

KALRAY CONTINUES ITS ROADMAP IN 2021, TARGETING STRONG ACCELERATION FOR 2022

- Launch of two products in 2021, aimed at next-generation storage solutions for data centers: the NVMe KALRAY Flashbox™ storage array and the K200-LP™ acceleration card with KALRAY processors;
- 2021 revenue up +40% versus 2020, supported by the initial sales of these solutions;
- Continued progress in Edge Computing, automotive and 5G markets;
- Cash end of period: €12.2m, in line with budget;
- Strategy to boost sales in 2022, with in particular Kalray entering into exclusive negotiations with Arcapix, a leader in data storage software solutions for high-speed applications;
- Cumulative revenue target of €20 million¹ in 2022.

Grenoble - France, January 20, 2022 – KALRAY (Euronext Growth Paris: **ALKAL**), a leading provider in the new generation of processors specialized in Intelligent Data Processing from Cloud to Edge, reviews its business in 2021² and shares its outlook for 2022.

Éric Baissus, Chairman of the KALRAY Executive Board, commented:

“In 2021, we made progress in all of our established priority areas. We finalized the deployment of our volume production card tool with WISTRON and we successfully marketed our two flagship products, namely the programmable K200-LP™ acceleration cards and the next-generation FlashBox™ storage array. Revenue is starting to increase, particularly with initial sales of these products, although the global context of shortages and travel restrictions prevented us from fully achieving our business objectives. We have made considerable progress, not only with our strategic partners and projects, but also in markets which will be key to KALRAY’s growth in the years ahead, notably automotive, 5G and more generally, Edge Computing.”

¹ Pro-forma data

² Audit procedures for revenue and cash were conducted. However, an audit of the financial statements is still ongoing

In 2022, our ambition is to accelerate our commercial deployment and maintain our technological lead in a market that is of central importance to much of the industry. The proposed acquisition of Arcapix is perfectly in line with this strategy and represents a crucial milestone in achieving our ambition to become a leading worldwide semiconductor and solution provider for intelligent data processing."

2021, SIGNIFICANT PROGRESS IN THE COMPANY'S FOUR PRIORITY AREAS

1/ CONSOLIDATION OF THE OFFERING AND MARKET RAMP-UP FOR KALRAY'S STORAGE OFFERING

In 2021, KALRAY set the following strategic priority: finalize the deployment of its volume production chain for acceleration cards with Taiwanese player, WISTRON. In parallel, the Group focused on implementing the commercial phase of its next-generation server and card offering for the high-performance storage market, based on its Coolidge Data Processing Unit (DPU). As such, in 2021, KALRAY launched its all-new KALRAY K200-LP™ acceleration card. As a reminder, the K200-LP™ acceleration card delivers unmatched performance per watt and per dollar, providing a unique solution to next-generation storage needs for the Cloud and Edge. In September 2021, KALRAY also unveiled a new NVMe storage array, the FLASHBOX™, co-developed with the Viking subsidiary of global leader, Sanmina.

In a market environment disrupted by the shortage of components, which inevitably held back business activity, KALRAY posted revenue of €1,454k, up +40.8% (€1,033k at December 31, 2020), notably driven by initial sales of these new products.

As well as large-scale projects such as the development of solutions to accelerate virtualized environments for data centers with Vates and Scaleway, KALRAY is deploying a large number of tests for these offerings with its prospects, particularly Cloud Service Providers. In 2022, the Group expects to substantially increase its sales volumes for storage solutions.

2/ STRATEGIC COLLABORATION WITH LEADING AUTOMOTIVE PLAYERS

KALRAY's automotive action plan aims to supply its technology as part of strategic projects with major automotive industry players. In 2021, KALRAY and NXP collaborated to develop the BlueBox 3.0 development platform, aimed at next-generation vehicles and integrating KALRAY's solution. KALRAY was also selected by one of the world's largest automotive integrators to assess the use of its technology in next-generation L2/L3 vehicles for market introduction by 2024/2025.

3/ HIGHLY PROMISING DEVELOPMENTS IN THE FAST-GROWING EDGE COMPUTING AND 5G MARKETS

KALRAY seeks to commercialize its acceleration cards in the telecommunications/5G market as of 2023. At the end of first-half 2021, the Group announced a partnership with Orange, Bull/Atos, Renault, and 6WIND to work on an innovative project. To this end, KALRAY is stepping up its strategy to deploy its acceleration cards based on its MPPA® processor. The "PIRANA" project aims to develop an optimized solution that consumes less energy and is open and sovereign. The project, which is based on KALRAY's acceleration cards for next-generation 5G infrastructure, centers on validating this solution in intelligent transport systems and "Smart Cities" use cases. The target markets include several hundred thousand cards per year.

KALRAY is continuing its efforts to deploy its technology in the Industry 4.0 and Smart Vision market, which has significant potential in the years ahead.

4/ DEVELOPMENT OF A NEXT-GENERATION COOLIDGE 2 AS PART OF FUTURE INVESTMENT PROJECTS

2021 was also a year of investment in Research & Development (R&D) to kick start the development of KALRAY's next-generation data processor, Coolidge™2. Coolidge™2 is an upgraded version of the existing Coolidge™ processor. It has a twofold purpose. First, to increase the performance/power consumption ratio of the current generation. Second, to expand Coolidge's capabilities in order to meet the requirements of the DPU market as a whole, whether for storage, networking or high-performance computing. Initial versions of the Coolidge™2 processor are scheduled for end-2022/early 2023 with volume production expected from end-2023. It should be noted that a considerable portion of Coolidge™2's R&D financing is covered by the "CARAIBE" investment programme for the future, funded by the French government. "CARAIBE" was selected in 2021 in addition to the "PIRANA" project.

CASH END OF PERIOD: €12.2M, IN LINE WITH BUDGET

As of December 31, 2021, cash totaled €12.2m (versus €20.2m at December 31, 2020). €10.6m of the line of financing agreed with Kepler Cheuvreux was used as of December 31, 2021 (+€1.5m versus September 30, 2021).

2022: ROBUST GROWTH EXPECTED FOR THE DATA PROCESSING UNIT MARKET (DPU)

In our modern societies, technologies such as artificial intelligence (AI), 5G, video streaming and real-time analytics are becoming ever-present. These solutions produce massive data flows. In response, there is a growing industry need for solutions that can generate, analyze, manage and deploy data much more efficiently than traditional offerings as regards performance and consumption. Against this background – processors

known in the industry as “Data Processing Units (DPU) – perform real-time, compute-intensive calculations and are becoming increasingly important³.

KALRAY’s fast-growth and investment strategy is supported by this increased need and its stronger recognition.

APPOINTMENT OF ADAM TARNOWSKI, SVP & GENERAL MANAGER, AMERICAS

As planned, KALRAY continued to expand its workforce in 2021. To that end, Adam Tarnowski was appointed SVP, General Manager, Americas, in early 2022. Most recently Mr. Tarnowski held the title of CVP and GAM at AMD responsible for the coverage of a top global cloud provider. In prior roles he led Flex’s Cloud & Data Center business as a VP and was a critical driving force behind its triple digit growth. Mr. Tarnowski also held leadership positions in sales, business development and marketing within the cloud and semiconductor industry including over a decade of tenure at both Intel and AMD. Most notably, he was the Co-Founder and Director of Sales for Hyve Solutions and held a board seat at Open19. Mr. Tarnowski is based in San Jose CA.

2022: FOCUS ON SCALING UP WITH THE START OF EXCLUSIVE NEGOTIATIONS TO ACQUIRE THE LEADER IN STORAGE SOFTWARE SOLUTIONS

KALRAY now intends to accelerate its commercial deployment both in France and worldwide. With this in mind, KALRAY announced exclusive negotiations to acquire UK-based Arcapix Holdings Ltd, a leading provider of high-performance storage software solutions for high-speed critical data processing and management⁴.

Arcapix’s solutions offer customers large storage capacity and more efficient and optimized data flow management while at the same time benefiting from fast and secure content delivery. The company actively operates in the AI and healthcare/research industries, all of which have pressing data storage needs. These industries are among the fastest growing storage segments, with an estimated average annual growth rate (CAGR) of more than 20% over the next five years and major critical data storage and management needs⁵.

Arcapix’s products are widely used by some of the largest corporations the world over. The company’s customer base includes the likes of Framestore, Red Bee Media, and Imperial College London. Arcapix products

³ As for example, in November 2021, Gigaom3 published a report on DPUs positioning Kalray as a key player of DPU market. (<https://gigaom.com/report/gigaom-sonar-report-for-data-processing-units-dpu/>)

⁴ See press release of January 20, 2021

⁵ Allied Market Research, 2021

are sold directly and distributed through strategic reseller partners such as Dell Technologies. As of March 31, 2021, Arcapix achieved positive EBITDA⁶ with annual revenue of approximately €7 million⁷.

The contemplated acquisition is fully aligned with KALRAY's strategy and would expedite its access to the market. KALRAY has identified multiple benefits resulting from the potential merger. These include:

- **A scale up.** With its 50-strong team, Arcapix boasts experts in storage and high-performance computing with a sales force and support team of more than 30 people across the globe.
- **New markets:** the contemplated acquisition would open up new market opportunities for KALRAY in three of the most data-intensive industries (media, AI and scientific research).
- **A new customer base:** As a result of the contemplated acquisition, KALRAY would have a more extensive customer base including resellers such as Dell Technologies.
- **An extremely complimentary product offering:** Arcapix will continue to introduce its offerings to customers while integrating KALRAY NVMe acceleration cards and Flashbox™ into its solutions. Parallel to this, the teams will work hand-in-hand in an effort to establish next-generation products with a focus on the storage and high-speed data processing markets.

KALRAY will notify the markets regarding the next steps of this transaction.

Factoring in the proposed Arcapix acquisition, KALRAY now expects combined⁸2022 revenue of €20m. Lastly, the Group confirms its ambition to generate €100m in revenue in 2023.

Next meeting:

Thursday April 21, 2022 (before market): Full-year 2021 results

⁶ EBITDA: earnings before interests, taxes, depreciation, and amortization

⁷ Unaudited data

⁸ Pro forma data

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 data-intensive 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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