



# Sequans Investor Presentation

March 2024

Dr. Georges Karam, CEO

Deborah Choate, CFO

# Safe Harbor

This presentation contains projections and other forward-looking statements regarding future events and our future financial performance. All statements other than present and historical facts and conditions contained in this release, including any statements regarding Q1 2024 outlook our business strategy, expectation for increasing product revenue, strategic options, the ability to enter into new strategic agreements, expectations for Massive IoT sales, our ability to convert our pipeline to revenue, and our objectives for future operations, are forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). These statements are only predictions and reflect our current beliefs and expectations with respect to future events and are based on assumptions and subject to risk and uncertainties and subject to change at any time. We undertake no obligation to update the information made in this release in the event facts or circumstances subsequently change after the date of this press release. We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. Given these risks and uncertainties, you should not rely on or place undue reliance on these forward-looking statements. Actual events or results may differ materially from those contained in the projections or forward-looking statements. In addition to the risk factors contained in our Form 20-F for the fiscal year ended December 31, 2022, some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: (i) the contraction or lack of growth of markets in which we compete and in which our products are sold, (ii) unexpected increases in our expenses resulting from inflationary pressures and rising interest rates, including manufacturing and operating expenses and interest expense, (iii) our inability to adjust spending quickly enough to offset any unexpected revenue shortfall, (iv) delays or cancellations in spending by our customers, (v) unexpected average selling price reductions, (vi) the significant fluctuations to which our quarterly revenue and operating results are subject due to cyclicalities in the wireless communications industry and transitions to new process technologies, (vii) our inability to anticipate the future market demands and future needs of our customers, (viii) our inability to achieve new design wins or for design wins to result in shipments of our products at levels and in the timeframes we currently expect, (ix) our inability to enter into and execute on strategic alliances, (x) our ability to meet performance milestones under strategic license agreements, (xi) the impact of natural disasters on our sourcing operations and supply chain, (xii) the impact of the Ukraine-Russia and Israeli-Hamas conflicts on our independent contractors located in Ukraine and operations in Israel, (xiii) our ability to raise debt and equity financing, and (xiv) other factors detailed in documents we file from time to time with the Securities and Exchange Commission. The financial results described in this earnings release should be considered preliminary and are subject to change.

# Sequans – Leader in Cellular IoT

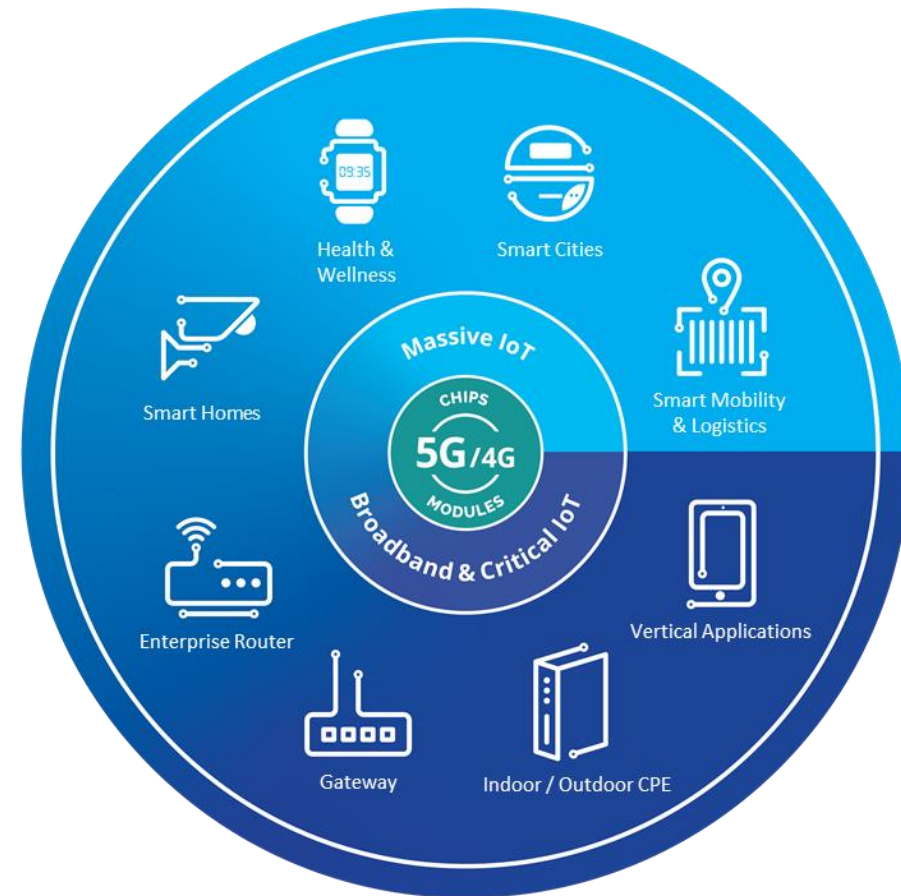
We provide cellular 5G/4G solutions for Internet of Things (IoT) devices in both categories

- Massive IoT - low throughput, low power, low cost
- Broadband & Critical IoT – high throughput, low latency

**Sequans' goal is to deliver the best performance at competitive pricing for the 5G/4G Cellular IoT market, projected to exceed \$5 billion by 2027, growing at a CAGR of 31%**

Source: ABI Research, Techno Systems Research and Sequans' estimates

## Complete Range of Chips and Modules Fully Optimized for IoT Applications





# Sequans Overview

- Co-founded in 2003 by CEO, Georges Karam
- ADS listed on NYSE (Ticker: SQNS) since 2011
- Global Company
  - Headquartered in France
  - 370 people in 14 countries (80% R&D & customer support)
- Fabless semiconductor business model
- Primary use of capital is for ongoing 4G and 5G product development

**\$34M**  
**2023 Revenue<sup>1</sup>**

**72%**  
**2023 Gross Margin<sup>1</sup>**

**Annual growth rate over next 3 to 5 years  
expected to exceed market CAGR**

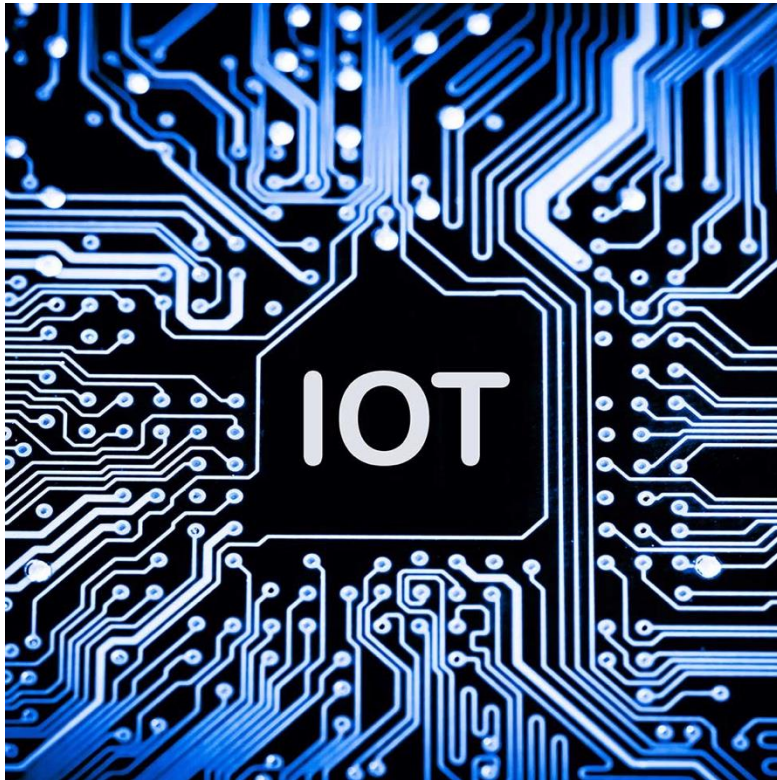
## Balance Sheet Highlights

At December 31 (\$millions)	2022	2023
Cash & Equivalents, Short-term Deposits	\$10.7	\$5.7
Short-term receivables financing	\$7.7	\$9.4
Government advances & loans	\$10.4	\$7.9
Unsecured related party loan	-	\$8.9
Convertible debt	\$43.5	\$52.3

1. Full year ended December 31, 2023.

# We are Capitalizing on Two Major Technology Trends

Leveraging a strong track record of execution in 4G IoT for the emerging 5G market



# Our Served Market

## SAM Growth by Category

### 5-year CAGR

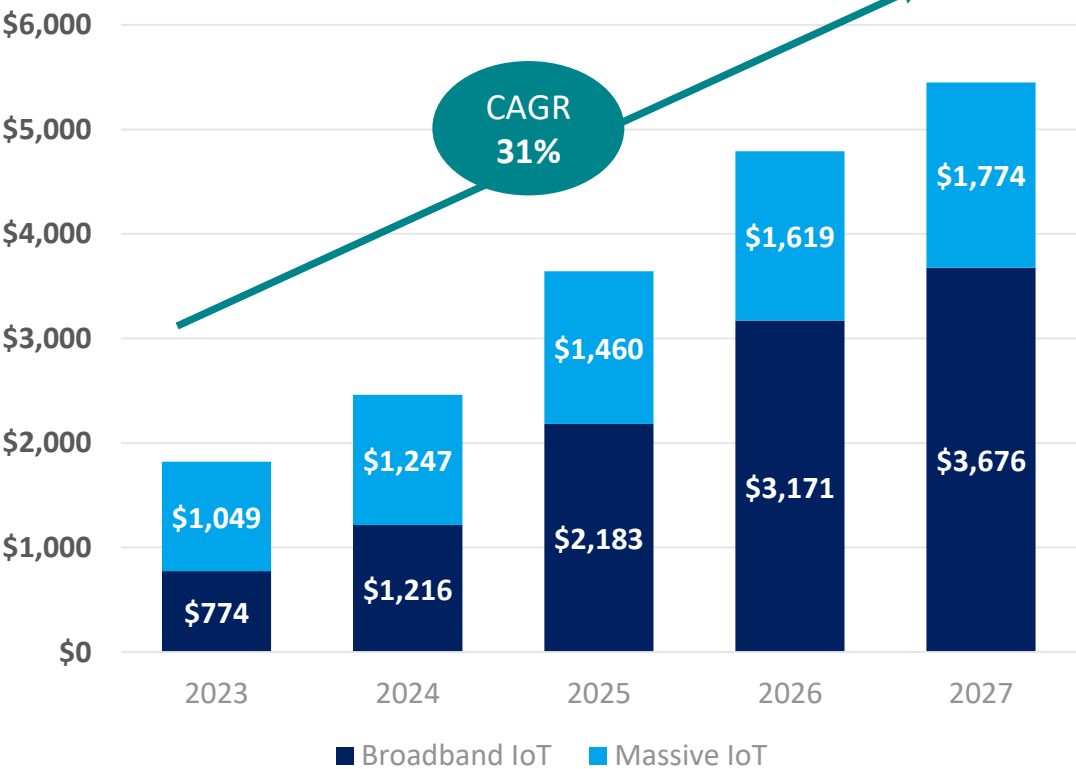
Massive IoT	14%
Broadband IoT	48%
Total	31%

**SAM excludes:**

Smart phones/tablets, devices with 2G/3G fallback and China

## Served Cellular IoT Market

(\$ millions)



Source: ABI Research, M2M Module Market, Q4 2023

# Massive IoT Business – Products & End Markets

## Our Products Offer Low Power + Low Cost Solutions – Key to MIoT Applications

Calliope Cat 1/Cat 1bis  
Higher Throughput and Voice



Monarch LTE-M/NB-IoT  
Low Throughput Applications



*Jointly with Skyworks*

Second generation platforms support networks' evolution from 4G to 5G

## Addressing Largest and Fastest Growing IoT End Markets

Traditional M2M (Replaces 2G/3G)



Security



Smart Meters



Telematics



Payment

New and Emerging IoT Applications



E-Health



Asset Trackers



Smart Cities



Smart Home

Consumer Applications



Tracker



Speaker



Watch

# Massive IoT Business – Go-to-Market Strategy

## Leveraging Partners and Distribution Channels to Access Fragmented IoT Market

### Module Partners\*



### OEM/ODM\*



### Global Distributors\*



### Technology Partners\*



**Scale Our Sales Capability** – increases addressable scope of applications and/or small volume markets

### Leverage Our Channel Partners

**Technology Partners / MCU Vendors** - Majority of IoT devices integrate an MCU

- Current Relationships Cover 55-60% of Microcontroller Market
- Strengthens our position with Tier 1 customers
- Integrating Monarch Platform for rapid go-to-market

*\* Examples of announced partners and customers*



# Broadband IoT Business – Products & End Markets

## Speed + Features

Cat 4 / Cat 6



5G NR SA/NSA



## Global Deployment\*

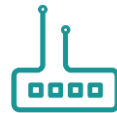
OEM/ODM & Partners



Devices



Enterprise Router



Gateway



Indoor/Outdoor CPE

Millions of CPE, Gateways, and Mobile Routers are Deployed Worldwide

## End Markets\*

Emerging Markets, Tier 2/3 Carriers



Globe



XPLORNET

Developed Markets, Tier 1 Carriers



at&t



Enterprise, Private Networks, CBRS



Cambium Networks



Puloli

\* Examples of announced partners and customers

# Taurus for 5G Broadband & Critical IoT



## Critical IoT

(Automotive, Surveillance Camera, AR/VR, Drones)



## Fixed Wireless Access

(Home, Business)



## Private Network

(Vertical Sectors, Harbors, Airports, Mining, Campus)



## Mobile Routers

(MiFi, Mobile Computing)



## Industrial

(Factories, Robotic, Power Plants, Wireless Machinery)



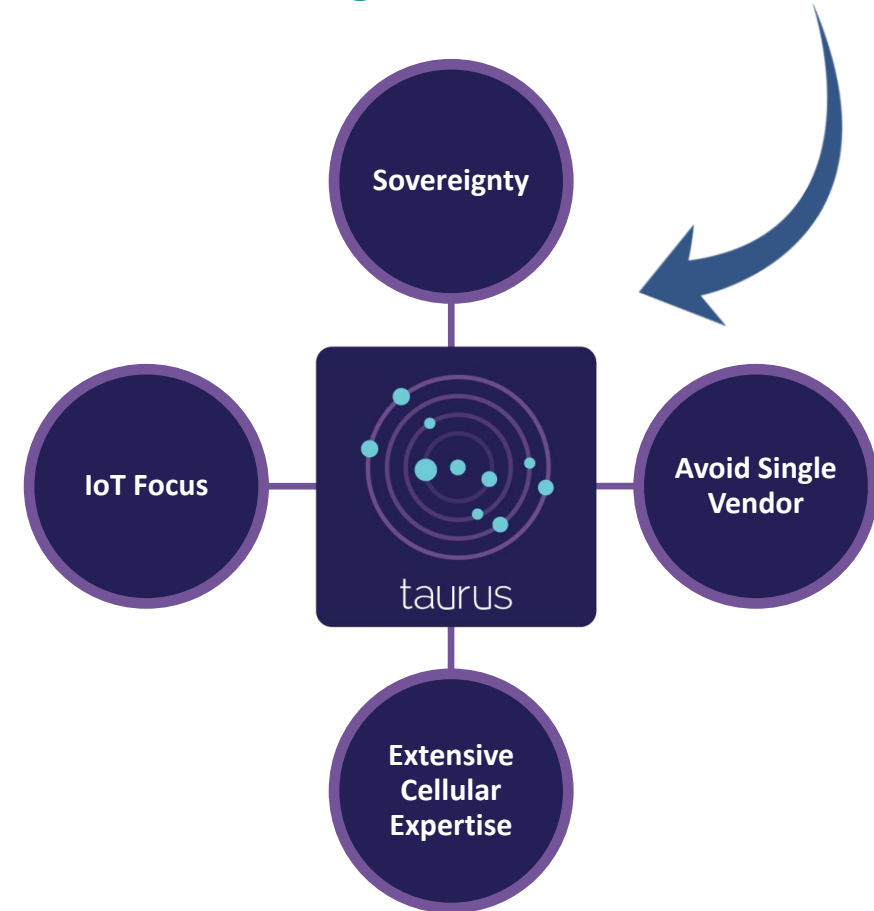
Targeting >\$1.5 Billion SAM Opportunity by 2025

# Building 5G Partnerships

## 5G Partnerships Deliver Benefits to Sequans and Our Partners

- **2019** – major \$35+ million strategic partnership with Fortune Global 500 company
- **2020** – announced a technology access and license agreement with Renesas
- **2021** – appointed leader of 5G project consortium funded by French government
- **2022** – recent \$50+ million strategic partnership expands addressable market to China, with potential for royalty revenue over 10 years starting in 2025
- **2023** – introduction of Taurus 5G NR, the world's first chipset optimized for 5G broadband IoT

## Taurus 5G Addresses Multiple Challenges for Partners



# 5G Licensing Platform

## Leveraging 5G IP to Build New Partnerships

- Scarcity of our 5G IP platform for Cellular IoT attracting new strategic partners for large addressable markets that Sequans could not easily pursue alone
- IP licensing agreement can provide license and royalty revenue streams over multiple years
- Goal is to expand Sequans presence to new regions or market segments
- Currently engaged with several new target partners





# Large Sales Pipeline Drives Future Product Revenue Growth

## ~\$750M of 3Y LNR Potential Product Revenue

- Represents specific customer projects where unit demand can be estimated
- Assumes 3 years of revenue from initial production – some projects in production and some will be in 2024-2026
- Pipeline reflects >100 opportunities
- Revenue from services not included



**~60% Secured by Design Wins**

# Executing Growth Levers to Drive Future Performance

- **Market leader with comprehensive 4G/5G technology** for Massive and Broadband IoT
- **Four primary growth drivers 2024 – 2026 :**
  1. LTE-M/NB-IoT Monarch 2 design wins in pipeline moving to mass production
  2. Cat 1 Calliope 2 launch expanding pipeline and doubling Massive IoT SAM
  3. 5G IP Licensing and royalty revenue stream
  4. Broadband IoT product pipeline expands with the launch of 5G NR Taurus
- **Growing pipeline**
  - > \$750 million of 3Y LNR projects revenue with ~60% secured in Design Wins
  - > \$100 million of annualized product revenue potential from current customers



# Sequans Investor Presentation

Thank you!

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# Appendix

- Competitive Landscape in 4G/5G IoT
- Leadership Team and Board of Directors
- Income Statement
- Balance Sheet
- Non-IFRS Financial Results Reconciliation
- Capitalization Table



# Competitive Landscape in 4G/5G IoT Served Markets

Sequans has Broadest Product Scope in 4G/5G IoT

	Massive IoT		Broadband IoT	
	LTE-M/NB-IoT	Cat 1	Cat 4/Cat 6	5G NR
 <b>SEQUANS</b>				
		Not Optimized		
	NB-IoT Only			
				
 <small>A Sony Group Company</small>				
 <small>NORDIC SEMICONDUCTOR</small>				

Excludes Chinese vendors

# Leadership Team and Board of Directors

## Leadership Team



Dr. Georges Karam  
President and Chief Executive Officer



Deborah Choate  
Chief Financial Officer



Bertrand Debray  
Executive Vice President and GM, Broadband IoT



Louis (Ping Lin) Chuang  
Executive Vice President and GM, Massive IoT



Nick Taluja  
Executive Vice President, Worldwide Sales



Olivier Pauzet  
Executive Vice President, Marketing and Strategy



Danny Kedar  
Chief Operating Officer

## Board of Directors



Dr. Georges Karam  
Chairman



Dr. Sailesh Chittipeddi  
Director



Wes Cummins  
Director



Yves Maitre  
Director



Maria Marced  
Director



Dr. Richard N.  
Nottenburg  
Director



Hubert de Pesquidoux  
Director



Dominique Pitteloud  
Director



Zvi Slonimsky  
Director

# PRELIMINARY UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of US\$, except share and per share amounts)	Three months ended		
	Dec 31, 2023 <sup>(1)</sup>	Sept 30, 2023	Dec 31, 2022
<b>Revenue :</b>			
Product revenue	\$ 3,971	\$ 753	\$ 4,990
License and services revenue	802	7,033	10,921
<b>Total revenue</b>	<b>4,773</b>	<b>7,786</b>	<b>15,911</b>
<b>Cost of revenue</b>	<b>4,190</b>	<b>1,105</b>	<b>3,935</b>
<b>Gross profit</b>	<b>583</b>	<b>6,681</b>	<b>11,976</b>
<b>Operating expenses :</b>			
Research and development	6,336	5,974	7,361
Sales and marketing	3,054	2,935	2,561
General and administrative	3,976	5,618	3,040
<b>Total operating expenses</b>	<b>13,366</b>	<b>14,527</b>	<b>12,962</b>
<b>Operating profit (loss)</b>	<b>(12,783)</b>	<b>(7,846)</b>	<b>(986)</b>
<b>Financial income (expense):</b>			
Interest income (expense), net	(3,175)	(2,802)	(2,543)
Change in fair value of convertible debt derivative	134	439	1,011
Impact of debt amendment and reimbursement	—	247	—
Foreign exchange gain (loss)	(829)	513	(1,536)
<b>Profit (Loss) before income taxes</b>	<b>(16,653)</b>	<b>(9,449)</b>	<b>(4,054)</b>
<b>Income tax expense</b>	<b>681</b>	<b>104</b>	<b>907</b>
<b>Profit (Loss)</b>	<b>\$ (17,334)</b>	<b>\$ (9,553)</b>	<b>\$ (4,961)</b>
<b>Attributable to :</b>			
Shareholders of the parent	(17,334)	(9,553)	(4,961)
Minority interests	—	—	—
<b>Basic loss per ADS</b>	<b>(\$0.28)</b>	<b>(\$0.16)</b>	<b>(\$0.10)</b>
<b>Diluted loss per ADS</b>	<b>(\$0.28)</b>	<b>(\$0.16)</b>	<b>(\$0.10)</b>
Weighted average number of ADS used for computing:			
— Basic	60,933,327	58,586,324	47,951,407
— Diluted	60,933,327	58,586,324	47,951,407

(1) Preliminary evaluation of the convertible debt would need to be updated if the terms are amended prior to filing the Form 20-F

# PRELIMINARY UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of US\$)	At Dec 31, 2023 <sup>(1)</sup>	At Dec 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	\$ 6,815	\$ 8,489
Intangible assets	64,300	48,705
Deposits and other receivables	801	783
Other non-current financial assets	360	337
<b>Total non-current assets</b>	<b>72,276</b>	<b>58,314</b>
<b>Current assets</b>		
Inventories	6,335	9,387
Trade receivables	8,115	8,494
Contract assets	497	176
Prepaid expenses	1,422	1,399
Other receivables	4,839	5,799
Research tax credit receivable	9,983	4,515
Short-term deposits	—	5,000
Cash and cash equivalents	5,705	5,671
<b>Total current assets</b>	<b>36,896</b>	<b>40,441</b>
<b>Total assets</b>	<b>\$ 109,172</b>	<b>\$ 98,755</b>

(in thousands of US\$)	At Dec 31, 2023 <sup>(1)</sup>	At Dec 31, 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital, euro 0.01 nominal value, 246,262,004 shares authorized, issued and outstanding at December 31, 2023 (193,426,478 shares at December 31, 2022)	\$ 2,878	\$ 2,306
Share premium	14,568	2,418
Other capital reserves	70,431	62,870
Accumulated deficit	(93,416)	(65,099)
Other components of equity	(416)	(391)
<b>Total equity</b>	<b>(5,955)</b>	<b>2,104</b>
<b>Non-current liabilities</b>		
Government grant advances, loans and other liabilities	4,442	6,235
Convertible debt	—	43,455
Convertible debt embedded derivative	—	3,203
Lease liabilities	1,645	2,278
Trade payables	—	1,788
Provisions	2,222	2,196
Deferred tax liabilities	264	258
Contract liabilities	—	404
<b>Total non-current liabilities</b>	<b>8,573</b>	<b>59,817</b>
<b>Current liabilities</b>		
Trade payables	16,281	9,342
Interest-bearing receivables financing	9,428	7,723
Lease liabilities	1,471	1,291
Convertible debt	52,278	—
Convertible debt embedded derivative	3	—
Unsecured related party loan	8,922	—
Government grant advances and loans	3,420	4,159
Contract liabilities	5,852	5,964
Other current liabilities and provisions	8,899	8,355
<b>Total current liabilities</b>	<b>106,554</b>	<b>36,834</b>
<b>Total equity and liabilities</b>	<b>\$ 109,172</b>	<b>\$ 98,755</b>

(1) Preliminary evaluation of the convertible debt would need to be updated if the terms are amended prior to filing the Form 20-F



# PRELIMINARY UNAUDITED RECONCILIATION OF NON-IFRS FINANCIAL RESULTS

(in thousands of US\$, except share and per share amounts)	Three months ended		
	Dec 31, 2023 <sup>(3)</sup>	Sept 30, 2023	Dec 31, 2022
<b>Net IFRS gain (loss) as reported</b>	<b>\$ (17,334)</b>	<b>\$ (9,553)</b>	<b>\$ (4,961)</b>
<b>Add back</b>			
Non-cash stock-based compensation expense according to IFRS 2 <sup>(1)</sup>	1,958	1,757	1,810
Non-cash change in the fair value of convertible debt embedded derivative	(134)	(439)	(1,011)
Non-cash interest on convertible debt and other financing <sup>(2)</sup>	1,707	1,709	1,404
Non-cash impact of convertible debt amendment	—	(247)	—
<b>Non-IFRS gain (loss) adjusted</b>	<b>\$ (13,803)</b>	<b>\$ (6,773)</b>	<b>\$ (2,758)</b>
<i>IFRS basic gain (loss) per ADS as reported</i>	<i>(\$0.28)</i>	<i>(\$0.16)</i>	<i>(\$0.10)</i>
<i>Add back</i>			
Non-cash stock-based compensation expense according to IFRS 2 <sup>(1)</sup>	\$0.03	\$0.03	\$0.04
Non-cash change in the fair value of convertible debt embedded derivative	(\$0.01)	(\$0.01)	(\$0.02)
Non-cash interest on convertible debt and other financing <sup>(2)</sup>	\$0.03	\$0.03	\$0.02
Non-cash impact of convertible debt amendment	\$0.00	(\$0.01)	\$0.00
<i>Non-IFRS basic gain (loss) per ADS</i>	<i>(\$0.23)</i>	<i>(\$0.12)</i>	<i>(\$0.06)</i>
<i>IFRS diluted gain (loss) per ADS</i>	<i>(\$0.28)</i>	<i>(\$0.16)</i>	<i>(\$0.10)</i>
<i>Add back</i>			
Non-cash stock-based compensation expense according to IFRS 2 <sup>(1)</sup>	\$0.03	\$0.03	\$0.04
Non-cash change in the fair value of convertible debt embedded derivative	(\$0.01)	(\$0.01)	(\$0.02)
Non-cash interest on convertible debt and other financing <sup>(2)</sup>	\$0.03	\$0.03	\$0.02
Non-cash impact of convertible debt amendment	\$0.00	(\$0.01)	\$0.00
<i>Non-IFRS diluted gain (loss) per ADS</i>	<i>(\$0.23)</i>	<i>(\$0.12)</i>	<i>(\$0.06)</i>

(1) Included in the IFRS loss as follows:

Cost of product revenue	\$ 48	\$ 24	\$ 45
Research and development	600	481	601
Sales and marketing	439	393	286
General and administrative	871	859	878

(2) Related to the difference between contractual and effective interest rates

(3) Preliminary evaluation of the convertible debt would need to be updated if the terms are amended prior to filing the Form 20-F

# Capital – fully diluted as of 20 February, 2024

February 20, 2024	Total issued shares/ADS	Shares 246,769,256	ADS 61,692,314
<b>Fully Diluted at maturity of all debt, assuming all warrants/SO exercised:</b>			
<u>Convertible debt and warrants</u>			
2019 Aug, \$3.281/ADS conv price, 13.5% PIK at maturity		-	-
2021 Lynrock, \$7.66/ADS conv price, assuming PIK 6% all years		24,877,619	6,219,405
Nokomis Warrants, \$6.80/ADS exer price, exp 04/2024		1,800,000	450,000
Nokomis Warrants, \$4.12/ADS exer price, exp 08/2026		594,680	148,670
Nokomis Warrants, \$3.2328/ADS exer price, exp 08/2026		1,244,820	311,205
Harbert Warrants, \$5.36/ADS exer price, exp 10/2028		816,716	204,179
Concord Warrants, €0.08/ADS exer price, exp 02/2034		9,392,986	2,348,247
Unvested RSA		12,508,943	3,127,236
<b>Fully diluted shares/ADS</b>		<b>298,005,020</b>	<b>74,501,255</b>