



KALRAY

Intelligent Data Processing
From Cloud to Edge



2020 RESULTS IN LINE WITH PREVIOUSLY ANNOUNCED GUIDANCE & CONFIRMATION OF 2021 OUTLOOK

- **Good management of the free cash flow**, reflecting the sound management of the company during the health crisis;
- **Higher net cash**, thanks to new financing, to cover company needs until operational breakeven point is reached;
- **Business development activities in line with the strategic plan** for priority markets (Data Center and Automotive) and many additional opportunities under discussion on Edge Computing to position Kalray as the future European champion of intelligent processors;
- **Implementation of industrial operations**, in order to engage volume production of Coolidge™ and Kalray accelerator cards in 2021;
- **Confirmation of higher net sales objective in 2021**, with the ambition to reach € 100 million in 2023.

Grenoble - France, April 20, 2021 - Kalray (Euronext Growth Paris: ALKAL), a leading provider in new generation of processors specialized in Intelligent Data Processing from Cloud to Edge, communicates its annual results for 2020 and confirms short & mid-term objectives for the company.

Éric Baissus, President and CEO, declares: "2020 has been a pivotal year for Kalray. By finalizing the developments of our new generation of processor, Coolidge™, and by placing it in the hands of our industrial partners and future customers, we have prepared the marketing phase of our product on a large scale. We are currently putting in place all the industrial and logistical processes for the transition to volume production in a context of a booming semiconductor market due to growing structural needs in all industries. This transformation is taking place within a particularly healthy financial situation for Kalray as we have secured new funding in order to maintain a high level of technological innovation.

This innovation dynamic is fundamental to maintaining our leadership position, at a time when the entire industry is looking for solutions to more effectively process the gigantic flows of data generated by new use-cases. While the historical players seek to meet new challenges with their traditional processor architectures, x86 or GPU in particular, the technology that we have developed is a disruptive approach and a technological innovation, inspired and designed from the outset to respond precisely to these new needs and overcome the limitations of traditional architectures. This new vision is attracting more and more players to our ecosystem and we intend to deploy it on a large scale in the years to come in order to become the new European champion in the field of Edge Computing. "





MARKET INTRODUCTION OF COOLIDGE™, THE 3RD GENERATION OF INTELLIGENT PROCESSORS

As previously announced, 2020 was marked by the arrival of Coolidge™, the 3rd generation of MPPA® processors, to address intelligent systems market and the launch of new MPPA®-DEV4 development stations combining the AccessCore® 4.0 software offer and K200™ development boards, integrating the Coolidge™ processor. Kalray is now working with its customers to develop their next generation of products, particularly in the data center and automotive sectors.

As the first results of this effort, the beginning of the year was marked by the introduction of new products by Kalray's customers. In the data center world, Wistron, one of the world's largest server manufacturers, has announced the release with Kalray of the FURIO1200™ storage node appliance based on Coolidge™ processors. The FURIO1200™ is a revolutionary storage appliance, leveraging NVMe-oF technology and the performance of Kalray processors to deliver storage solutions 5 to 10 times more efficient in terms of speed, latency and consumption than existing solutions.

In the strategic automotive segment, NXP Semiconductors officially launched in 2020 its BlueBox 3.0 platform, integrating Kalray's Coolidge™ intelligent processor, to provide car makers with an integrated and scalable solution, in particular driver assistance ("Advanced Driver-Assistance Systems"), monitoring or autonomous driving.

Announcements from Kalray's customers and partners of the launch of their first products incorporating Coolidge™ demonstrate that Kalray has reached the ultimate pre-commercial milestone and in preparation for the ramp-up of orders expected in 2021.

EBITDA IN LINE WITH ANNOUNCED TRENDS AND BEGINNING OF AMORTIZATION OF COOLIDGE™

Sales of development boards and stations, as well as related licenses and services, generated 1,033 K€ in revenue in 2020, a level comparable to that of 2019 (1,265 K€). This turnover is in line with the objectives announced in 2020, a year of preparation before the start of the commercial deployment in volume of Coolidge™ scheduled for 2021. Total operating revenue reached 10,756 K€ up +12% on one year, due to the increase in capitalized production linked to R&D work on Coolidge™.

The 2020 annual EBITDA¹ is down very slightly (-5%), at -5,862 K€. Operating expenses were forecasted up +20% over the year, but actually only increased by +10%, showing the company's strong capacity for reactivity and adaptation. The +17% increase in personnel costs is directly linked to the planned increase in the workforce (86 employees on average in 2020 compared to 76 a year earlier) and to the presence of all operational teams during the health crisis. This increase is partly amortized by the stability of other external charges, in particular linked to the limitation of travel.

Taking into account the increase in depreciation and amortization (+50% to 8,818 K€), linked in particular to the amortization of Coolidge™ development costs and manufacturing masks, and after taking into account the research tax credit (+ 24% to 2,993 K€), restated operating income² came to -11,687 K€ compared to -9,014 K€ a year earlier. The net result is -11,818 K€ in 2020 against -9,085 K€ in 2019, in line with the trends announced.

¹ EBITDA: earnings before interests, taxes, depreciation, and amortization

² Restated operating income: operating income + research tax credit.





GOOD CONTROL OF FREE CASH FLOW AND INCREASE IN NET CASH OF € 4.5 MILLION

The annual free cash flow³ is, as expected, slightly higher than that of 2019, at -15,054 K€ against -14,187 K€ in 2019.

At the same time, financial resources were reinforced by 19,567 K€ (net) by the investment of NXP Semiconductors, the establishment of a State Guaranteed Loan (PGE) granted by banking partners (Bpifrance, BNP Paribas and CIC), a capital increase through private placement and grants and advances.

At December 31, 2020, Kalray's available cash thus stood at 20,238 K€, compared to 15,725 K€ at December 31, 2019. Bank debt stands for 5,531 K€ (mainly the PGE amortizable over 4 years from 2022) and conditional advances for 6,306 K€. Equity stood at 28,434 K€ at the end of 2020 against 26,665 K€ at the end of 2019.

To supplement its financial resources, Kalray set up, in January 2021, an equity line with Kepler Cheuvreux of up to 12,000 K€ over a maximum period of 24 months. As of March 31, 2021, the use of this line enabled the company to raise 3,042 K€ through the issue of 77,271 new shares.

Thanks to its cash available at December 31, 2020, the expected subsidies for R&D projects and the equity line, Kalray considers it can cover its financial needs until operational breakeven is achieved.

In 2021, Kalray anticipates a further increase of around 20% of its operating expenses, linked to the continued increase in staff and the ramp-up of new programs, notably the collaboration with NXP.

GROWING NEEDS IDENTIFIED FOR EDGE COMPUTING MARKETS

In parallel and facing the growing needs in the Edge Computing market, of which Kalray is a pioneer, the company continues to work with players from other industries, such as machine vision (analysis and identification of faults on production lines, for example), or 5G, very promising sectors for Kalray technology. Kalray works in particular with major European contractors (telecom operators, server manufacturers, car manufacturers, etc.) and universities in order to demonstrate the relevance of Kalray products at the heart of the next generation of open solutions and sovereign 5G. New developments could thus emerge in 2021.

READY FOR VOLUME PRODUCTION IN THE SECOND HALF OF 2021

In full alignment to its roadmap, Kalray is now entering the commercialization phase. In particular, the very first pilot tests under real conditions of use of the Wistron storage node appliance, the FURIO1200™, integrating the Coolidge™ processor and co-developed with Kalray, have just started. These pilots are confirming the performance of the product and their number will accelerate in the coming weeks.

At the same time, and in order to ensure its capacity to respond in volume to the orders projected during the second half of 2021 and in the coming years, Kalray has set up with its partners all the industrial processes and the necessary logistics organization. In particular, Wistron and Kalray have collaborated to set up the entire production chain for the K200™ acceleration cards, cards which are specifically at the heart of products like the FURIO1200™. This work will make it possible, starting this summer, to have the manufacturing tools and capacity in place to manufacture several thousand cards per month according to the order book.

³ Free cash flow: operating cash flow + investment cash flow





In this context, Kalray confirms its ambition to generate significantly higher annual revenues from 2021, in the order of several million euros, and its objective of reaching € 100 million in annual turnover by 2023.

Next meeting:

Monday July 12, 2021 (after market close): Activity for the first half of 2021

PROVISION OF THE 2020 ANNUAL FINANCIAL REPORT

The annual and consolidated financial statements were approved by the Management Board and examined by the Supervisory Board on April 19, 2021 and are available in the “Financial documents” section on the company's website www.kalray-bourse.com.

The annual financial report, including managing report, the accounts as at December 31, 2020 and their appendices, will be available soon on the company's website.

RISK FACTORS

The public's attention is drawn to the risk factors relating to the Company and its activity appearing in the 2021 annual financial report which is available free of charge on its website (www.kalray-bourse.com). The realization of all or part of these risks or deterioration of all or part of the assumptions made by the Company is likely to have an unfavorable effect on its activity, its financial situation, its results, its development or its prospects.

ABOUT KALRAY

Kalray (Euronext Growth Paris - FR0010722819 - ALKAL) is a fabless semiconductor company, leading provider in a new generation of processors specialized in Intelligent Data Processing from Cloud to Edge. Kalray MPPA® Intelligent Processors are able to capture and analyze on the fly massive data flows, and interact in real time with the outside world. These processors are capable of running demanding AI algorithms and simultaneously a wide set of different processing and control tasks such as intensive mathematical algorithms, signal processing, network or storage software stacks. Kalray's Intelligent Processors can be deployed in fast-growing sectors from Cloud to Edge: modern data centers, 5G telecom networks, autonomous vehicles, healthcare equipment, industry 4.0, drones and robots... Kalray's offering includes processors, acceleration cards and a software suite, for a broad spectrum of customers such as next generation data center equipment manufacturers and service providers, system integrators and consumer product manufacturers such as car makers. Founded in 2008 as a spin-off of CEA French lab, Kalray counts among its investors: Alliance Venture (Renault-Nissan-Mitsubishi), Safran, NXP Semiconductors, CEA and Bpifrance. Read more at: www.kalrayinc.com

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ANNEXS

PROFIT & LOSS

K€ - audited data	2019	2020
Net Sales	1,265	1,033
Subsidies	6,217	7,579
R&D capitalization	1,942	2,127
Other revenue	142	17
TOTAL REVENUE	9,566	10,756
Cost of sales	(257)	(307)
Operating expenses	(14,871)	(16,311)
including Salaries & contributions	(7,932)	(9,257)
including other expenses	(6,939)	(7,054)
EBITDA ¹	(5,562)	(5,862)
Amortization & Depreciation	(5,867)	(8,818)
OPERATING RESULT	(11,429)	(14,680)
Research Tax Credit	2,415	2,993
NET OPERATING RESULT ²	(9,014)	(11,687)
Financial result	3	(110)
Exceptional result	(74)	(22)
NET RESULT	(9,085)	(11,818)

¹ EBITDA: earnings before interests, taxes, depreciation, and amortization

² Net operating income: operating income + research tax credit





BALANCE SHEET

K€ - audited data	31/12/2019	31/12/2020		31/12/2019	31/12/2020
NON CURRENT ASSETS	22,217	24,020	EQUITY	26,665	28,434
Intangible assets	16,935	19,115	DEBTS & LIABILITIES	11,799	16,336
Tangible assets	4,673	4,286	Provisions	89	112
Financial assets	609	620	R&D refundable	5,904	6,306
CURRENT ASSETS	18,508	23,063	Bank loans	775	5,531
Inventories	240	134	Accounts Payable	3,128	2,776
Accounts receivable	764	526	Taxes & contributions payable	1,549	1,487
Other receivable (CIR, CICE, subsidies)	1,779	2,165	Other debts	354	124
Cash	15,725	20,238	Deferred revenue (Subsidies)	2,676	2,734
Accrued expenses	414	420			
TOTAL ASSETS	41,140	47,503	PASSIF	41,140	47,503

CASH FLOW STATEMENT

K€ - audited data	2019	2020
Operating CF before Capex & WC variation	(5,204)	(5,092)
Change in working capital (incl. R&D tax credit)	1,138	(528)
OPERATING CASH FLOW	(4,066)	(5,620)
Capex	(5,335)	(2,920)
R&D capitalization	(6,217)	(7,579)
Investment subsidies	1,431	1,065
INVESTMENT CASH FLOW	(10,121)	(9,434)
FREE CASH FLOW	(14,187)	(15,054)
Net Cash from investors	96	13,551
Bank Debt (net)	318	4,756
R&D conditional advances and prepaid subsidies (net)	716	1,260
FINANCING CASH FLOW	1,130	19,567
ANNUAL CASH IN / (CASH OUT)	(13,057)	4,513
Cash beginning of period	28,782	15,725
CASH END OF PERIOD	15,725	20,238

