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**Germany**

**Sequans Communications S.A.**  
**Les Portes de la Défense**  
**15-55, boulevard Charles de Gaulle**

**92700 Colombes**  
**France**

**MERGER APPRAISER'S REPORT**  
**ON THE TERMS OF THE MERGER AND REMUNERATION OF THE**  
**CONTRIBUTIONS**

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

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To the sole shareholder of Renesas Sting Merger AG and to the general meeting of the shareholders of Sequans Communications S.A.

Following my appointment by the President of the Nanterre Commercial Court on September 13, 2023 in connection with the cross-border merger by absorption of the company Sequans Communications S.A. (the “**Absorbed Company**” or “**Sequans Communications S.A.**”) by the company Renesas Sting Merger AG incorporated under the laws of Germany (the “**Absorbing Company**”), I have prepared this report on (i) the remuneration of the contributions provided for in Article L.236-10 of the French Commercial Code (the “**FCC**”) (*code de commerce*) and (ii) the valuation of the amount of the contemplated repurchase offer pursuant to Article L. 236-40 of the FCC, as provided for in Article L.236-37 of the FCC, it being specified that my appraisal of the value of the contributions is the subject of a separate report.

The remuneration of the contributions results from the exchange ratio determined in the joint cross-border merger plan executed between the parties on December 28, 2023 (the “**Merger Plan**”). It is my responsibility to express an opinion on the fairness of such exchange ratio and on the methods used to determine the amount of the contemplated repurchase offer pursuant to Article L. 236-40 of the FCC.

To that end, I performed my duties in accordance with the professional doctrine issued in this respect by the French National Institute of Statutory Auditors in relation to this engagement. This professional doctrine requires that due diligence be carried out to (i) ensure that the relative values assigned to the shares of the companies participating in the transaction are relevant; and (ii) analyze the positioning of the exchange ratio in relation to the relative values that are deemed relevant.

In addition, the engagement provided for in Article L. 236-37 of the FCC requires that due diligence be carried out to (i) describe the method(s) used to determine the amount of the contemplated repurchase offer pursuant to Article L. 236-40 of the FCC, and (ii) assess the appropriateness of the method(s) used and the values obtained with each of these methods, express an opinion on the relative importance given to such methods in the determination of the value retained and, if different methods are used in the merging companies, justify the use of different methods, and if applicable, indicate any particular valuation difficulties if any.

As my assignment ends with the submission of the report, it is not my responsibility to update the present report to take into account facts and circumstances subsequent to the date of signature.



Please find below my findings and conclusions, presented in the following order:

1. Presentation of the transaction and description of the contributions
2. Verification of the relevance of the relative values ascribed to the shares of the companies participating in the transaction
3. Assessment of the fairness of the proposed exchange ratio
4. Assessment of the methods used to determine the amount of the contemplated acquisition offer under Article L. 236-40 of the FCC
5. Conclusion.

## **1. PRESENTATION OF THE TRANSACTION**

### **1.1. Background of the transaction**

The Absorbing Company is a wholly owned subsidiary of Renesas Electronics Europe GmbH, a limited liability company incorporated under the laws of Germany (*Gesellschaft mit beschränkter Haftung*), with its statutory seat in Düsseldorf, and domestic business address (*inländische Geschäftsanschrift*) Arcadiastrasse 10, 40472 Düsseldorf, Germany, registered with the commercial registry (Handelsregister) of the Düsseldorf local court (*Amtsgericht*) under number HRB 3708 (the “**Purchaser**”), which is an Affiliate of Renesas Electronics Corporation, a Japanese corporation, with its registered office at 3-2-24- Toyosu, Koto-ku, Tokyo 135-0061, Japan, registered with the Tokyo Legal Affairs Bureau under number 0200-01- 075701 (the “**Parent**”).

On August 4, 2023, the Absorbed Company signed a memorandum of understanding (as amended subsequently in accordance with its terms, the “**MoU**”) with Parent, under which Parent undertakes, through a tender offer governed by the laws of the United States of America and initiated by Purchaser, to purchase with cash, under certain conditions, all outstanding ordinary shares and American Depositary Shares (“**ADSs**”) of the Absorbed Company for 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 the Purchaser, in accordance with applicable Law and the MoU, on September 11, 2023.

Subject to, *inter alia*, the success of the Offer and the completion of the Demerger (as defined below), and in accordance with the MoU, the implementation of a project to reorganize and rationalize the group's ownership structure is planned following the consummation of the Offer and of the subsequent offering period (the “**Consummation of the Offer**”) by means of, among others, the Demerger and the Merger (as such terms are defined hereinafter).

The Absorbed Company holds 100% of the share capital and voting rights of Sequans Communications SAS, a *société par actions simplifiée* organized under French law, with a share capital of EUR 2, whose registered office is located at Les Portes de la Défense - 15- 55 Boulevard Charles de Gaulle 92700 Colombes (France), identified under number 979 284 114 RCS Nanterre (the “**Contribution Sub**”).

As a reminder, the Absorbed Company and its subsidiaries, prior to the Demerger, are technology companies operating in the semiconductor sector. They develop and market in particular 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**”).

It is contemplated that prior to completion of the Merger, the Absorbed Company will contribute, to the benefit of its Contribution Sub, all of its assets and liabilities, rights and obligations of any kind, and other legal relationships related to the Business (the “**Demerger**”). If implemented, the Demerger is planned to be completed through a partial asset contribution subject to the French-law demerger regime (*apport partiel d'actif soumis au régime des scissions*) prior to completion of the Merger. It is expected that the completion of the Demerger would not have a material impact on the value of the assets and liabilities of the Absorbed Company and its directly or indirectly held subsidiaries (on a consolidated basis) and that the impact of the Demerger on the total equity of the Absorbed Company (on a standalone basis) would not be material.

Subject *inter alia* to the satisfaction of the Conditions Precedent (as such term is defined hereinafter) and in accordance with this Merger Plan, it is proposed to enter into a cross-border merger within the meaning of (i) Sections 305 *et seq.* of the German Companies Transformation Act (*Umwandlungsgesetz*) (“**GCTA**”) and (ii) Articles L. 236-1 *et seq.*, L. 236-31 *et seq.* and R. 236-20 to R. 236-34 of the FCC (the “**Merger**”). In accordance with and subject to the terms of this Merger Plan, the Absorbing Company will receive all of the assets and liabilities of the Absorbed Company, i.e. all of the shares that the Absorbed Company will hold in Contribution Sub by universal succession of title (*Universalsukzession, transmission universelle du patrimoine*) and the Absorbed Company shall cease existing by operation of law. As a result of such Merger, the ordinary shares of the Absorbed Company outstanding immediately prior to the consummation of the Merger will, by applying the Merger Exchange Ratio (as defined below), be exchanged into duly issued and fully paid shares of the Absorbing Company, as further described in the Merger Plan.

## **1.2 Presentation of the companies party to the transaction**

### **1.2.1 Absorbing Company: Renesas Sting Merger AG**

The Absorbing Company is a German stock corporation (*Aktiengesellschaft*) registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under the number HRB 102753, with its statutory seat in Düsseldorf, and its domestic business address (*inländische Geschäftsanschrift*) in Arcadiastrasse 10, 40472 Düsseldorf, Germany.

Renesas Sting Merger AG was established by notarial deed, containing also the initial articles of association (*Satzung*) of the Absorbing Company, notarized on May, 25 2023 for an indefinite term for the Merger.

To date, its share capital is EUR 50,000, divided into 50,000 registered shares without a fixed nominal value (*nennwertlose Stückaktien, die auf den Namen lauten*) but each of them representing an equal part of the entire share capital (*Grundkapital*) of the Absorbing Company, so that the pro rata amount of the share capital attributable to the individual share without a fixed nominal value amounts to EUR 1 (each such (current or future) registered share without a fixed nominal value (*nennwertlose Stückaktie, die auf den Namen lautet*) of the Absorbing Company, a “**Share Of The Absorbing Company**”, and together, the “**Shares Of The Absorbing Company**”).

Its financial year starts on January 1 and ends on December 31 each year.

### **1.2.2 Absorbed Company: Sequans Communications S.A.**

The Absorbed Company is a public limited company (*société anonyme*) incorporated under the laws of France with a board of directors, whose registered office is located at Les Portes de la Défense - 15-55 boulevard Charles de Gaulle, 92700 Colombes (France), identified under the number 450 249 677 RCS Nanterre. It was created and



incorporated on October 7, 2003 with the Paris Trade and Companies Register under the identification number 450 249 677 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.

On December 28, 2023, the share capital of the Absorbed Company is EUR 2,462,620.04, divided into 246,262,004 ordinary shares with a par value of EUR 0.01 each (the "**Sequans Shares**"). The share capital may vary between the Merger Plan's execution date and the Effective Date (as defined below), including as a consequence of transactions relating to the exercise of stock subscription warrants (BSA) and stock options and the definitive grant of free shares.

The Absorbed Company implemented incentive plans allowing its officers and/or its employees to be granted free shares, stock subscription warrants (BSAs) and stock options the list of which is attached as Schedule 1 of the Merger Plan (the "**Absorbed Company Equity Incentive Plans**").

As of the date of notarization of the Merger Plan, the Absorbed Company does not hold any Sequans Shares as treasury shares.

The Absorbed Company's ADSs are traded on the New York Stock Exchange (NYSE).

The Absorbed Company's corporate purpose is to, whether directly or indirectly, including through subsidiaries or interests, whether in France or abroad:

- research, design, develop and market any products and/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 real estate 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 Absorbed Company's fiscal year starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> of each year.

The Absorbed Company's Chairman and Chief Executive Officer is Mr. Georges Karam.

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

### **1.2.3 Relationship between the applicable companies**

Subject to successful completion of the Offer, the Absorbing Company and the Absorbed Company should be jointly controlled by the Purchaser.

## **1.3 Description of the transaction**

The terms and conditions of the Merger are detailed in the Merger Plan.

Such terms can be summarized as follows.



### **1.3.1 Main characteristics of the transaction**

The Merger shall be completed in accordance with Sections 305 *et seq.* of the GCTA and with Book II, Title III, Chapter VI of the FCC.

More specifically, if the Merger is completed:

- the Absorbing Company will receive all assets and liabilities of the Absorbed Company, i.e. in particular all shares that the Absorbed Company will hold in the Contribution Sub by universal succession of title (*Universalsukzession*);
- the Absorbing Company shall allocate Shares Of The Absorbing Company to the shareholders of the Absorbed Company in exchange for the cancellation of their shares in the Absorbed Company in accordance with the terms stipulated by the Merger Plan;
- the Absorbed Company shall cease existing by operation of law.

The Merger will be legally effective on the date of registration of the Merger with the commercial register (*Handelsregister*) of the Absorbing Company (the “**Effective Date**”), which shall also be the date pursuant to Section 307 para. 2 No. 6 GCTA, i.e. the date from which the acts of the Absorbed Company shall be deemed to have been performed for the account of the Absorbing Company from an accounting point of view (*Verschmelzungstichtag*).

The Absorbing Company and the Absorbed Company declare that they place this Merger under the rollover regime for mergers provided by Article 210 A of the French Tax Code and the provisions of French administrative tax guidelines (BOI-IS-FUS-10-20-20- 20191004 §100).

### **1.3.2 Conditions precedent**

The implementation and the effectiveness of the Merger are subject to the following conditions precedent (“**Conditions Precedent**”):

- Consummation of the Offer;
- Completion of the Demerger in accordance with applicable law;
- Approval of the Merger by the extraordinary general meeting of the Absorbed Company;
- Approval by the general meeting (*Hauptversammlung*), acting as the Absorbing Company's competent body, of the Merger and, as the case may be, of all relevant related legal transactions, including as provided for by the legal provisions for the post-foundation (*Nachgründung*) pursuant to Section 305 para. 2 in connection with Section 67 of the GCTA, in connection with Section 52 para. 3, para 4, para. 6 through para. 9 of the German Stock Corporation Act (*Aktiengesetz; AktG*);
- Approval by the general meeting (*Hauptversammlung*) acting as the Absorbing Company's competent body, of the Merger and, as the case may be, of all relevant legal transactions in connection therewith, including as provided for by the legal provisions for the post-foundation (*Nachgründung*) pursuant to Section 305 para. 2 in connection with Section 67 of the GCTA, in connection with Section 52 para. 3, para 4, para. 6 through para. 9 of the German Stock Corporation Act (*Aktiengesetz; AktG*);
- Expiration of the three (3) months opposition period available to creditors pursuant to Articles L. 236-15 and R. 236-34 of the FCC, with this Condition Precedent being stipulated for the benefit of each of the parties to the Merger Plan;



- Issuance by the Clerk of the Commercial Court of Nanterre (*greffe du Tribunal de Commerce de Nanterre*) of the conformity certificate (*attestation de conformité*) pursuant to Articles L. 236-42 and R. 236-30 of the FCC certifying the proper completion of the pre-Merger acts and formalities under French law and delivery thereof to the German commercial registry via the BRIS system or otherwise;
- Registration of the Merger with the commercial registry (*Handelsregister*) pursuant to Section 305 para. 2 GCTA in connection with Section 20 GCTA.

If the Conditions Precedent are not satisfied (or waived) at the latest on December 31, 2024, or in the event that the agreement relating to the Demerger has lapsed in accordance with its terms before such date, this Merger Plan shall be deemed to have lapsed, without any right to compensation in favor of either party.

### **1.3.3 Consideration to be paid for the contributed assets and liabilities**

In order to determine the consideration to be paid in connection with this Merger, the parties took into account the fair values of the Absorbing Company and the Absorbed Company.

The value of a Sequans Share is USD 0.7575 and the value of a Share Of The Absorbing Company is EUR 1.00.

Each Sequans Share other than potential treasury shares as referred to in Clause **Erreur ! Source du renvoi introuvable.** of the Merger Plan that is issued and outstanding immediately prior to the Effective Date shall be cancelled.

As a consequence, the merger exchange ratio shall be 3:2 (the “**Merger Exchange Ratio**”), whereas:

- (i) the number of Shares Of The Absorbing Company to be granted to the holders of the (cancelled) Sequans Shares shall first be calculated on the basis of this Merger Exchange Ratio, whereas, for the sake of clarification and as shown in the sample calculation in Schedule 3 of the Merger Plan for illustrative purposes, (x) the 3 Sequans Shares shall not constitute a required minimum share number and (y) also less than 3 Sequans Shares are sufficient for the granting of Shares Of The Absorbing Company, in each case to the extent that the number of Sequans Shares is arithmetically sufficient to grant (even if in this respect less than 2) whole Shares Of The Absorbing Company, and
- (ii) any potential partial shares, for which a (whole) Share Of The Absorbing Company could (for arithmetical reasons) not be granted, shall be compensated pursuant to Clauses 4.4 and 4.5 of the Merger Plan.

The Merger Exchange Ratio has been determined on the basis of the *spot* rate of the dollar-euro exchange rate prevailing on the day before the date of notarization of this Merger Plan and shown on the website of the European Central Bank, i.e. USD 1 = EUR 0.9038. The shareholders of the Absorbed Company will become shareholders of the Absorbing Company by virtue of law as provided for in Section 305 para. 2 in connection with Section 20 para. 1 No. 3 of the GCTA.

In order to carry out the merger, the Absorbing Company will increase its share capital in accordance with Section 305 para. 2 of the GCTA in connection with Section 69 of the GCTA to the extent required and, thereby, create the required number of new Shares Of The Absorbing Company. The share capital increase will be structured either as an ordinary capital increase, as a conditional capital increase, and/or through the creation of authorized capital.

The shareholders of the Absorbed Company whose total number of Sequans Shares is not divisible by 3 without the result of this division being a number with fractional digits



(i.e. no integer (whole number) without fractional digits) shall, to the extent that a grant of (whole) Shares Of The Absorbing Company is not possible due to the Merger Exchange Ratio of 3:2, be granted an additional payment in cash (*bare Zuzahlung*) for the non-exchangeable Sequans Shares or (partial) rights (the sum of the non-exchangeable Sequans Shares or partial rights of a shareholder of the Absorbed Company (which, for the avoidance of doubt, may also be a number with fractional digits) (hereinafter collectively the “**Cash Settled Shares**”).

Such additional payment (*bare Zuzahlung*) to be made by the Absorbing Company shall, for each Cash Settled Share, be equal to the consideration determined in the Offer (i.e. USD 0.7575 per ordinary share) and shall be converted into euro (EUR) on the basis of the *spot* rate of the dollar-euro exchange rate prevailing on the day before the date of the Merger Plan and shown on the screen page broadcasted by the European Central Bank, i.e. USD 1 = EUR 0.9038. Alternatively, i.e. instead of a payment in EUR as described in the preceding sentence, each owner of a Cash Settled Share shall be entitled, at his/her/its sole discretion, to request a payment amounting to USD 0.7575 (for the sake of clarification: in US dollars) per Cash Settled Share.

For illustrative purposes, Schedule 3 of the Merger Plan contains an exemplary calculation of the number of Shares Of The Absorbing Company to be granted to a shareholder of the Absorbed Company, the number of shares to be compensated in cash and the cash compensation to be granted.

Certain shareholders of the Absorbed Company benefit from a preferential tax regime in France, under which the said holders of such shares must, within a specific lock-up period, not receive any financial compensation in the event of fractional shares (with such shares being hereinafter referred to as the “**Unsellable Shares**”), failing which they will lose the benefit of the preferential tax regime. Therefore, in order to protect holders of Unsellable Shares and to enable them to preserve their preferential tax treatment in respect of their Unsellable Shares, as an exception to Article 4.4 above, it is hereby specified that the holders of Unsellable Shares will be able to waive, at their discretion, expressly and by separate agreement, the right to an additional cash payment (*bare Zuzahlung*) or other kind of payment. In the event that a holder of Unsellable Shares exercises such waiver right, no cash payment shall be made to such holder of Unsellable Shares and the corresponding amount of the balance will be recorded under “financial income”.

#### **1.3.4 Amount of the acquisition offer contemplated under Article L. 236-40 of the FCC**

Pursuant to Article L. 236-40 of the FCC, any shareholder who has voted against approval of this Merger Plan, any shareholder without voting rights or any shareholder whose voting rights are temporarily suspended, may notify the Absorbed Company by registered letter with acknowledgement of receipt sent to the registered office of the Absorbed Company or by electronic communication at the following e-mail address: [deborah@sequans.com](mailto:deborah@sequans.com) of his, her or its intention to sell his, her or its shares, within ten (10) days from the date of the approval of the Merger by the shareholders. Within ten (10) days upon receipt of the shareholder's notification, the Absorbed Company shall send a repurchase offer of all of his, her or its Sequans Shares by electronic communication or by registered letter with acknowledgement of receipt sent to the address provided by such shareholder. All of his, her or its Sequans Shares will then be acquired by the Absorbed Company, or any successor thereof, within two (2) months as from the Effective Date, at the Offer's price, as determined pursuant to Article R. 236-26 of the FCC. The shareholder must then indicate whether he, she or it wishes to receive payment of the sale price of the Sequans Shares subject to the repurchase offer at the Offer price in dollars (USD) or in euros (EUR), based on the dollar-euro exchange rate in effect on the day before the date of payment of the sale price of the Sequans Shares subject to the repurchase offer at 12:00:00pm CET displayed on the website of the European Central Bank.

Furthermore, a cash compensation (*Barabfindung*) pursuant to Section 313 of the GCTA is not to be granted, as Section 313 of the GCTA is only applicable if the absorbing or new company is not a company governed by German law. Information on details of



the offer of a cash compensation (*Barabfindung*) pursuant to Section 307 para. 2 No. 13 of the GCTA is therefore not separately required.

However, pursuant to Article L. 236-41 of the FCC, any shareholder of any of the companies participating in the Merger who did not have or did not exercise the right to sell his, her or its shares in accordance with Article L. 236-40 of the FCC, if he, she or it considered that the share exchange ratio was insufficient, could contest it by requesting that the company make an additional payment in cash, without this being an obstacle to the Merger taking effect.

### **1.3.5 Absorbed Company Equity Incentive Plans**

All of the Absorbed Company Equity Incentive Plans still outstanding immediately prior to the Effective Date, if any, shall cease to relate to or represent a right to receive Sequans Shares and shall be converted, at the Effective Date, into a right relating to or to receive Shares Of The Absorbing Company (any such equity related right, the **"Absorbing Company Equity Right"**) of the same type and on the same terms and conditions (including any minimum vesting and/or holding period with respect to the shares delivered upon vesting of such awards) as were applicable to the corresponding Absorbed Company Equity Incentive Plans at the Effective Date, subject to the following adjustments: the number of Shares Of The Absorbing Company covered by each such Absorbing Company Equity Right shall be equal to the product (rounded down to the nearest whole number) of (A) the number of Sequans Shares subject to an Absorbed Company Share Plan Immediately prior to the Effective Date and (B) the Merger Exchange Ratio. Any minimum holding period applicable to Sequans Shares allocated upon the vesting of the Absorbed Company Equity Incentive Plans prior to the Effective Date shall continue for the same duration with respect to Shares Of The Absorbing Company for which such Sequans Shares are exchanged, to the extent required by applicable law.

## **2. VERIFICATION OF THE RELEVANCE OF THE RELATIVE VALUES ASCRIBED TO THE SHARES OF THE COMPANIES PARTICIPATING IN THE TRANSACTION**

### **2.1 Due diligence carried out by the Merger appraiser**

My engagement consists in providing insights to the sole shareholder of Renesas Sting Merger AG and to the shareholders of Sequans Communications S.A. concerning the relative values taken into account in order to determine the exchange ratio and to assess such ratio's fairness.

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 therefore not be used in such a context.

I carried out the due diligence I deemed necessary, with regard to the professional doctrine issued by the French National Institute of Statutory Auditors in relation to this engagement. In this context, I have in particular:

- reviewed the background and purposes of this Merger;
- held interviews with the managers in charge of the transaction and their counsels, in order to understand the context of the transaction as well as its accounting, legal and tax terms;
- reviewed the Merger Plan and the schedules thereto;
- checked whether the statutory auditors have certified without any reservation the Absorbed Company's corporate and consolidated financial statements as of December 31, 2022;



- reviewed the Absorbed Company's situation, in particular with regard to its corporate and consolidated financial statements as of December 31, 2022 and its interim situation as of September 30, 2023;
- reviewed the Absorbing Company's opening balance sheet as of May 25, 2023;
- reviewed the Absorbed Company's post-Demerger *pro forma* financial statements; and
- reviewed the fairness opinion relating to the financial fairness of the price of the Offer issued by Needham & Company, and delivered to the board of directors of the Absorbed Company on August 3, 2023 (the "**Fairness Opinion**").

Finally, I obtained from the executive officers of the Absorbed Company and the Absorbing Company 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 Merger Plan**

### **2.2.1 Value of the Absorbed Company**

The value of the Absorbed Company reflects the price proposed by the Purchaser in the Offer, i.e. USD 0.7575 for each ordinary share and USD 3.03 for each ADS of the Absorbed Company, without any interest and net of any applicable withholding taxes, 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 Absorbed Company relating to the financial fairness as of that date of the Offer Price to be received in connection with the Offer by holders of ADSs (other than the Parent or any of its affiliates). The multicriteria approach adopted by Needham & Company includes an analysis of the discounted cash flows, a selected companies, an analysis of comparable transactions and an analysis of premiums paid:

- The discounted cash flow analysis, which is designed to obtain a representative range of the Absorbed Company's enterprise values and the estimated current value of an ADS of the Absorbed Company.
- The selected companies analysis, which is designed to compare certain historical and forward-looking financial information and market multiples for the Absorbed Company with the same financial information and market multiples of comparable listed companies trading in industries similar to those in which the Absorbed Company is operating, with such comparables being selected by Needham & Company. During the review of the selected companies, Needham & Company used the following multiples for the selected companies and the Absorbed Company:
  - o The enterprise value as a multiple of the revenues achieved over the last 12 months (LTM);
  - o The enterprise value as a multiple of the revenues forecasted for calendar year 2023;
  - o The enterprise value as a multiple of the revenues forecasted for calendar year 2024;
  - o The enterprise value as a multiple of the earnings before interest, tax, depreciation and amortization (EBITDA) for the last 12 months or adjusted EBITDA;



- o The enterprise value as a multiple of the adjusted forecasted EBITDA for calendar year 2023; and
  - o The enterprise value as a multiple of the adjusted forecasted EBITDA for calendar year 2024.
- a selected transactions analysis, which is designed to compare certain multiples observed in selected merger and acquisition transactions announced since January 1<sup>st</sup>, 2018 with a valuation lower than USD 10 bn, involving semiconductor companies whose product ranges and final markets are similar to those of the Absorbed 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 the revenues achieved over the last 12 months (LTM);
  - o The enterprise value as a multiple of the revenues forecasted over the next 12 months (NTM);
- An analysis of the premiums paid, which is designed to compare the selected merger and acquisition premiums described above, involving listed US semiconductor companies with the premium paid in relation to 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 Absorbed 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 Value of the Absorbing Company**

Given its situation, the fair value of one share of the Absorbing Company was determined on the basis of the Absorbing Company's shareholders' equity as of the Merger Plan's execution date.

## **3. ASSESSMENT OF THE EXCHANGE RATIO'S FAIRNESS**

### **3.1. Exchange ratio proposed by the parties**

Taking into account the values of the different shares and for the purpose of the remuneration of the contributions, the exchange ratio between the Sequans Shares and the Shares Of The Absorbing Company is as follows: 2 Shares Of The Absorbing Company for 3 Sequans Shares.

Those shareholders of the Absorbed Company whose total number of Sequans Shares is not divisible by 3 shall be indemnified by an additional payment in cash for the Cash Settled Shares, paid, at the election of each shareholder concerned, either in EUR (on the basis of the USD/EUR spot foreign exchange rate, i.e. USD 1 = EUR 0.9038) or in USD.

### **3.2. Due diligence carried out by the Merger appraiser**

I carried out the due diligence that I deemed necessary, with regard to the professional doctrine issued by the French National Institute of Statutory Auditors applicable to this engagement in order to assess the fairness of the proposed exchange ratio.

In particular, I relied on the works described above, that I implemented in order to ascertain the relevance of the relative values ascribed to each of the companies participating in the transaction.



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 potential observations**

It appears to me that the use of the Offer Price to determine the value of the Sequans Shares is most appropriate because of the context of the Merger. Indeed, this transaction is a reorganization that can be completed only after Consummation of the Offer, and the Offer Price was the object of the aforementioned Fairness Opinion.

As the Absorbing Company was incorporated on May 25, 2023 for this Merger, I am of the opinion that the historical value method is the only suitable method.

Thus, the use of different valuation methods for the Absorbing Company and for the Absorbed Company is explained by their respective activities.

The parties took into account an exchange rate equal to USD 1 = EUR 0.9038 and a ratio equal to 3 :2. The exchange rate's sensitivity and the impact on shareholders is shown below:

Price per Sequans Share (USD)	\$ 0,7575	\$ 0,7575	\$ 0,7575	\$ 0,7575	\$ 0,7575	\$ 0,7575	\$ 0,7575	\$ 0,7575
Foreign Exchange rate	0,8700	0,8800	0,8900	0,9000	0,9038	0,9100	0,9200	0,9300
Prix par Action Sequans (EUR)	0,6590 €	0,6666 €	0,6742 €	0,6818 €	0,6846 €	0,6893 €	0,6969 €	0,7045 €
Price per Share of the Absorbing Company	1,00 €	1,00 €	1,00 €	1,00 €	1,00 €	1,00 €	1,00 €	1,00 €
Price of 3 Sequans Shares (EUR)	1,9771 €	1,9998 €	2,0225 €	2,0453 €	2,0539 €	2,0680 €	2,0907 €	2,1134 €
Price of 2 Shares of the Absorbing Company	2,0000 €	2,0000 €	2,0000 €	2,0000 €	2,0000 €	2,0000 €	2,0000 €	2,0000 €
Difference (EUR)	0,0229 €	0,0002 €	-0,0225 €	-0,0452 €	-0,0539 €	-0,0680 €	-0,0907 €	-0,1134 €
Difference (%)	1,2%	0,0%	-1,1%	-2,2%	-2,6%	-3,3%	-4,3%	-5,4%

Following my work, I did not identify any information that could call into question the values determined in the Merger Plan.

## **4. ASSESSMENT OF THE METHODS USED TO DETERMINE THE AMOUNT OF THE ACQUISITION OFFER CONTEMPLATED UNDER ARTICLE L. 236-40 OF THE FCC**

### **4.1. Amount of the acquisition offer contemplated under Article L. 236-40 of the FCC**

Any shareholder who voted against the approval of the Merger Plan may have its Sequans Share repurchased for a price that shall, at the election of the applicable shareholder, be equal to USD 0.7575 or USD 0.7575 converted into euro on the basis of the dollar-euro exchange rate prevailing on the day preceding the date of payment of the transfer price of the Sequans Shares being repurchased.

### **4.2. Due diligence carried out by the merger appraiser**

I carried out the due diligence that I deemed necessary to assess the appropriateness of the method(s) used to determine the amount of the repurchase offer contemplated under Article L. 236-40 of the FCC.

In particular, I relied on the work described above, to assess the appropriateness of the method(s) used to determine the amount of the repurchase offer.



**4.3. Assessment and positioning of the fairness of the exchange ratio**

The amount of the contemplated repurchase offer corresponds to the Offer Price (i.e. USD 0.7575 per Sequans Share). It appears to me that the use of the Offer Price is the most appropriate in the context of the Merger.

Moreover, as the repurchase may be completed in USD or in EUR at the transferring shareholder's election, it is possible to enable the transferring shareholder not to bear the foreign exchange risk.

**4. CONCLUSION**

On the basis of my work and as of the date of this report, I am of the opinion that (i) the exchange ratio of 2 Shares Of The Absorbing Company for 3 Sequans Shares agreed by the parties is fair; and (ii) the method used to determine the amount of the repurchase offer contemplated under Article L. 236-40 of the FCC is appropriate.

Done in Paris, on January 12, 2024

**The merger appraiser**

**Fabrice VIDAL**