

**SEQUANS COMMUNICATIONS S.A.
SEQUANS COMMUNICATIONS S.A.S.
Les portes de la Défense
15-51 boulevard Charles de Gaulle
92700 Colombes**

**REPORT PREPARED BY THE DEMERGER APPRAISER
CONCERNING THE CONSIDERATION TO BE PAID FOR THE ASSETS
AND LIABILITIES CONTRIBUTED BY
SEQUANS COMMUNICATIONS S.A.
TO SEQUANS COMMUNICATIONS S.A.S.**

This is a free translation into English of the demerger appraiser's report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction and construed in accordance with French law and professional standards applicable in France.

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To the shareholders of Sequans Communications S.A. and the sole shareholder of Sequans Communications S.A.S.,

Following my appointment as demerger appraisal President of the Nanterre Commercial Court on September 13, 2023 in relation to Contribution (as defined below) governed by the rules on demergers to be completed by Sequans Communications S.A. ("**Sequans SA**" or the "**Contributing Company**") in favor of Sequans Communications S.A.S. ("**Sequans S.A.S.**"), I have prepared this report on the consideration of the contribution pursuant to Article L.236-10 of the French Commercial Code (*code de commerce*), it being specified that my appraisal of the value of the contributed assets and liabilities is contained in a separate report.

The consideration to be paid for the contributed assets and liabilities results from the exchange ratio determined in the contribution agreement (*traité d'apport partiel d'actifs*) executed between the parties on December 28, 2023 (the "**Contribution Agreement**"). I am responsible for giving my opinion on the fairness of the proposed consideration to be paid for the contributed assets and liabilities. To that end, I have taken the steps recommended by the professional guidance issued in this respect by the French National Association of Statutory Auditors. Such guidance mandates the implementation of steps aimed at (i) ensuring that the relative values ascribed to the contributed business branch and to the shares of the company benefiting from the contribution are relevant; and (ii) analyzing the positioning of such consideration as compared with relative values that are deemed relevant.

As my engagement ends with the delivery of this report, I am not responsible for updating this report in order to account for any facts or circumstances subsequent to its signing date.

I submit below my observations and findings, in the following order:

1. Presentation of the transaction and description of the contributed assets and liabilities
2. Verification of the relevance of the ascribed relative values and assessment of the fairness of the proposed exchange ratio
3. Assessment of the fairness of the proposed consideration
4. Conclusion



1. PRESENTATION OF THE TRANSACTION AND DESCRIPTION OF THE CONTRIBUTED ASSETS AND LIABILITIES

1.1. Background of the transaction

Sequans SA and its subsidiaries are technology companies that operate in the semiconductor sector. They develop and market solutions for fixed and mobile terminals connected to cellular networks. These solutions integrate analog and digital chips including radio frequency transmitter/receiver circuits, modulation/demodulation and radio signal coding/decoding functions, as well as processors supporting the various software layers enabling these solutions to communicate with cellular networks (the “**Business**”).

On August 4, 2023, Sequans SA signed a memorandum of understanding (as amended from time to time in accordance with its terms, the “**MoU**”) with Renesas Electronics Corporation, a company organized under the laws of Japan, whose registered office is located at 3-2-24- Toyosu, Koto-Ku, Tokyo 135- 0061 (Japan), registered with the Tokyo Legal Affairs Bureau under the number 0200-01-075701 (“**REL**”), under which REL undertakes, through a tender offer governed by the laws of the United States of America, to be initiated by an affiliated entity, to purchase with cash, under certain conditions, all ordinary shares and American Depositary Shares (“ADS”) of Sequans SA against USD 3.03 per ADS and USD 0.7575 per ordinary share (each ADS representing four ordinary shares) (the “**Offer**”). The Offer was initiated by Renesas Electronics Europe GmbH, a limited liability company incorporated under the laws of Germany (*Gesellschaft mit beschränkter Haftung – GmbH*), affiliated with REL, with its registered office at Arcadiastrasse 10 40472 Düsseldorf, Germany, registered with the German trade registry under number HRB 3708 (“**REE**”), within the meaning of applicable law and in accordance with the MoU, on September 11, 2023.

Subject to, *inter alia*, the success of the Offer and, in accordance with the MoU, it is planned to implement, following the consummation of the Offer, a project aimed at reorganizing the Sequans SA group (the “**Post-Offer Reorganization**”) by means of, *inter alia*, the Contribution and the Merger (as such terms are defined hereinafter), without, however, excluding the possibility of renouncing the Post-Offer Reorganization if the number of shares held by REE following the Offer is sufficiently high.

Therefore, the Parties have agreed that Sequans SA will contribute to Sequans S.A.S., under the terms and conditions set forth herein, all of its assets and liabilities, rights and obligations of any kind, and other legal relationships related to its Business (the “**Contributed Assets and Liabilities**” or the “**Business Branch**” (*branche d'activité*)) (the “**Contribution**”).

As part of the Post-Offer Reorganization, it is also planned that, pursuant to the terms of a cross-border merger plan entered into on December 28, 2023 between Sequans SA and Renesas Sting Merger AG, a German stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany, wholly owned by REE, having its registered office at Düsseldorf, Germany, and registered with the commercial register (*Handelsregister*) of the Düsseldorf local court (*Amtsgericht*) under number HRB 102753 (“**Renesas Sting Merger AG**”) (the “**Merger Plan**”), under *inter alia* the conditions precedent of the success of the Offer and the completion of the Contribution, Renesas Sting Merger AG and Sequans SA shall complete a cross-border merger pursuant to the provisions of Directive (EU) 2017/1132 of the European Parliament and of the Council dated June 14, 2017, as



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amended by Directive (EU) 2019/2121 of the European Parliament and of the Council dated November 27, 2019, implemented under French law by Ordinance No. 2023-393 and Decree No. 2023-405 and under German law by the Law on the Implementation of the Transformation Directive and on the Amendment of Other Laws (*Gesetz zur Umsetzung der Umwandlungsrichtlinie und zur Änderung weiterer Gesetze; UmRUG*), which was promulgated in the Federal Law Gazette (*Bundesgesetzblatt; BGBl.*) 2023 I No. 51 on February 28, 2023, by which Renesas Sting Merger AG shall receive all assets and liabilities of Sequans SA, liabilities of the Absorbed Company, meaning in particular all the shares the Absorbed Company will hold in its subsidiary Sequans S.A.S., by universal succession of title and Sequans SA shall cease existing (the “**Merger**”).

As a result of the Contribution and the Merger, Renesas Sting Merger AG would therefore hold 100% of the share capital and voting rights of the Beneficiary Company. The Contribution and the Merger will rationalize and consolidate the ownership structure of Sequans S.A.S. as part of its merger with REL and create the anticipated synergies with the Renesas group.

1.2 Presentation of the parties to the transaction

1.2.1 Contributing Company (Sequans Communications S.A.)

Sequans SA is a *société anonyme* organized under French law, whose registered office is located at 15-55 boulevard Charles de Gaulle, 92700 Colombes (France). Sequans SA has been incorporated on October 7, 2003 with the Paris Trade and Companies Register under the identification number 450 249 677 RCS Nanterre and transferred to the Nanterre Trade and Companies Register on July 25, 2005.

The Company’s term is to expire on October 7, 2102, save in case of extension or early dissolution.

As of today, the share capital of the Contributing Company is EUR 2,462,620.04, divided into 246.262.004 ordinary shares, with a par value of EUR 0.01 each. The amount of the share capital may vary between the date of the Contribution, Agreement and the Completion Date (as defined below), following notably transactions resulting from the exercise stock subscription warrants (BSA) and stock options and the definitive grant of free shares.

Sequans SA has implemented incentive plans allowing its officers and/or its employees to be granted free shares, stock subscription warrants (BSAs) and stock options will not be amended by the Contribution and will not be transferred to the Beneficiary Company as part of the Contribution. The list of those plans is attached as schedule 1.1 (a) of the Contribution Agreement.

Moreover, the Contributing Company issued stock subscription warrants (BSA) to investors (the “**Investors Warrants**”). All Investors Warrants still outstanding, if any, immediately prior to the closing of the Offer may be exercised in full or canceled upon closing of the Offer.

On August 16, 2019, the Contributing Company issued convertible bonds to Nokomis Capital L.L.C. in a principal aggregate nominal amount of EUR 5,000,000, to be repaid in the context of the Offer prior to completion of the Contribution.



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On April 6, 2021, the Contributing Company has also issued convertible bonds to Lynrock Lake Financing, for a principal aggregate nominal amount of EUR 40,000,000, to be repaid in the context of the Offer prior to completion of the Contribution.

On November 8, 2023, the Contributing Company issued convertible bonds to Renesas Electronics America Inc. in a principal aggregate nominal amount of USD 6,000,000, which shall not be subject to repayment in the context of the Offer. On December 27, 2023, the Contributing Company further issued convertible bonds to Renesas Electronics America Inc. in a principal aggregate nominal amount of USD 3,000,000, which shall not be subject to repayment in the context of the Offer.

The Contributing Company's ADSs are admitted to trading on the New York Stock Exchange (NYSE).

Contributing Company's purpose is to directly or indirectly, in particular through subsidiaries or shareholdings, in France or abroad:

research, design, development and marketing services for products or services related to optical or radio wired Communications network systems;

related consulting, training and assistance services in relation to the abovementioned areas of activity;

direct or indirect participation in any transactions related to any of the abovementioned purposes, by creating new companies or businesses, contributing assets, subscribing for or purchasing shares or corporate rights, acquiring interests, merging, forming partnerships or otherwise;

and, more generally, any industrial, commercial, financial, securities or property transactions related directly or indirectly, in whole or in part, to any of the aforementioned purposes, to any similar or related purposes and even to any purposes likely to promote or develop the Company's business.

The Contributing Company's fiscal year starts on January 1st and ends on December 31st of each year.

The Contributing Company's Chairman and Chief Executive Officer (*Président – Directeur général*) is Mr. Georges Karam.

The Contributing Company's statutory auditors are Ernst & Young Audit and RSM Paris.



1.2.2 Beneficiary Company: Sequans Communications S.A.S.

Sequans S.A.S. is a French *société par actions simplifiée* whose registered office is located at 15-55 boulevard Charles de Gaulle, Les Portes de la Défense – 92700 Colombes. The Beneficiary Company has been incorporated on September 14, 2023 and is registered with the NanterreTrade and Companies Register under identification number 979 284 114.

The Beneficiary Company's term is to expire on September 13, 2122, save in case of extension or early dissolution.

As of today, the Beneficiary Company's share capital is currently in the amount of EUR 2, subdivided into 2 ordinary shares, each having a par value of EUR 1.

The Beneficiary Company did not issue any security giving access to its share capital or voting rights and did not carried out any transaction that could give rise, in the future; to the issuance of any new securities other than the shares currently comprising its share capital. The Beneficiary Company did not issue any bonds.

The Beneficiary Company did not make any public offering for the subscription of any bonds or shares.

The Beneficiary Company pursues the same corporate purpose as Sequans SA.

Its fiscal year starts on January 1st and ends on December 31st of each year..

The Beneficiary Company's Chairman (*Président*) is the Contributing Company

1.2.3 Relationships between the companies concerned

Equity relationships

Sequans SA holds 2 shares of Sequans S.A.S., i.e. the whole of its share capital and voting rights.

Sequans S.A.S. does not hold any interest in the share capital of Sequans SA.

Common corporate officers

The Contributing Company is the Chairman of the Beneficiary Company.

1.3 Description of the transaction

The terms and conditions of the Contribution are set out in detail in the Contribution Agreement and can be summarized as follows.

1.3.1 Main characteristics of the transaction

As part of the contemplated transaction, Sequans SA contributes all of its assets and liabilities, rights and obligations of any kind, and other legal relationships that shall constitute the Business Branch as of the completion date of the Contribution (the "**Completion Date**"), which will be the date of the last general meeting approving the Contribution, when the following conditions precedent have been met or waived



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For accounting and tax purposes, the parties agree that the transaction shall be effective retroactively as from January 1, 2024 (the “**Effective Date**”).

As a consequence, the amount of the contributed net assets covered by the Agreement was determined on the basis of the Contributing Company’s Interim Accounts as of September 30, 2023, approved by its board of directors on December 28, 2023, according to the same methods and presentation as for the latest approved annual financial statements (the “**Interim Accounts**”).

It was expressly agreed between the parties that the contemplated transaction shall be subject to the legal rules applicable to demergers, as set forth in Articles L.236-18 to L. 236-26 of the French Commercial Code, and that the parties do not intend to apply the “simplified” merger regime provided in Article L. 236-28 of the French Commercial Code.

The Parties expressly agree to waive the provisions of Article L. 236-29 of the French Commercial Code. The Beneficiary Company shall be liable for the liabilities of the Contributing Company assumed by virtue of the transaction. The Contributing Company shall not remain jointly and severally liable for the debts transferred to the Beneficiary Company.

For tax purposes, the transaction shall be governed by the preferential rules set forth in Articles 210 A to 210 B of the French Tax Code.

1.3.2 Conditions precedent

The Contribution is made subject to the conditions precedent below:

- consummation of the Offer and of the subsequent offering period;
- deregistration by the Contributing Company and opening by the Beneficiary Company of the representative offices of the Contributing Company referred to in Appendix 7 of the Contribution Agreement;
- expiration of the thirty day opposition period available to creditors pursuant to Articles L. 236-15 and L. 236-11 of the French Commercial Code;
- completion of a share capital increase of Sequans SA subscribed for in cash or by setoff against debt under the conditions set out by law, pursuant to the undertaking assumed by separate deed by REE on December 28, 2023;
- approval of the Contribution, its valuation and the corresponding consideration by the extraordinary general meeting of the Contributing Company;
- approval of the Contribution, its valuation and the corresponding consideration by the sole shareholder of the Beneficiary Company.

If these conditions precedent are not satisfied (or have not been waived) prior to April 31, 2024, then the Contribution Agreement shall be deemed to have lapsed.

1.3.3 Description of the contribution

The Contributing Company contributes and transfers, with retroactive effect as from the Effective Date, to the Beneficiary Company, which agrees with such terms, all assets and rights comprising its assets, as appearing in the Final Statements of the Contributing Company as at December 31, 2023 (the “**Contributing Company’s Final Statements**”) and as estimated to date at book



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value in the Contributing Company's Interim Accounts or which would represent it, as these assets and rights are described in the table below:

| CONTRIBUTED ASSETS (in EUR) | Gross value | Amortization, depreciation and provisions | Provisional net book value as of September 30, 2023 |
|--------------------------------------|--------------------|--|--|
| FIXED ASSETS | | | |
| Intangible fixed assets | 82 825 229 | 30 018 210 | 52 807 019 |
| Tangible fixed assets | 25 740 609 | 23 142 815 | 2 597 794 |
| Long-term financial investments | 1 065 274 | - | 1 065 274 |
| CURRENT ASSETS | | | |
| Inventories and work in progress | 9 647 872 | 1 650 079 | 7 997 793 |
| Advances and down payments on orders | 123 179 | | 123 179 |
| Trade receivables | 10 368 977 | 2 170 306 | 8 198 671 |
| Other receivables | 5 513 603 | | 5 513 603 |
| Cash and cash equivalents | 6 450 166 | | 6 450 166 |
| Prepaid expenses | 1 718 163 | | 1 718 163 |
| Multi-annual issuance expenses | 90 730 | | 90 730 |
| Unrealized foreign exchange losses | 4 789 541 | | 4 789 541 |
| TOTAL | 148 333 343 | 56 981 410 | 91 351 933 |

The estimated total contribution value of the assets comprising the Business Branch as of September 30, 2023 that are conveyed to Sequans S.A.S. is thus equal to EUR 91,351,933.

As part of the contribution of the Business Branch, Sequans S.A.S. agrees to pay all of the Contributing Company's liabilities and to perform all of the obligations encumbering the contributed assets, as existing in the Final Statements of Contributing Company and as estimated to date in the Interim Accounts in an amount corresponding to the Contributing Company's book value, i.e.:



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| TRANSFERRED LIABILITIES (in EUR) | Estimated book values as of September 30, 2023 |
|---|---|
| Other shareholders' equity | 2 520 092 |
| Provisions for risks and contingencies | 6 616 375 |
| Financial liabilities | 53 160 859 |
| Operating liabilities | 29 652 678 |
| Deferred revenues | 604 260 |
| Unrealized foreign exchange gains | 726 099 |
| TOTAL | 93 280 363 |

The amount as of September 30, 2023 of the liabilities assumed by Sequans S.A.S. is thus equal to EUR 93,280,363.

Moreover, in addition to the liabilities described above, Sequans S.A.S. shall assume all debts and undertakings that may have been incurred by Sequans SA in relation to the Business Branch and that have not yet been recorded in its financial statements by September 30, 2023 because they are off-balance sheet items.

The incentive plans set up by the Contributing Company, under which its officers and/or employees may be granted bonus shares, warrants and stock subscription options, shall not be included in the Contribution.

It is expressly agreed that the conveyed liabilities shall be assumed by Sequans S.A.S. alone, without any joint and several liability with Sequans SA.

In addition, the Contributing Company anticipates recording a loss equal to approximately EUR 13,000,000 between the date on which the Interim Accounts are prepared and the Effective Date (the **"Estimated Loss"**).

However, as part of the Contribution and its completion, REE agreed *vis-à-vis* Sequans SA by separate deed dated December 28, 2023 (the **"Equity Commitment Letter"**) to subscribe, directly or through affiliates, a share capital increase of Sequans SA pursuant to the terms and conditions of the Equity Commitment Letter, in cash or by offsetting receivables against receivables that REE or an affiliate holds *vis-à-vis* Sequans SA (the **"Share Capital Increase"**) following consummation of the Offer and subject to completion of the Offer and prior to the Completion Date, in order to guarantee that the definitive net assets established on the basis of the Financial Statements of the Contributing Company (the **"Definitive Net Assets"**) will amount to EUR 2,000,000 on the Completion Date.

The provisional net assets established on the basis of the Interim Accounts (the **"Provisional Net Assets"**), adjusted to include the Share Capital Increase and the Estimated Loss (the **"Adjusted Provisional Net Assets"**), will be positive on the Completion Date and should amount to EUR 2,000,000.



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Because any and all assets and liabilities of the Contributing Company shall be conveyed to the Beneficiary Company in the condition in which they shall be on the Effective Date, all other properties, rights and obligations of the Contributing Company, of any nature whatsoever, shall be transferred to the Beneficiary Company, notwithstanding the fact that they were omitted from the Contribution Agreement or that they were not recorded in the Contributing Company's Final Statements.

1.3.4 Consideration for the contribution

The Parties agree that the consideration for the Contribution shall be determined pursuant to the valuation method of the Contributed Assets and Liabilities and of the Beneficiary Company's shares on the Completion Date, as determined in Schedule 10 of the Contribution Agreement.

Thus, in consideration for the Contribution, Sequans S.A.S. should issue 396,385 new shares, each having a par value of EUR 1, in a total amount of EUR 396,385.

The sum corresponding to the difference between the Adjusted Provisional Net Assets Adjusted, i.e. EUR 2,000,000 and the nominal amount of the share capital increase of the Beneficiary Company to be carried out in consideration for the Contribution, i.e. EUR 1,603,615, shall be recorded as a liability on the Beneficiary Company's balance sheet in a "Contribution premium" account.

The consideration for the Contribution and the Contribution premium will nevertheless be definitively determined on the Completion Date on the basis of the exchange ratio at that date and the Final Statements of the Contributing Company.

In the event that the Definitive Net Assets value on the Effective Date exceeds the Adjusted Provisional Net Assets value, the Contribution premium will be increased in an amount equal to such excess. This adjustment will have no impact on the consideration for the Contribution.

1.3.5 Special benefits

No special benefit is to be granted in consideration for the Contribution.

2. VERIFICATION OF THE RELEVANCE OF THE ASCRIBED RELATIVE VALUES AND ASSESSMENT OF THE FAIRNESS OF THE PROPOSED EXCHANGE RATIO

2.1 Steps taken by the demerger appraiser

My engagement consists in informing the shareholders and the sole shareholder of Sequans SA and Sequans S.A.S. respectively concerning the relative values selected in order to determine the exchange ratio and in assessing the fairness of the said exchange ratio.

My engagement may not be assimilated with a due diligence review conducted for a lender or a buyer and does not include all of the work necessary for such due diligence review. My report may not be used in such a context.

I carried out the work that I deemed necessary, having regard to the professional guidance issued by the French National Association of Statutory Auditors in relation to this engagement. In this context, I have in particular:

- reviewed the background and purposes of the transaction;



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- held interviews with the managers of the Sequans SA group in charge of the transaction and their counsels, in order to be apprised of the background of the transaction and to understand its economic, accounting, legal and tax terms;
- reviewed the Contribution Agreement and the appendices thereto;
- checked whether the statutory auditors have certified without any reservation the Sequans SA corporate and consolidated financial statements as of December 31, 2022;
- reviewed the business plan of the contributed Business Branch for the 2024-2025 period, as prepared by the group;
- reviewed the fairness opinion prepared as regards the financial fairness of the price of the Offer by Needham & Company, as delivered to the board of directors of Sequans SA on August 3, 2023 (the “**Fairness Opinion**”);
- obtained from the senior management of Sequans SA and Sequans S.A.S. a representation letter confirming the material information used in the context of my engagement.

2.2 Valuation method and relative values ascribed to the shares of the companies party to the contemplated merger

2.2.1 Fair Value of the Contributed Assets and Liabilities

The value of the Contributed Assets and Liabilities (or the value of the Contributing Company) reflects the price proposed by REE in the Offer, i.e. USD 0.7575 for each Sequans SA ordinary share and USD 3.03 for each Sequans SA ADS, without any interest and after deducting any applicable withholding taxes, with such amounts being payable in cash (the “**Offer Price**”).

The Offer Price was in particular corroborated by a multicriteria analysis prepared by Needham & Company in its opinion delivered on August 3, 2023 to the Board of Directors of the Contributing Company in relation to the financial fairness as of that date of the Offer Price to be received in connection with the Offer by bearers of ADSs (other than REL or any of its affiliates). The multicriteria approach adopted by Needham & Company includes an analysis of the discounted cash flows, a selected companies analysis, an analysis of comparable transactions and an analysis of premiums paid:

- The Discounted Cash Flow Analysis, which is designed to derive a range of illustrative enterprise values of the Contributing Company and illustrative implied equity values per ADS of the Contributing Company.
- The Selected Companies Analysis, which is designed to compare selected historical and projected financial information and market data ratios for the Contributing Company to the corresponding data and ratios of selected publicly traded companies that Needham & Company deemed relevant because they have similar lines of business to those of the Contributing Company. During the review of the selected companies, Needham & Company used the following multiples for the selected companies and the Contributing Company:
 - o The enterprise value as a multiple of last 12 months (“LTM”) revenues;);



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- o The enterprise value as a multiple of projected calendar year 2023 revenues;
 - o The enterprise value as a of projected calendar year 2024 revenues;
 - o The enterprise value as a multiple of LTM earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA;
 - o The enterprise value as a multiple of of projected calendar year 2023 adjusted EBITDA; and
 - o The enterprise value as a multiple of of projected calendar year 2024 adjusted EBITDA.
- a Selected Transactions Analysis, which is designed to compare certain multiples observed in selected merger and acquisition transactions announced since January 1st, 2018 with a valuation lower than USD 10 bn, involving semiconductor companies whose product ranges and final markets are similar to those of the Contributing Company. During the review of the selected transactions, Needham & Company used, for the selected companies, the following multiples:
 - o The enterprise value as a multiple of LTM;
 - o The enterprise value as a multiple of next 12 months (“NTM”) revenues
- An analysis of the premiums paid (*Premiums Paid Analysis*), which is designed to compare the selected merger and acquisition premiums described above, that involved U.S. publicly traded target semiconductor companies to that in the Offer. During the review of the selected transactions, Needham & Company analyzed the premium contained in the consideration offered as compared with the price of the Contributing Company share acquired one day before the last unaffected trading day of the target stock and the premiums contained in the consideration offered as compared with the average volume-based weighted price of the target stock over periods of five, thirty, forty-five and ninety days before the target stock’s last unaffected trading day.

2.2.2 Beneficiary Company’s fair value

Since the Beneficiary Company has no current activity, the fair market value of a the Beneficiary Company share was determined on the basis of the Beneficiary Company’s equity as of the date of execution of the Contribution Agreement.

2.3 Assessment of the relative values

I am of the opinion that it is appropriate to use the Offer Price in order to value the Contributed Assets and Liabilities, especially because the Contribution is in particular subject to the condition precedent consisting in the completion of the Offer and the subsequent offer. The valuation of the Contributed Assets and Liabilities shall be determined on the Completion Date on the basis of the number of Sequans SA shares outstanding on the Completion Date (with such number depending in particular on the capital increase to be carried out pursuant to the Equity Commitment Letter).



As the Beneficiary Company does not carry on any activity, I also consider that it is appropriate to value the Beneficiary Company on the basis of its shareholders' equity (corresponding to the issue price of the two issued shares).

3. ASSESSMENT OF THE FAIRNESS OF THE EXCHANGE RATIO

3.1 Exchange ratio proposed by the parties

The exchange ratio applicable to the Contribution is determined according to the fair values below:

- On the basis of a share value equal to USD 0.7575 per ordinary share (i.e. EUR 0.6846 per ordinary share after conversion into euro on the basis of the spot dollar-euro exchange rate applicable on the day preceding the Merger Agreement's authentication date, as provided by the European Central Bank's website) and 289,759,034 shares (taking into account the share capital increase provided for in the Equity Commitment Letter), the contributed assets are valued at EUR 195,588,764.80.
- One share of the Beneficiary Company is valued at EUR 501.

As a consequence, the Beneficiary Company should issue 396,385 new shares as a consideration for the Contribution.

3.2 Steps taken by the demerger appraiser

I carried out the work that I deemed necessary, having regard to the professional guidance issued by the French National Association of Statutory Auditors applicable to this engagement in order to assess the fairness of the proposed exchange ratio.

In particular, I relied on the work described above, that I carried out in order to ascertain the relevance of the relative values ascribed to the Contributed Business Branch and to the Beneficiary Company.

I assessed the fairness of the proposed exchange ratio by reference to the relative values so determined.

3.3 Assessment and positioning of the fairness of the exchange ratio - Comments and/or observations

I did not identify any information capable of calling into question the provisional values determined in the Contribution Agreement.

The fair value of the Contributed Business Branch taken into account to calculate the consideration to be paid for the Contribution is not definitively determined and could vary according to the number of Sequans SA shares outstanding on the Completion Date (as such number depends in particular on the share capital increase to be carried out pursuant to the Equity Commitment Letter).

However, as the Contributing Company holds, both before and after the Contribution, all of the Beneficiary Company's shares and voting rights, any change in the consideration to be paid for the contributions would not have any impact on the position of the Beneficiary Company's sole shareholder or on the shareholders of the Contributing Company.



3. CONCLUSION

On the basis of my work and as of the date of this report, I am of the opinion that the consideration proposed for the contribution, resulting in the issue of 396,385 new shares of Sequans S.A.S. (company benefiting from the contributions) determined by the parties is fair.

Done in Paris, on January 12, 2024

The demerger appraiser

Fabrice VIDAL