

## **Sequans 5G Strategic Partnership Announcement Conference Call**

### **Operator:**

Welcome to the Sequans **5G Strategic Partnership Announcement** conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a Question and Answer session. Instructions will be given at that time. As a reminder, this conference is being recorded.

I would now like to turn the call over to Kim Rogers of Hayden IR. Ms. Rogers, you may begin.

### **Thank you, [name],**

And thank you to everyone participating in today's call to discuss the 5G strategic announcement. On the call today from Sequans Communications are Georges Karam, Chairman and Chief Executive Officer, and Deborah Choate, Chief Financial Officer. Before turning the call over to Georges, I would like to remind our participants of the following important information on behalf of Sequans.

Sequans issued a press release this morning announcing the closing of a multi-year, strategic 5G licensing agreement, which was posted on the Company's website at [www.sequans.com](http://www.sequans.com) under the "Newsroom" section.

Before we start, I would like to remind everyone that this conference call contains projections and other forward-looking statements regarding future events **or** our future financial performance and potential financing sources. All statements other than present and historical facts and conditions contained in this call, including any statements regarding future results of operations and financial positions, business strategy and plans, including the expectation that the potential agreement will fully fund the development of our first 5G platform, expectations for Massive IoT sales, the impact of Covid-19 on our supply chain and customer demand, the impact of component shortages and manufacturing capacity, 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 operate in a 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.

More information on factors that could affect our business and financial results are included in our public filings made with the Securities and Exchange Commission.

And now, I would like to hand the call over to Georges Karam. Please go ahead, Georges.

**Georges:**

Thank you, Kim. Good morning, everyone. Welcome to our call to discuss our new 5G strategic partnership.

I am pleased to announce that we have closed a multi-year 5G licensing and commercialization agreement with a new strategic partner for our Taurus platform technology. The deal is expected to fund the balance of Taurus' development and expand our addressable market to China, a market currently not served by Sequans.

Under the terms of the agreement, Sequans will receive a licensing fee in excess of \$50 million, and our partner has the rights to manufacture and sell the Taurus platform exclusively in the Chinese market and will pay royalties for up to 20 years on sales of their products based on our 5G technology. Approximately 25% of the license fee is due upon deal signature, and the balance is scheduled as milestones to be received regularly over the next three years.

Consequently, revenue generated by this agreement will be in excess of \$50 million for the first three years, corresponding at a minimum to the licensing fee. Then starting from 2024 and for up to 20 years, we expect additional revenue from the royalties on 5G products sold by our partner, which could exceed a few million dollars per year.

We expect licensing revenue from this deal to have a significant positive effect on our financial results. When combined with our current expectations for the rest of our business, the higher gross profit contribution is expected to enable us to achieve non-IFRS operating profitability, generate cash from operations for the second half of 2022, and allow us to target non-IFRS operating break-even for calendar year 2023.

Regarding our outlook for the third quarter of 2022, we anticipate sequential revenue growth of at least 10% with gross margin over 65%.

This strategic partnership strengthens our capabilities to deliver on our 5G roadmap by expanding our SAM to a region previously excluded from our addressable market and enhancing our financial position. The license revenue will enable stronger cash flow generation and improved operating results. Today's announcement and our robust product pipeline

reinforce our confidence in our ability to navigate our business in the current economic environment and to deliver sustained long-term growth. With the development of the 5G platform secured, we are firmly positioned to expand our market share, grow revenue, and improve profitability.

In closing, I'd like to state our appreciation for the patience of our shareholders in standing by us during the extended period it took to close this deal.

Operator, we are now ready to open the call for Q&A...

**Post-Q&A comment from Georges:**

Thank you again for joining the call today. We look forward to speaking with you soon.