in an efficient market;

(d) the misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's ADSs; and

(e) Plaintiff and other members of the Class purchased Ericsson ADSs between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

55. At all relevant times, the market for Ericsson ADSs were efficient for the following reasons, among others:

(a) as a regulated issuer, Ericsson filed periodic public reports with the SEC;

(b) Ericsson regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services;

(c) Ericsson was followed by several securities analysts employed by major brokerage firm(s) who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firm(s) and that were publicly available and entered the public marketplace; and

(d) Ericsson ADSs were actively traded in an efficient market, namely NASDAQ, under the ticker symbol "ERIC."

56. As a result of the foregoing, the market for Ericsson ADSs promptly digested current information regarding Ericsson from publicly available sources and reflected such information in Ericsson's ADS price. Under these circumstances, all purchasers of Ericsson ADSs during the Class Period suffered similar injury through their purchase of Ericsson ADSs at artificially inflated prices and the presumption of reliance applies.

57. Further, to the extent that the Defendants concealed or improperly failed to disclose material facts with regard to the Company, Plaintiff is entitled to a presumption of

reliance in accordance with *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128, 153 (1972).

NO SAFE HARBOR

58. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements were made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Ericsson who knew that the statement was false when made.

CLASS ACTION ALLEGATIONS

59. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons or entities who purchased or otherwise acquired Ericsson ADSs between April 8, 2013 and July 17, 2017, inclusive (the "Class"). Excluded from the Class are Defendants, members of the immediate family of each of the Individual Defendants, any subsidiary or affiliate of Ericsson, and the directors and officers of Ericsson and their families and affiliates at all relevant times.

60. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of April 26, 2017, Ericsson had: 3,069,395,752 shares of Class B common stock outstanding. In the United States, Ericsson ADSs, each representing one underlying Class B share, are traded on NASDAQ New York.

61. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

(a) Whether the Exchange Act was violated by Defendants;

(b) Whether Defendants omitted and/or misrepresented material facts;

(c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) Whether Defendants knew or recklessly disregarded that their statements were false and misleading;

(e) Whether the price of Ericsson ADSs were artificially inflated; and

(f) The extent of damage sustained by Class members and the appropriate measure of damages.

62. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

63. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in securities class action litigation. Plaintiff has no interests that conflict with those of the Class.

64. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

CLAIMS FOR RELIEF

COUNT I
For Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

65. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

66. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

67. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

(a) Employed devices, schemes, and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of Ericsson ADSs during the Class Period.

68. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Ericsson ADSs. Plaintiff and the Class would not have purchased Ericsson ADSs at the prices they paid, or at all, if they had been aware

that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

69. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Ericsson ADSs during the Class Period.

COUNT II
For Violation of Section 20(a) of the Exchange Act
Against the Individual Defendants

70. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

71. The Individual Defendants acted as controlling persons of Ericsson within the meaning of Section 20(a) of the Exchange Act. By virtue of their positions and their power to control public statements about Ericsson, the Individual Defendants had the power and ability to control the actions of Ericsson and its employees. By reason of such conduct, Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Declaring this action to be a proper class action pursuant to Federal Rule of Civil Procedure 23;

B. Awarding Plaintiff and the members of the Class damages and interest;

C. Awarding Plaintiff's reasonable costs, including attorneys' fees; and

D. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: April 5, 2018