

2021 ANNUAL RESULTS

KALRAY BRINGS TO MARKET ITS COMMERCIAL OFFER FOR ULTRA-FAST STORAGE BASED ON ITS INTELLIGENT PROCESSORS AND AIMS AT A STRONG ACCELERATION OF ITS TURNOVER WITH THE ACQUISITION OF ARCAPIX

- First revenues from sales of K200-LP™ accelerator cards and Flashbox™ ultra-fast storage array, targeting the enterprise and Cloud Service Provider markets
- 2021 accounts:
 - Very good cost control
 - Stable EBITDA
 - Continued investment in R&D
- Acquisition of Arcapix: Contract signed, finalization expected after the General Meeting of April 15, 2022
- New financing: €12.2 million of cash available at December 31, 2021 and signature in March 2022 of a memorandum of understanding for a €10 million convertible bond issue
- Objective confirmed: €20 million in cumulative revenues¹ in 2022

Grenoble - France, March 28, 2022- Kalray (Euronext Growth Paris : ALKAL), a leading provider in the new generation of processors and acceleration cards specialized in Intelligent Data Processing from Cloud to Edge, today announced its annual results for 2021 and its outlook for 2022. The financial statements were approved by the Executive Board, after review by the Supervisory Board, on March 28, 2022, the audit procedures have been performed and the audit report relating to the certification is being issued.

¹ Pro-forma data

Éric Baissus, President and CEO, declares:

"In 2021, we have continued to follow our roadmap while continuing to manage our costs in a very rigorous manner. As a result, we have been able to maintain a stable EBITDA while investing for the future, in particular in our next generation Coolidge 2™ processor.

Fiscal year 2022 marks the beginning of a new page in our history: the acquisition of Arcapix, which is expected to be completed in April, will give us the means to accelerate the deployment and support of our solutions in the market and to grow our revenue very significantly. At the same time, we will continue to work with main players in the storage, 5G, and edge computing industries to become a major global player in the semiconductor and intelligent data processing markets. "

FIRST REVENUES FROM HIGH-PERFORMANCE STORAGE, STRATEGIC PARTNERSHIPS IN EDGE COMPUTING AND 5G

Fiscal year 2021 saw the commercial launch and first revenues from the comprehensive and integrated offering targeting the next generations of servers and boards for the high-performance storage market. Kalray launched two flagship products in this fiscal year 2021: The K200-LP™ acceleration card and its new NVMe storage array, the Flashbox™, developed in collaboration with Viking Enterprise Solutions, a subsidiary of global leader Sanmina.

In parallel with the commercial deployment of its offer in the storage market, Kalray has continued to work with major players and its strategic partners. For example, Kalray has continued its collaboration with NXP to address the **automotive** market, working in particular on the integration of Kalray's acceleration cards into the BlueBox 3.0. BlueBox 3.0 is NXP's development platform for the next generation of vehicles.

Kalray has also made significant progress in setting up partnerships to develop an acceleration card offering for the **5G** market. Kalray has announced a partnership with Orange, Bull/Atos, Renault and 6WIND ("France Relance" and "Investissement d'avenir PIRANA" projects)². Kalray has also been selected by Vodafone as one of several companies developing hardware solutions for **5G** in its new R&D lab in Malaga, Spain.

Finally, the 5G-OPERA project, in which Kalray participates, has been selected among the 4 projects supported by France and Germany in the field of **5G** private networks. The goal is to build a Franco-German sovereign ecosystem in the field of 5G private telecommunications networks in Europe.

² Press release of July 6, 2021

ANNUAL RESULTS 2021: GROWTH IN OPEX LOWER THAN FORECAST THANKS TO GOOD COST CONTROL - STABLE EBITDA

For the year 2021, Kalray will achieve a turnover of 1,454 K€, up +40.7% (1,033 K€ as of December 31, 2020), in a context still disrupted by the shortage of components and the postponement of decisions by the main players.

Total operating revenues reached 12,336 K€, up +15.0% year-on-year. It includes 8,323 K€ of capitalized production, nearly 40% of which is related to the development of Kalray's next generation Data Processor, Coolidge 2™. As a reminder, a significant portion of the funding for Coolidge 2™ R&D is covered by the government-funded future investment program, "CARAIBE".

Current expenses are well under control, increasing slightly by 7.8% to 17,585 K€ at December 31, 2021, compared to 16,311 K€ at December 31, 2020, a level well below the forecasts (+20% announced in the press release of April 20, 2021).

The increase is mainly due to external expenses (+15%) related to one-off subcontracting expenses (notably for customer projects), design tool licenses, marketing expenses and personnel expenses. It should be noted that Kalray has 103 employees at the end of December 2021, a level in line with forecasts, compared with 90 at the end of 2020.

In the end, EBITDA³ was stable at -5 771 K€ at December 31, 2021, compared with -5 862 K€ at December 31, 2020.

Depreciation, amortization and provisions increased by 4,034 K€ compared to December 31, 2020, to -12,852 K€, due to investments made in Kalray's latest generation Coolidge™ processor (manufacturing masks, test equipment).

After taking into account the research tax credit (+21% to 3,613 K€), the adjusted operating result⁴ is -15 010 K€ compared to -11 687 K€. The net result is -15,115 K€ at December 31, 2021 versus -11,818 K€ at December 31, 2020.

³ EBITDA: Earnings Before Interests, Taxes, Depreciation, and Amortization

⁴ Adjusted operating result : Operating result + Research tax credit

AVAILABLE CASH AND SECURING ADDITIONAL FINANCING

As of December 31, 2021, Kalray's available cash amounted to 12,222 K€, compared to 20,238 K€ as of December 31, 2020. The financing line signed with Kepler Cheveux has been used up to 10.6 M€ as of December 31, 2021, out of a total of 12 M€, and has allowed to cover for a large part the cash flows related to operations (-7,063 K€) and investments (-5,359 K€). After the close of the fiscal year, the financing facility was used in its entirety.

Financial debts amounted to 11,612 K€ (including 6,286 K€ of conditional advances and 5,326 K€ of bank debts corresponding essentially to the "PGE" state-guaranteed loans being amortized over 4 years from mid-2022. Shareholders' equity amounted to 25,627 K€.

To complete its financial resources and cover its needs for more than 12 months, Kalray has signed a memorandum of understanding for the issuance of convertible bonds for an amount of 10 M€. The issue should be finalized shortly and will be the subject of a press release.

A CHANGE OF DIMENSION WITH THE ACQUISITION OF ARCAPIX

Kalray has announced that it has signed an agreement to acquire Arcapix Holdings Ltd, a leading software company specializing in high-performance storage solutions for compute-intensive applications⁵.

This acquisition will allow Kalray to accelerate its commercial deployment in France and abroad, by giving access to a portfolio of customers in markets with very demanding needs in terms of storage and data management (media, artificial intelligence, health, scientific research), as well as to a network of strategic resellers, including Dell Technologies.

With this transaction, Kalray will also make a significant change in size with the integration of more than 50 employees in the UK and the USA. Kalray's workforce will grow from approximately 100 employees at the end of 2021 to more than 150 after the acquisition, with a significant strengthening of sales, pre-sales and customer support functions.

In parallel, Arcapix and Kalray are already working on integrating Kalray's acceleration cards into Arcapix's solutions for an integrated solution to be released in the second half of 2022.

⁵ Press release of March 3, 2022

As already mentioned in the last announcements regarding this transaction, Kalray acquires 100% of the share capital of Arcapix Holdings Ltd for a maximum amount of 464,770 Kalray shares⁶ and 0.9 million euros paid in cash subject to future adjustments. By way of illustration, a shareholder holding 1.00% of the current share capital of Kalray prior to the completion of the acquisition would hold a 0.93% interest if all of the aforementioned Kalray shares were allocated to the sellers.

The transaction is expected to close after the approval of Kalray's extraordinary General Meeting of Shareholders which will be held on April 15, 2022⁷.

HENRI RICHARD JOINS THE SUPERVISORY BOARD OF KALRAY

Mr Henri Richard has been appointed independent board member of Kalray. H. Richard has held numerous senior management positions with leading companies in the IT industry. Amongst them are Executive Vice President, Chief Sales and Marketing Officer at AMD, Senior Vice President, Chief Sales and Marketing at Freescale. In the last decade, he led the Worldwide OEM sales at Sandisk Corporation until the sale of the company to Western Digital, and then became Executive VP at NetApp until his retirement in June 2020. Mr H. Richard is currently an executive partner at Gartner.

20 MILLION IN CUMULATIVE REVENUES AND STABLE EBITDA IN 2022

For 2022, Kalray anticipates a cumulative revenue of €20 million⁸ and a stable EBITDA after taking into account the accretive effect of Arcapix which will compensate continued investment of the offer.

At this stage, Kalray's management does not anticipate any impact of the current crisis in Ukraine on the company's turnover in 2022.

The 2022 fiscal year should thus mark a change in dimension to reach the ambition of annual revenues of €100 million in 2023.

⁶ At closing, 73,384 shares would be issued to the sellers and the balance of the purchase price of up to 391 386 additional shares will be paid in several deferred instalments over 3 years depending on the presence of the founders and completion of performance objective. The price per Kalray share that would be used in the acquisition would be equal to € 36.12 (the volume-weighted average price of the shares of Kalray over the 180-trading-day period immediately preceding the signature of the non-binding tem sheet related to the contemplated transaction).

⁷ Publication au Balo n°30 du 11 mars 2022 (avis de réunion)

⁸ Pro forma data integrating Arcapix over 12 months - As of March 31, 2021, Arcapix generated a positive EBITDA for annual revenues of approximately €7 million - unaudited data

Next meeting:

July 12, 2022 (after market close): Activity for the first half of 2022

ABOUT KALRAY

Kalray (Euronext Growth Paris - FR0010722819 - ALKAL) is a fabless semiconductor company, a leading provider of a new class of processors, specialized in Intelligent Data Processing from Cloud to Edge. Kalray's team have created and developed its leading-edge technology and products to help its clients maximize the market possibilities presented by a world dominated by massive, disparate and pervasive data.

Thanks to Kalray's patented manycore architecture, Kalray's MPPA® Intelligent Data Processors are natively capable of managing multiple workloads with no bottlenecks to enable smarter, more efficient and energy-wise dataintensive applications. Kalray's offering includes processors, acceleration cards with associated software environment and appliances, allowing its customers to design the best solutions in fast growing sectors such as modern data centers, 5G, AI and Edge Computing, autonomous vehicles and others.

Founded in 2008 as a spin-off of CEA French lab, with investors such as Alliance Venture (Renault-Nissan-Mitsubishi), Safran, NXP Semiconductors, CEA and Bpifrance, Kalray is dedicated through technology, expertise and passion to offer more: More for a smart world, more for the planet, more for customers and developers.
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