

**SEQUANS COMMUNICATIONS**

A French *société anonyme* (corporation) with stated capital of €2 353 813.64  
Principal office: Les Portes de la Défense, 15-55 boulevard Charles de Gaulle - 92700 COLOMBES  
Nanterre Trade and Companies Register no. B 450 249 677  
(the "Company")

**BOARD OF DIRECTORS' REPORT  
to the COMBINED GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON JUNE 26, 2020  
ON THE RESOLUTIONS UNRELATED TO THE  
APPROVAL OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

Dear Shareholders,

We have convened this ordinary and extraordinary general shareholders' meeting, in accordance with the provisions of the law and of our Company's Bylaws, for the purpose of requesting that you vote on the following transactions:

Ordinary Matters

1. Approval of the statutory financial statements for the year ended December 31, 2019
2. Approval of the consolidated accounts for the year ended December 31, 2019
3. Appropriation of net loss for the year ended December 31, 2019
4. Agreements with related parties
5. Approval of the compensation plan for non-executive directors
6. Renewal of Mr. Hubert de Pesquidoux as director
7. Renewal of Ms. Mailys Ferrere as director
8. Renewal of Mr. Yves Maitre as director
9. Renewal of the statutory auditor

Extraordinary Matters

10. Issuance of 252,000 stock subscription warrants; establishing the conditions for exercising the stock warrants and adoption of an issuance agreement; revocation of preemptive subscription rights in favor of Mr. Alok Sharma, Mr. Richard Nottenburg, Mr. Zvi Slonimsky, Mr. Hubert de Pesquidoux, Mr. Dominique Pitteloud, Mr. Yves Maitre and Mr. Wesley Cummins; powers to be granted to the Board of Directors
11. Authorization granted to the Board of Directors to grant stock subscription options to employees and management of the Company and of its subsidiaries, and renunciation of shareholders' preemptive subscription rights in favor of the beneficiaries of such options; conditions attached to such authorization; powers to be granted to the Board of Directors
12. Authorization granted to the Board of Directors to issue stock subscription warrants ("warrants"), and revocation of shareholders' preemptive subscription rights in favor of the holders of such warrants; conditions attached to such authorization; powers to be granted to the Board of Directors
13. Authorization granted to the Board of Directors to issue restricted free shares to employees and management of the Company and of its subsidiaries, and revocation of shareholders' preemptive subscription rights in favor of the holders of such restricted free shares; conditions attached to such authorization; powers to be granted to the Board of Directors
14. Setting an overall ceiling of 5,000,000 for issues of stock subscription options, stock warrants and restricted free shares.
15. Authority delegated to the Board of Directors to carry out a capital increase up to a maximum nominal amount of €2,000,000 by issuing shares and/or securities that confer rights to the Company's equity and/or to securities that confer the right to an allotment of debt securities, reserved to specific classes of persons and revocation of preemptive subscription rights in favor of such classes, and to amend the terms of any debt securities issued under this or prior delegations authorized by the shareholders.
16. Authority to be delegated to the Board of Directors to proceed to an incorporation of losses into capital, with terms and timing to be decided by the Board of Directors
17. Authority to be delegated to the Board of Directors to decide to increase stated capital by issuing shares reserved for employees and revocation of preemptive subscription rights in favor of such employees
18. Powers and formalities

This report, which completes the management report on the statutory and consolidated financial statements for the fiscal year ended December 31, 2019, concerns the other resolutions submitted as ordinary and extraordinary matters to the shareholders' meeting.

This report is also completed by the statutory auditors' special reports on the resolutions submitted to you.

\* \* \*

## ORDINARY MATTERS

### I. **AGREEMENTS WITH RELATED PARTIES**

We remind you that in compliance with the regulation regarding agreements with related parties, the Board of Directors has approved the execution by the Company of a loan from Bpifrance in the amount of €5 million. This loan was subsequently signed on April 30, 2020.

We invite you to read the special report of the statutory auditors on this regulated agreement.

### II. **APPROVAL OF THE COMPENSATION PLAN FOR NON-EXECUTIVE DIRECTORS**

Non-executive directors currently benefit from a compensation plan, which we wish to maintain unchanged. We propose that under the compensation plan for non-executive directors, each non-executive director

- |      |  |                      |
|------|--|----------------------|
| (i)  | will receive directors' fees as follows:   |                      |
|      | - <b>Basic directors' fees</b>   | US\$ 20,000 per year |
|      | - <b>Special directors' fees</b> paid in consideration for a director's membership in study committees |                      |
|      | . Member of the Audit Committee  | US\$ 6,000 per year  |
|      | . Chair of the Audit Committee   | US\$ 12,000 per year |
|      | . Member of the Compensation Committee   | US\$ 4,500 per year  |
|      | . Chair of the Compensation Committee  | US\$ 9,000 per year  |
|      | . Member of the Governance Committee   | US\$ 2,500 per year  |
|      | . Chair of the Governance Committee  | US\$ 5,000 per year  |
| (ii) | may be reimbursed for reasonable travel expenses, upon presentation of receipts.                       |                      |

A director may not be a member of more than two committees nor chair more than one committee.

No compensation shall be paid to non-executive directors whose terms of employment prohibit them from receiving compensation for board membership.

We request that you approve this compensation plan which is necessary for the functioning of the Board.

### III. **PROPOSAL TO RENEW MR. HUBERT DE PESQUIDOUX, MS. MAILYS FERRERE AND MR. YVES MAITRE AS DIRECTORS**

We propose that you approve the nomination of three non-executive Directors.

The Board of Directors proposes to reappoint Mr Hubert de Pesquidoux, Ms. Mailys Ferrere and Mr. Yves Maitre as members of the Board of Directors.

If elected, Mr. de Pesquidoux, Ms. Ferrere and Mr. Maitre will each be appointed for a term of three years, which will expire at the conclusion of the ordinary general shareholders' meeting that will be held in 2023.

Mr. de Pesquidoux, Ms. Ferrere and Mr. Maitre have already given notice that they would accept such positions.

We request that you approve these nominations which are necessary for the functioning of the Board.

### IV. **PROPOSAL TO RENEW THE MANDATE OF ERNST & YOUNG AUDIT AS STATUTORY AUDITOR**

The mandate of Ernst & Young Audit, statutory auditor, expires on the date of this upcoming annual shareholders meeting,

We propose that you approve the renewal of their six-year mandate, which will then expire on the date of the 2026 annual shareholders meeting which approves the financial statements for the year ending December 31, 2025.

## EXTRAORDINARY MATTERS

### V. **ISSUANCE OF STOCK SUBSCRIPTION WARRANTS TO SUBSCRIBE UP TO 252,000 ORDINARY SHARES (REPRESENTING, TO DATE, 63,000 ADS)- REVOCATION OF SHAREHOLDERS' PREEMPTIVE SUBSCRIPTION RIGHTS IN FAVOR OF MR. ALOK SHARMA, MR. RICHARD NOTTENBURG, MR. ZVI SLONIMSKY, MR. DOMINIQUE PITTELOUD, MR. HUBERT DE PESQUIDOUX, MR. YVES MAÎTRE AND MR. WESLEY CUMMINS**

We propose issuing a total of 252,000 warrants to the non-executive directors meaning Messrs. Yves Maitre, Hubert de Pesquidoux, Dominique Pitteloud, Richard Nottenburg, Alok Sharma, Zvi Slonimsky and Wesley Cummins.

The Company believes it is desirable to associate the non-executive directors with the success of the Company via the grant of warrants, which justifies the revocation of anti-dilution subscription rights.

It is noted that Mrs. Ferrere will not be granted warrants due to the terms of her employment agreement with BPIFrance.

Such issues are governed by Articles L.228-91 et seq. of the French Commercial Code (*Code de Commerce*) and must be authorized by a general shareholders' meeting voting on extraordinary matters.

The subscription price for each stock warrant will be set at €0.00002777, or €1.00 for each block of 36,000 stock warrants, and will confer the right to subscribe for one new ordinary share with a par value of €0.02 (hereinafter, "**New Share**") for a period of ten years, at a price set on the date of the general shareholders' meeting and subsequent issue date of the warrants.

Therefore, we propose that the purchase price of securities subscribed by exercising each stock warrant be set by reference to the closing price of the Sequans Communications share on the NYSE on the date the shareholders' meeting issues the warrants. For this purpose, we propose that you delegate to the Board of Directors the authority to certify the exercise price of the warrants, with the right to subdelegate its authority in accordance with applicable statutory and regulatory requirements. Such exercise price will be equal to 1/4th the closing price of the Sequans Communications ADS on the NYSE on the issue date.

We propose that you set at 36,000 the number of warrants to be issued to each director, at a subscription price of €0.00002777 per stock warrant (€7.00 in total for the 252,000 warrants). This price must be paid at the time of subscription, either in cash, by making a cash payment or a transfer to any of the bank accounts opened in the Company's name, or by a setoff against a claim held against the Company for directors' fees.

New Shares subscribed by exercising the warrants will be subscribed for cash and paid in full at the time of the subscription, in cash or by a setoff against a claim held against the Company. These New Shares will be subject to all provisions of the Articles of Incorporation and Bylaws and will enjoy all rights pertaining to shares in that class, as of the date the capital increase is completed.

Exercising the 252,000 warrants would result in an increase of stated capital in a maximum nominal amount of €5,040, on the basis of an issuance of 252,000 New Shares with a par value of €0.02 each.

Consequently, we request that you authorize the Board to increase stated capital by a maximum nominal amount of €5,040 for the issue proposed.

The terms and conditions governing the warrants are set forth in the stock warrant issuance agreement ("**Stock Warrants Issuance Agreement**"), which is appended to these resolutions as **Attachment I**.

The general shareholders' meeting is requested to adopt all provisions of said Stock Warrant Issuance Agreements.

We propose that you set the vesting conditions for the warrants, whose subscription is reserved to each of the non-executive directors, as follows:

- ✓ Provided each non-executive director still holds the office of director or is a member of board advisory committee on each anniversary date, one-third of the warrants for which he subscribes may be exercised each year as follows: (i) one-third on the date of the first anniversary of the date they are granted by the ordinary and extraordinary general shareholders' meeting, meaning June 26, 2021; (ii) two-thirds on the date of the second anniversary; and (iii) without restriction on the date of the third anniversary.

In accordance with Article L. 225-132 of the French Commercial Code, the decision of the shareholders' meeting to issue the warrants will constitute an automatic waiver by the shareholders, in favor of the holder of the warrants, of their preemptive subscription right to the shares that may be subscribed by exercising and presenting such warrants. Said waiver will accrue in favor of the holder of the warrants on the date they are exercised.

In consequence of these decisions with respect to warrants, the general shareholders' meeting may delegate to the Board of Directors full powers to:

- (i) Inform the beneficiaries of the warrants, collect the subscription price for said warrants and perform all necessary formalities;
- (ii) Carry out the increase of stated capital resulting from the exercise of the warrants and, in particular, to:
  - Collect the subscriptions and the payments of the price pursuant to the exercise of these warrants;
  - If applicable, certify, at any time or at the first Board of Directors' meeting following the end of each fiscal year, the number and par value of the shares subscribed by the holders of warrants and the corresponding capital increases;
  - Make the necessary amendments to the Company's Articles of Incorporation and Bylaws and perform all necessary formalities;
  - Take in due course all measures that may be necessary to preserve the rights of the holders of warrants in the cases prescribed by law and in accordance with the requirements of the issuance agreements. However, during the entire period of validity of the warrants, the Company shall be entitled (i) to change its legal form or corporate purposes without obtaining the prior authorization of the stock warrant holders and (ii) to amend the rules for distributing profits, redeem its capital and create preferred shares that result in such amendment or redemption, provided it is authorized to do so in accordance with the requirements of Article L.228-103 of the French Commercial Code and that, in consequence thereof, the Company takes the measures necessary to preserve the holders' rights, in compliance with applicable statutory and/or regulatory provisions.

The holders of the warrants will benefit from the protections afforded by the statutes and regulations to holders of warrants, in accordance with the requirements prescribed for this class of securities that confer equity rights, and as set forth in the Stock Warrant Issuance Agreement.

**Pursuant to Article L. 225-138 of the French Commercial Code**, we propose that you revoke the preemptive subscription rights of existing shareholders in favor of the following designated persons:

| Beneficiaries   | Warrants        | Subscriptions |
|---|-----------------|---------------|
| <b>Mr. Alok Sharma</b><br>Residing at 3500 Bayou Louise Lane<br>Sarasota, Florida 34242, USA      | 36,000 warrants | €1            |
| <b>Mr. Zvi Slonimsky</b><br>Residing at 12 Rekanati St.<br>Tel Aviv 69494, Israel                 | 36,000 warrants | €1            |
| <b>Mr. Dominique Pitteloud</b><br>Residing at Rue Louis de Savoie 59,<br>1110 Morges, Switzerland | 36,000 warrants | €1            |

|  |                  |    |
|--|------------------|----|
| <b>Mr. Hubert de Pesquidoux</b><br>Residing at The House, 2200 Victory Avenue,<br>Dallas, Texas 75219, USA | 36,000 warrants  | €1 |
| <b>M. Yves Maître</b><br>Residing at 21 av des Cévennes,<br>26250 Livron sur Drôme, France                 | 36,000 warrants  | €1 |
| <b>Mr. Richard Noffenburg</b><br>Residing at 11 East 29th Street, Apt 27a<br>New York, NY, 10016 USA       | 36,000 warrants  | €1 |
| <b>Mr. Wesley Cummins</b><br>4505 Lorraine Ave<br>Dallas, Texas 75205 – USA                                | 36,000 warrants  | €1 |
| <b>Total</b>   | 252,000 warrants | €7 |

Because the exercise price of the warrants is unknown as of the date of this report, we propose to fully inform the general shareholders' meeting by preparing an additional report that will describe the exact impact of the issuance of the warrants on the position of holders of equity shares or securities, on the basis of the actual exercise price that will be set. This additional report will be prepared within a period of 15 days following the date of this general shareholders' meeting and will be provided to next general shareholders' meeting.

We request that you approve this grant.

#### **VI. AUTHORIZATIONS TO BE GRANTED TO THE BOARD OF DIRECTORS TO ISSUE STOCK SUBSCRIPTION OPTIONS, STOCK SUBSCRIPTION WARRANTS AND RESTRICTED FREE SHARES**

Pursuant to a decision adopted on June 28, 2019, the ordinary and extraordinary general meeting of the Company's shareholders decided to authorize the issuance of stock subscription options ("Options"), restricted free shares and stock subscription warrants ("Warrants").

The Board of Directors was granted full powers to issue all of these Options, restricted free shares and Warrants, set the terms and conditions and procedures applicable thereto, decide the conditions for exercising them and carry out the corresponding capital increases.

The Board proposes that you approve these authorizations.

##### **1) Proposal to authorize the Board of Directors to grant restricted free shares to employees**

We propose granting restricted free shares to the Company's employees and/or corporate officers, pursuant to the provisions of Articles L.225-197-1 to L.225-197-6 of the French Commercial Code.

You may authorize the Board of Directors, if it deems appropriate, to grant restricted free shares in the Company, whether existing or to be issued at par value, on one or more occasions, subject to conditions in its discretion, to all or some of the employees and/or corporate officers of the Company and of the companies referred to in Article L. 225-197-2 of the French Commercial Code.

The number of new shares issued pursuant to this authorization of the general shareholders' meeting will not exceed 5,000,000 shares with a par value of €0.02, or a maximum nominal value of €100,000.

Furthermore, the issues of Options, stock warrants and free shares will be subject to an overall ceiling of 5,000,000 new shares with a par value of €0.02.

We suggest that the Board of Directors be delegated the authority to determine the beneficiaries and define all employment conditions, grant criteria, vesting and conservation periods and any other financial or performance condition.

The duration of this authorization would be thirty-eight (38) months from the date of the authorization granted by the general shareholders' meeting.

At the shareholders' meeting, you will also hear the reading of the statutory auditor's special report, which will present his opinion on the revocation of preemptive subscription rights and on the conditions for issuing the ordinary shares that may be issued.

##### **2) Proposal to authorize the Board of Directors to grant stock subscription options**

We deem it appropriate to propose that this general shareholders' meeting authorize, once again, to set up a system for granting stock subscription options ("Options").

Such system entitles the beneficiaries thereof (the Company's employees and/or senior corporate officers, as well as the employees of the Company's subsidiaries, within the meaning of Article L. 225-180 of the French Commercial Code) to subscribe for new shares within a certain period, for a price set on the date the Options are granted, and that will remain unchanged during the entire time of such period.

Options granted pursuant to the authorization of the general shareholders' meeting will not confer rights to a number of new shares greater than 5,000,000 shares with a par value of €0.02, resulting in a maximum nominal value of €100,000.

Furthermore, the issues of Options, Warrants and restricted free shares will be subject to an overall ceiling of 5,000,000 new shares with a par value of €0.02.

Each stock subscription option will be granted free of charge and will entitle the beneficiary thereof to subscribe for one new ordinary share with a par value of €0.02 (hereinafter, "**New Share**") for a period of ten years, provided the beneficiary complies with the requirements for time spent with the Company, which the Board of Directors will be entitled to establish pursuant to a delegation of authority from the general shareholders' meeting.

The rights obtained from these Options will be non-transferable until said Options are exercised.

Pursuant to applicable legal provisions, the subscription price of a security subscribed by exercising an Option (or the method for determining such price) must be set on the date an extraordinary general shareholders' meeting authorizes [the Options], based on a report of the Board of Directors and a special report of the statutory auditor.

Consequently, we propose that this subscription price be equal to 1/4 the closing price of the Sequans Communications ADS on the NYSE on the date the Options are granted by the Board of Directors.

For this purpose, authority should be delegated to the Board of Directors to certify this subscription price.

Therefore, the general shareholders' meeting may simply authorize the principle of granting the Options, decide to revoke the shareholders' preemptive subscription rights in favor of the beneficiaries of these Options and decide the procedure for determining the subscription price of the securities to be issued if said Options are exercised, and then delegate to the Board of Directors the authority to actually grant these Options, in whole or in part, set the actual price thereof, determine the beneficiaries thereof, carry out the corresponding capital increases and perform the necessary formalities in connection therewith.

We recommend that you set the duration of the period during which this authorization may be used at thirty-eight (38) months as of the date of the authorization granted by this general shareholders' meeting.

Lastly, this authorization will automatically constitute an express waiver in favor of the beneficiaries of the Options, by the shareholders, of their preemptive subscription rights to the shares that will be issued as said Options are exercised.

### **3) Proposal to authorize the Board of Directors to issue stock subscription warrants**

We propose that you authorize issuing detachable stock subscription warrant ("Warrants") to external partners of the Company who contribute to its expansion and success.

The system proposed would offer the relevant beneficiaries the right to a grant of Warrants at a specified price, which if exercised subsequently confer the right to subscribe for new ordinary shares during a certain period, at a price that will be definitively set on the date that the warrants are granted and that will remain unchanged during the entire time of such period.

This issue of Warrants is governed by Articles L. 228-91 et seq. of the French Commercial Code. It must be authorized by the general shareholders' meeting, which may grant the Board of Directors the necessary powers to carry it out, in whole or in part.

The Warrants that may be subscribed pursuant to the authorization of the general shareholders' meeting will not confer rights to a number of shares greater than 5,000,000 shares with a par value of €0.02, resulting in a maximum increase to nominal capital of €100,000.

Furthermore, the issues of Options, Warrants and restricted free shares will be subject to an overall ceiling of 5,000,000 new shares with a par value of €0.02.

These Warrants may be offered to the relevant beneficiaries, who will be entitled to subscribe for them at a price of €0.01. The price must be paid at the time of the subscription, in cash or by a setoff against a corresponding claim that the beneficiary holds against the Company.

Each Warrant will entitle the holder thereof to subscribe for one (1) ordinary share with a par value of €0.02 (hereinafter, "**New Share**") during a statutory period of ten years, subject to conditions that the Board of Directors may decide pursuant to a delegation of authority from the general shareholders' meeting.

Pursuant to applicable legal provisions, the subscription price of a security subscribed by exercising a Warrant (or the method for determining such price) must be set on the date a general shareholders' meeting authorizes the principle [of granting the Warrants], based on a report of the Board of Directors and a special report of the statutory auditor.

Consequently, we propose that this subscription price be equal to 1/4<sup>th</sup> the closing price of the Sequans Communications ADS on the NYSE on the date the warrants are granted by the Board of Directors.

For this purpose, authority should be delegated to the Board of Directors to certify this subscription price.

Pursuant to Article L. 225-138 of the French Commercial Code, we propose that you revoke the shareholders' preemptive subscription right in favor of:

- Persons who meet specific criteria, in this case the Company's external partners (non-executive consultants, etc.) who contribute to the Company's expansion and success.

Lastly, the general shareholders' meeting may simply authorize the principle of granting the warrants, decide to revoke the shareholders' preemptive subscription rights and decide the procedure for determining the subscription price of the securities to be issued if said warrants are exercised, and then delegate to the Board of Directors the authority to actually grant these warrants, in whole or in part, determine the beneficiaries thereof, carry out the corresponding capital increases and perform the necessary formalities in connection therewith.

We recommend that you set the duration of the period during which this authorization may be used at eighteen (18) months as of the date this general shareholders' meeting grants such authorization.

**VII. DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO CARRY OUT ONE OR MORE CAPITAL INCREASES FOR A MAXIMUM NOMINAL AMOUNT OF €2,000,000 BY ISSUING ORDINARY SHARES AND/OR SECURITIES THAT CONFER EQUITY RIGHTS AND/OR SECURITIES THAT CONFER THE RIGHT TO AN ALLOTMENT OF DEBT SECURITIES, WITH SUBSCRIPTIONS RESERVED TO A SPECIFIED CLASS, REVOCATION OF PREEMPTIVE RIGHTS IN FAVOR OF SUCH CLASS AND TO AMEND THE TERMS OF ANY DEBT SECURITIES ISSUED UNDER THIS OR PRIOR DELEGATIONS AUTHORIZED BY VOTE OF THE SHAREHOLDERS**

We deem it appropriate that the Board of Directors be granted a delegation of authority, as it has for the prior five years, in order to have at its disposal a mechanism to finance external growth transactions, including acquisitions, asset purchases or other financing needs.

Pursuant to this delegation of authority, the duration of which would be set at 18 months, the Board of Directors would be authorized to decide to increase stated capital, on one or more occasions, at opportune times, by issuing ordinary shares or securities that confer equity rights or securities that confer the right to an allotment of debt securities, issued for consideration or free of charge.

The shares and other securities thus issued would be paid in full at the time of the subscription, by a cash payment or a setoff against claims.

The maximum nominal amount of capital increases that may be carried out pursuant to this delegation of authority would be €2,000,000 (or the equivalent of this amount in any other currency that is legal tender), and the maximum nominal amount of securities that represent claims against the Company that may be issued would be set at €35,000,000 (or the equivalent thereof in any foreign currency).

This delegation of authority would automatically constitute an express waiver in favor of the holders of securities that confer rights to the Company's equity that may be issued pursuant to this resolution, by the shareholders, of their preemptive right to subscribe for the shares to which the securities will confer rights.

We suggest that you revoke the shareholders' preemptive subscription rights in favor of:

- any industrial partner that has a similar, complementary or related business to that of the Company;
- institutional or strategic investors
  - (i) that have, if necessary, the status of Qualified Institutional Buyers or Institutional Accredited Investors within the meaning of U.S. law or the status of qualified investors within the meaning of the European Union regulation 2017/1129 of June 14, 2017 or of an equivalent statute in the investor's country of domicile ;
  - (ii) and that invest in companies with high growth potential and have a certain number of significant references making investments in small/mid cap equities;
- or any institution that acts as a depository in connection with a public offering by the Company of American Depositary Shares (ADS) registered with the Securities and Exchange Commission.

The issue prices of the securities that may be issued pursuant to this delegation of authority will be set in accordance with market practices such as, for example, in the case of an underwritten deal by reference to the price obtained by comparing the number of securities offered for subscription with subscription requests made by investors, using "book-building" techniques as developed by professional practice in the market.

The Board of Directors will have the right to increase the number of securities issued in a public offering registered with the Securities and Exchange Commission to permit exercise of an overallotment option of up to 15% of the transaction.

It is requested that the general shareholders' meeting grant full powers to the Board of Directors to implement the delegation of authority, within the restrictions and subject to the conditions specified above and, in particular, to:

- Set the conditions for issuance and subscription;
- Certify completion of the capital increases, and make the corresponding amendment to the Bylaws.

The Board of Directors will be authorized to limit a capital increase to the amount of subscriptions received, subject to such amount being at least 75% of the capital increase previously authorized by the Board of Directors.

Lastly, we propose that in the context of this delegation of authority, the Board of Directors be authorized to amend the terms of any convertible debt which has been issued in accordance with a delegation of authority accorded by a vote of the shareholders.

In accordance with Article R.225-116 of the French Commercial Code, within a period of 15 days following each use of this delegation of authority, the Board of Directors will prepare an additional report describing the definitive terms of the transaction. Such additional report will be provided to the next general shareholders' meeting.

The Board proposes that you approve this authorization.

**VIII. DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO CARRY OUT A REDUCTION OF CAPITAL BY INCORPORATION OF LOSSES**

We deem it appropriate that the Board of Directors be granted a delegation of authority to carry out a reduction of nominal capital by the incorporation of losses.

Pursuant to this delegation of authority, the Board of Directors would be authorized to:

- decide to eliminate totally or partially the amount of accumulated deficit by incorporating such deficit into additional paid-in capital account such that the additional paid-in capital account is reduced to a limit of €0;
- decide then, if any accumulated deficit remains, to incorporate the remaining deficit in to the nominal capital account such that the nominal capital account is reduced to a limit of the legal minimum nominal capital;
- decide that any reduction of the nominal capital account will result in a corresponding reduction of the nominal value per ordinary share of the Company.

The Board of Directors shall have full powers to implement this delegation of authority to:

- determine the exact amount of the reduction of the accumulated deficit;
- determine the exact amount of the reduction of the nominal capital account of the Company;
- determine the new nominal value per ordinary share of the Company;
- publish all required notices and perform all required formalities;
- acknowledge and finalize the reduction of nominal capital and the balance of the retained earnings;
- suspend, if necessary, for a period not to exceed three months, the exercise of stock options and warrants in order to facilitate the reverse stock split;
- modify the Company by-laws Article 6 "Share Capital".

This delegation is valid for twelve months, expiring on the date of the shareholders' meeting called to approve the financial statements for the year ending December 31, 2020.

The Board proposes that you approve this authorization.

**IX. AUTHORITY TO BE DELEGATED TO THE BOARD OF DIRECTORS TO DECIDE TO INCREASE STATED CAPITAL BY ISSUING SHARES RESERVED FOR EMPLOYEES, AND REVOCATION OF PREEMPTIVE SUBSCRIPTION RIGHTS IN FAVOR OF SUCH EMPLOYEES**

Article L. 225-129-6 of the French Commercial Code provides:

*"At the time of any decision to increase stated capital in consideration for cash contributions, except if the capital increase results from a prior issue of securities that confer equity rights, an extraordinary general meeting shall vote on a draft resolution proposing a capital increase carried out in accordance with the requirements of Articles L. 3332-18 to L. 3332-24 of the French Labor Code."*

Consequently, and in order to comply with these provisions, we inform you that due to the fact that the issuance authorization proposals described above are being submitted to an extraordinary general shareholders' meeting, the Board of Directors is required to submit to said general shareholders' meeting a proposal to carry out a capital increase for cash reserved to the Company's employees, in accordance with the requirements of Articles L. 3332-18 to L. 3332-24 of the French Labor Code (Code du Travail).

We propose that, pursuant to the aforementioned statutory obligation, the general shareholders' meeting delegate to the Board of Directors its authority to decide to increase stated capital, on one or more occasions, up to a maximum of 3% of stated capital on the date of the Board of Directors' decision, by issuing shares or securities that confer equity rights, reserved to members of one or more employee savings plans (or any other membership plan for which applicable statutory and regulatory provisions permit reserving a capital increase under equivalent conditions) that may be set up within all or some of the French and foreign companies within the Company's consolidation scope or combination of accounts, with the right to subdelegate such authority in accordance with legal requirements.

The duration of this delegation of authority would be set at 18 months.

The issue price of the new shares or securities that confer equity rights would be determined in accordance with applicable statutory and regulatory requirements.

The general shareholders' meeting would grant the Board of Directors full powers to implement this delegation of authority.

**However, we inform you that we are not in favor of the adoption of this resolution.**

\* \* \*

The proposals submitted to you encompass the main points of this report. We request that you approve them, with the exception of the capital increase reserved for employees, and that you grant full powers to the Board to ensure completion of these transactions, in the Company's interest.

**Executed in Colombes  
On May 14, 2020**

THE BOARD OF DIRECTORS

Attachment 1: Stock Warrants Issuance Agreement

Attachment 1

Stock Warrants Issuance Agreement

Dated June 26, 2020

(1) **SEQUANS COMMUNICATIONS S.A. (the "Company")**

(2) **THE HOLDER OF BSA**

Summary

**PREAMBLE: PRESENTATION OF THE ISSUANCE AGREEMENT**

**Title 1. SUBSCRIPTION AND FEATURES OF BSA**

|            |  |
|------------|--|
| Article 1. | Holder of BSA  |
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| Article 3. | Features and period of validity of BSA – Conditions of exercise                      |
| Article 4. | Setting of the subscription price for shares covered by the BSA                      |
| Article 5. | Termination of the mandate of non-executive Board Member of the Company - Exceptions |

**Title 2. RIGHT OF EXERCISE – SUSPENSION – FORMALITIES – SHARES SUBSCRIBED**

|            |  |
|------------|--|
| Article 6. | Suspension of the rights to exercise the BSA |
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**Title 3. REPRESENTATION OF HOLDERS - PROTECTION – AMENDMENT OF THE ISSUANCE AGREEMENT**

|             |  |
|-------------|--|
| Article 10. | Representation of Holders  |
| Article 11. | Protection of Holders – Rights of the Company                              |
| Article 12. | Binding effect – Amendment of the issuance agreement – Term – Jurisdiction |

**WHEREAS:**

In a decision taken on June 26, 2020, a combined general shareholders' meeting (the "**CGM**") of the Company voted in favour of the issuance of a total number of **252,000 BSA** (warrants), at a subscription price of 0,00002777 euro per BSA (i.e. 1.00. euro for 36,000 BSA), allocated as follows:

|                            |            |
|----------------------------|------------|
| - Mr. Hubert de Pesquidoux | 36,000 BSA |
| - Mr. Dominique Pitteloud  | 36,000 BSA |
| - Mr. Zvi Slonimsky        | 36,000 BSA |
| - Mr. Alok Sharma          | 36,000 BSA |
| - Mr. Yves Maître          | 36,000 BSA |
| - Mr. Richard Nottenburg   | 36,000 BSA |
| - Mr. Wesley Cummins       | 36,000 BSA |

Each BSA subscribed gives the Holder the right to purchase one ordinary share of the Company at a fixed exercise price.

The CGM delegated to the Board of Directors the power (i) to record the exercise price equal to the closing market value on the issuance date of the BSA, (ii) to ascertain the completion of the capital increase relating to the subscription of the BSA, (iii) increase share capital by a maximum nominal amount of € 5,040 with respect to 252,000 BSA, and subsequently (iv) to record the successive increases in share capital as a result of the exercise of the BSA, and to carry out all formalities required as a result thereof.

The Board of Directors, in their meeting of **June 1<sup>st</sup>**, 2020, did record the exercise price and ascertain the increase of the share capital.

The CGM, having eliminated the preferred subscription right of shareholders to the BSA, fully reserved subscription of these BSA for the subscribers designated by the CGM.

The purpose of this BSA issuance agreement (the "Issuance Agreement") is to define the terms and conditions governing the BSA issued to each Holder with a vesting period.

**THE PARTIES AGREE AS FOLLOWS**

**Title 1. SUBSCRIPTION AND FEATURES OF BSA**

**Article 1. Holder of BSA**

The Holder is a physical person being a non-executive member of the Company's Board of Directors, designated by the CGM.

The number of BSA allocated to each Holder is 36,000, as provided in the recitals.

**Article 2. Allotment and subscription of BSA.**

The BSA proposed to the Holders shall be subscribed at the price of 0.00001042 euro per BSA (i.e. 1.00 euro for the 36,000 BSA allotted to each Holder), price which shall be paid on subscription, either by mean of a payment in cash or by way of a set-off with a debt.

The number of BSA allotted to Holder shall be indicated in an Individual Notification Letter sent to him/her by the Chairman; the subscription of such shall be done no later than 10 days from the receipt of the aforesaid letter, by returning to the Company

- the BSA subscription form duly signed,
- as well as a copy of this Issuance Agreement attached to said letter, after the Holder has duly executed said copies.

**FAILURE TO COMPLY WITH THIS MAJOR FORMALITY WITHIN THE APPLICABLE PERIOD – EXCEPT IN THE EVENT OF FORCE MAJEURE - SHALL RENDER THE BSA ISSUED IMMEDIATELY AND AUTOMATICALLY VOID.**

**Article 3. Features and period of validity of BSA – Conditions of exercise**

Provided they are subscribed for by the Holder, BSA are granted for a period of 10 years as from June 26, 2020, date of their issuance by the CGM.

BSA must be exercised within the aforementioned **maximum period of 10 years**; furthermore, the vesting schedule (the "Vesting Schedule") is at the rate of 1/3rd per year. For the sake of clarity, it is specified that, the Holder shall be entitled to exercise up to 1/3<sup>rd</sup> of his/her BSA on the first, up to 2/3<sup>rd</sup> on the second and without restriction on the third anniversary of the date of issuance by the CGM as documented in the Individual Notification Letter.

Exercising a BSA entitles the Holder to subscribe for one ordinary share of the Company's share capital.

This number of shares cannot be modified during the BSA period of validity, except in the event of an adjustment in the subscription price and any other adjustments in accordance with applicable laws and regulations.

Any BSA that is not exercised by the expiry of the aforementioned 10-year period shall be null and void.

**Article 4. Setting of the exercise price for shares covered by the BSA**

The CGM decided that the exercise price for shares to be issued pursuant to an exercise of the BSA shall be equal, based on the current share/ADS ratio, to 1/4<sup>th</sup> of the closing price on the New York Stock Exchange of a Company ADS on June 26, 2020.

This subscription price – with respect to this BSA Issuance Agreement – is set in the amount of USD ● per share (ADS); the counter value in Euros shall be determined on the exercise date of the BSA. The par value of each share is EUR 0.02.

This price may not be changed during the BSA period of validity, except in the event of adjustments in accordance with applicable laws and regulations.

**Article 5. Termination of the mandate of non-executive Board member of the Company - Exceptions**

5.1 In the event of a termination, anticipated or not, of the Holder's mandate as non-executive Board member of the Company, the vesting schedule as defined under article 3 above – the "Vesting Schedule" – shall apply until its term, and Holder's BSA shall be exercisable for the remaining term of such BSA, as if such Holder had remained Board member, except in the following cases (the "Cases") :

- the mandate is terminated by decision of the Board of Directors,
- the Holder refuses the renewal of his/her mandate and/or to become member of the Strategic Advisory Board.

In the aforesaid Cases, the given Holder shall (i) lose any and all rights with regard to BSA not yet exercisable on the date of the such termination (hereafter the "**Termination Date**") - in accordance with the Vesting Schedule - but (ii) retain the right to exercise BSA that are exercisable and that have not yet been exercised provided that Holder exercises them within a period of thirty (30) days following the Termination Date.

After the expiry of such periods, the Holder shall lose any and all rights with regard to unexercised BSA which shall be null and void.

5.2 In the event the Holder whose mandate as non-executive Board member of the Company is terminated, accepts to be appointed as member of the Strategic Advisory Board on or before the date of termination of the aforesaid mandate, the Vesting Schedule shall apply until its term and Holder's BSA shall be exercisable for the remaining term of such BSA, provided that the given Holder is still member of the Strategic Advisory Board.

Should the Holder lose his/her quality of member of the Strategic Advisory Board, for any reason whatsoever, before the end of his/her vesting schedule, said Holder shall lose any and all rights with regard to BSA not yet exercisable on the date of such loss (hereafter the "**Loss Date**"), in accordance with the Vesting Schedule.

In the event of the loss of his/her quality of member of the Strategic Advisory Board by decision of the Board of Directors, the Holder retains the right to exercise BSA that are exercisable and that have not yet been exercised provided that Holder exercises them within a period of thirty (30) days following the Loss Date. Otherwise, the Holder retains the right to exercise BSA that are exercisable and that have not yet been exercised for the remaining term of the BSAs.

After the expiry of such periods, the Holder shall lose any and all rights with regard to unexercised BSA which shall be null and void.

5.3. Notwithstanding the provisions of article 5.1 and 5.2 above,

- in the event of death of the Holder, all BSA subscribed by the Holder and not yet exercisable would nevertheless become exercisable by his/her heirs or beneficiaries from the effective date death, notwithstanding the Vesting schedule set forth under article 3 above, allowing said heirs or beneficiaries to exercise any and all remaining BSA, provided that such exercise occurs within a period of 6 months following the aforesaid death.
- should the Company be subject to an acquisition by a third party, all BSA subscribed by the Holder and not yet exercisable would nevertheless become exercisable from the effective date of such change of control, notwithstanding the Vesting schedule set forth under article 3 above, allowing said Holder to exercise any and all remaining BSA, provided that such exercise occurs within a period of 90 days following the aforesaid acquisition.

## Title 2. RIGHT OF EXERCISE – SUSPENSION – FORMALITIES – SHARES SUBSCRIBED

### **Article 6. Suspension of the rights to exercise BSA**

If necessary, the Board of Directors may suspend the right to exercise the BSA. In particular, a suspension may be ordered whenever a transaction concerning the Company's share capital requires knowing in advance the exact number of shares that make up share capital or in the event that one of the financial transactions requiring an adjustment is carried out.

In such case, the Company shall inform the Holders of the BSA, indicating the date of the suspension and the date on which the right to exercise BSA will be re-established. Such suspension may not exceed 3 months.

If the right to exercise a BSA expires during a period in which rights are suspended, the period for exercising the BSA shall be extended by 3 months.

### **Article 7. Conditions of exercise of BSA**

All requests for exercising BSA, documented by the signature of the corresponding subscription certificate, shall be sent to the Company, and must be accompanied by a cheque or a money transfer made out to the Company's order in an amount corresponding to the number of shares subscribed. Alternatively, BSA may be exercised via any on-line equity incentives system which may be put in place by the Company.

Shares subscribed must be, at the time of subscription, either fully paid up in cash or by way of a set-off with a debt. Failure to do so renders the subscription of shares null and void.

### **Article 8. Delivery and form of shares**

Shares acquired by exercising BSA are registered in the books of the Company as registered shares.

### **Article 9. Rights and availability of shares**

The ordinary shares shall be subject to all provisions of the by-laws and shall enjoy all rights pertaining to shares of such class as from the date the increase in share capital is completed.

These shares shall be immediately transferable.

**Title 3. REPRESENTATION OF HOLDERS – PROTECTION – AMENDMENT OF THE ISSUANCE AGREEMENT**

**Article 10. Representation of Holders of BSA**

Pursuant to the provisions of Article L. 228-103 of the French Commercial Code, the Holders of BSA are grouped into a body with legal personality protecting their joint interests (the "Masse"). General meetings of Holders meet at the registered office or in any other location of the *department* of the registered office or of bordering *departments*.

The Masse will appoint one or more representatives of the body, at the request of the Board of Directors. The representative(s) of the Masse will be governed by applicable legal and regulatory provisions. The representative of the *masse* will receive no remuneration for his/her duties.

**Article 11. Protection of Holders – Rights of the Company**

- 11.1 Holders will enjoy the protection reserved by law and regulations for holders of securities giving access to the capital. The Company will provide the Holders, or their representative, with the information set out by the law and regulations.
- 11.2 During the entire period of validity of the BSA, the Company will have the option of changing its form or object, without obtaining prior authorisation from the Holders of BSA. In addition, the Company shall be entitled to change the rules for distributing profits, write down its capital, or create preferred shares entailing such modification or writing down, subject to the prior authorisation to be delivered pursuant the terms of Article L. 228-103 of the French Commercial code and provided that the Company accordingly take the measures necessary to maintain the rights of the Holders, in compliance with applicable legal and/or regulatory provisions.
- 11.3 Subject to the powers expressly reserved by law for the general meeting of shareholders and, as the case may be, for the general meeting and for the representative of the body of Holders, the Board of directors will be empowered to take any measure relating to the protection and adjustment of the rights of Holders as provided for by the law and regulations, in particular by Article L. 228-99 of the French Commercial Code.
- 11.4 The Issuance Agreement and the conditions for the subscription or allotment of equity securities determined at the time of the issuance may only be amended by the extraordinary general meeting of shareholders of the Company, with the authorisation of the Holders obtained under the conditions provided for by law, in particular by Article L. 228-103 of the French Commercial Code.

**Article 12. Binding effect – Amendment of the issuance agreement – Term – Jurisdiction**

- 12.1 The Holders are automatically subject to this Issuance Agreement, through this subscription or acquisition of BSA.
- 12.2 This Issuance Agreement becomes effective on the date of effective subscription of the BSA and ends on the first of the following dates: (a) the expiry date of the BSA, (b) the date on which all the BSA have been exercised or waived. In addition, it will cease to be binding on each BSA Holder on the date on which such holder ceases to hold any BSA.
- 12.3 This Issuance Agreement is subject to French law. Any dispute relating to this Issuance Agreement or relating to the application of the terms and conditions of the BSA will be referred to the relevant court of the district of the *Cour d'appel* of the registered office of the Company.

SEQUANS COMMUNICATIONS \_\_\_\_\_

Mr/Ms. \_\_\_\_\_

(the "Holder")

(The Holder shall initialize each page, sign the last page and write down: "read and approved")