

Depository Receipts (“ADRs”) between April 29, 2016 through July 31, 2017, both dates inclusive (the “Class Period”), seeking to recover damages caused by defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Sequans Communications SA is a fabless designer, developer and supplier of 4G semiconductor solutions for wireless broadband applications. The Company's solutions incorporate baseband processor and radio frequency, or RF, transceiver integrated circuits, or ICs, along with its proprietary signal processing techniques, algorithms and software stacks.

3. Founded in 2003, the Company is headquartered in Paris, France. Sequans’ ADRs trade on the New York Stock Exchange (“NYSE”) under the ticker symbol “SQNS.”

4. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) the Company was improperly recognizing revenue; and (ii) as a result of the foregoing, Sequans’ public statements were materially false and misleading at all relevant times.

5. On August 1, 2017, the Company issued a press release entitled “Sequans Communications Announces Second Quarter 2017 Financial Results,” announcing the financial results for the quarter ended June 30, 2017, which stated in relevant part:

PARIS - August 1, 2017 - 4G chipmaker Sequans Communications S.A. (NYSE: SQNS) today announced financial results for the second quarter ended June 30, 2017.

Second Quarter 2017 Highlights:

Revenue: *Revenue was \$13.2 million, after a reduction of \$740,000 related to a product return from an early 2016 tablet-related sale.* Excluding the impact of the return, revenue would have been \$14.0 million. Revenue for the second

quarter of 2017 increased 6.3% compared to the first quarter of 2017 (12.3% without the impact of the return) and increased 33.7% compared to the second quarter of 2016 (41.2% without the impact of the return), reflecting increases in both product and other revenue.

(Emphasis added).

6. Later that day, the Company held a conference call to discuss the earnings for the second quarter of 2017. On the call, Defendant Karam addressed the reduction of revenue due to the product return, stating in relevant part:

On the negative side, we had an exceptional product return from an early 2016 sales related to our old tablet business which affected the [OpEx] [ph] of our results by reducing revenue by \$740,000. Otherwise we would have reported about \$14 million, well within the range of our guidance and a 41% increase versus second quarter of 2016. Deborah will give a full explanation of the financial details. I will focus here on the business strategy and highlight some details of our progress.

7. Further on the August 1, 2017 earnings call, Defendant Choate stated in relevant part:

Our revenue was \$13.2 million after giving effect to the accounting treatment related to a product return. Specifically in 2016, we were supplying tablets destined for Wal-Mart pursuant to firm purchase orders. When sales were disappointing, our customer could not pay and we spent a long time trying to find a solution. We were able to find another customer to use the product for a different application and they are currently completing their certification with Verizon. However, they were not able to commit for all of the units of the product, so ultimately we decided to take some of the product back into inventory until the new customer is ready for it.

Excluding the effect of this return, our total revenue would have been \$740,000 higher or nearly \$14 million and well within the range of our guidance. In the quarter we had three 10% customers ranging from 10% to 11% each, but one of them is a distributor serving a total of Asian OEM and ODM customers. Our gross margin was 42.1%, reflecting a higher proportion of modules in the product mix this quarter. Our operating expenses were \$9.6 million in Q2, down from \$10.1 million in Q1. This quarter we capitalized some development costs related to our Cat M product. And our sales and marketing expenses were lower because Q1 expenses reflect two major tradeshows.

8. On this news, Sequans' ADR price fell \$0.67, or 18.21%, to close at \$3.01 on August 1, 2017, damaging investors.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

12. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as a significant portion of Defendants' actions, and subsequent damages, took place within this judicial district.

13. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff, as set forth in the attached Certification, acquired Sequans securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

15. Defendant Sequans is headquartered in Paris, France, and its principal executive offices are located at 15-55 Boulevard Charles de Gaulle, Paris 92700, France. Sequans' securities trade on the NYSE under the ticker symbol "SQNS."

16. Defendant Georges Karam ("Karam") founded and has served as the Company's Chief Executive Officer ("CEO"), President and Chairman since 2003.

17. Defendant Deborah Choate ("Choate") has served as the Company's Chief Financial Officer ("CFO") since July 2007.

18. The defendants referenced above in ¶¶ 16-17 are sometimes referred to herein as the "Individual Defendants."

19. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

20. The Company and the Individual Defendants are referred to herein, collectively, as the "Defendants."

SUBSTANTIVE ALLEGATIONS

Background

21. Sequans Communications SA is a fabless designer, developer and supplier of 4G semiconductor solutions for wireless broadband applications. The Company's solutions incorporate baseband processor and radio frequency, or RF, transceiver integrated circuits, or ICs, along with its proprietary signal processing techniques, algorithms and software stacks.

Materially False and Misleading Statements Issued During the Class Period

22. The Class Period begins on April 29, 2016, when Sequans filed an annual report on Form 20-F with the SEC, announcing the Company's financial and operating results for the

quarter and year ended December 31, 2015 (“2015 20-F”). The 2015 20-F was signed by Defendant Karam. The 2015 20-F also contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by the Individual Defendants stating that the financial information contained in the 2015 20-F was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

23. In the 2015 20-F, the Company stated the following with regards to revenue recognition of products:

Product revenue

Substantially all of the Company’s product revenue is derived from the sale of semiconductor solutions for 4G wireless broadband applications.

Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when no continuing managerial involvement to the degree usually associated with ownership nor effective control over the sale of products is retained, which usually occurs on shipment of the goods. Products are not sold with a right of return but are covered by warranty. Although the products sold have embedded software, the Company believes that software is incidental to the products it sells.

(Emphasis added).

24. On March 31, 2017, Sequans filed an annual report on Form 20-F with the SEC, announcing the Company’s financial and operating results for the quarter and fiscal year ended December 31, 2016 (“2016 20-F”). The 2016 20-F was signed by Defendant Karam. The 2016 20-F also contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the 2016 20-F was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

25. The 2016 20-F stated the following with regards to revenue recognition of products:

Product revenue

Substantially all of the Company's product revenue is derived from the sale of semiconductor solutions for 4G wireless broadband applications.

Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when no continuing managerial involvement to the degree usually associated with ownership nor effective control over the sale of products is retained, which usually occurs on shipment of the goods. Products are not sold with a right of return but are covered by warranty. Although the products sold have embedded software, the Company believes that software is incidental to the products it sells.

(Emphasis added).

26. The statements referenced in ¶¶ 22-25 were materially false and misleading because defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operational and compliance policies. Specifically, defendants made false and/or misleading statements and/or failed to disclose that: (i) the Company was improperly recognizing revenue; and (ii) as a result of the foregoing, Sequans' public statements were materially false and misleading at all relevant times.

The Truth Emerges

27. On August 1, 2017, the Company issued a press release entitled "Sequans Communications Announces Second Quarter 2017 Financial Results," announcing the financial results for the quarter ended June 30, 2017, which stated in relevant part:

PARIS - August 1, 2017 - 4G chipmaker Sequans Communications S.A. (NYSE: SQNS) today announced financial results for the second quarter ended June 30, 2017.

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quarter of 2016 (41.2% without the impact of the return), reflecting increases in both product and other revenue.

(Emphasis added).

28. Later that day, the Company held a conference call to discuss the earnings for the second quarter of 2017. On the call, Defendant Karam addressed the reduction of revenue due to the product return, stating in relevant part:

On the negative side, we had an exceptional product return from an early 2016 sales related to our old tablet business which affected the [OpEx] [ph] of our results by reducing revenue by \$740,000. Otherwise we would have reported about \$14 million, well within the range of our guidance and a 41% increase versus second quarter of 2016. Deborah will give a full explanation of the financial details. I will focus here on the business strategy and highlight some details of our progress.

29. Further on the August 1, 2017 earnings call, Defendant Choate stated in relevant part:

Our revenue was \$13.2 million after giving effect to the accounting treatment related to a product return. Specifically in 2016, we were supplying tablets destined for Wal-Mart pursuant to firm purchase orders. When sales were disappointing, our customer could not pay and we spent a long time trying to find a solution. We were able to find another customer to use the product for a different application and they are currently completing their certification with Verizon. However, they were not able to commit for all of the units of the product, so ultimately we decided to take some of the product back into inventory until the new customer is ready for it.

Excluding the effect of this return, our total revenue would have been \$740,000 higher or nearly \$14 million and well within the range of our guidance. In the quarter we had three 10% customers ranging from 10% to 11% each, but one of them is a distributor serving a total of Asian OEM and ODM customers. Our gross margin was 42.1%, reflecting a higher proportion of modules in the product mix this quarter. Our operating expenses were \$9.6 million in Q2, down from \$10.1 million in Q1. This quarter we capitalized some development costs related to our Cat M product. And our sales and marketing expenses were lower because Q1 expenses reflect two major tradeshow.

30. On this news, Sequans' ADR price fell \$0.67, or 18.21%, to close at \$3.01 on August 1, 2017, damaging investors.

31. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

32. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Sequans securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

33. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Sequans securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Sequans or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

34. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

35. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

36. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Sequans;
- whether the Individual Defendants caused Sequans to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Sequans securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

37. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

38. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Sequans securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Sequans securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

39. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

40. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

41. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

42. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

43. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Sequans securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Sequans securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

44. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Sequans securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Sequans finances and business prospects.

45. By virtue of their positions at Sequans, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants

acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

46. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors of Sequans, the Individual Defendants had knowledge of the details of Sequans internal affairs.

47. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Sequans. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Sequans businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Sequans securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Sequans business and financial condition which were concealed by defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Sequans securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by defendants, and were damaged thereby.

48. During the Class Period, Sequans securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Sequans securities at prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Sequans securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Sequans securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

49. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

50. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

51. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

52. During the Class Period, the Individual Defendants participated in the operation and management of Sequans, and conducted and participated, directly and indirectly, in the conduct of Sequans business affairs. Because of their senior positions, they knew the adverse non-public information about Sequans misstatement of income and expenses and false financial statements.

53. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Sequans financial condition and results of operations, and to correct promptly any public statements issued by Sequans which had become materially false or misleading.

54. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Sequans disseminated in the marketplace during the Class Period concerning Sequans results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Sequans to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were “controlling persons” of Sequans within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Sequans securities.

55. Each of the Individual Defendants, therefore, acted as a controlling person of Sequans. By reason of their senior management positions and/or being directors of Sequans,

each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Sequans to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Sequans and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

56. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Sequans.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: August 10, 2017

Respectfully submitted,

POMERANTZ LLP

/s/ Jeremy A. Lieberman
Jeremy A. Lieberman

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