

H2 2022 EARNINGS, STRONG GROWTH IN REVENUE AND SIGNIFICANT IMPROVEMENT IN CONSOLIDATED EBITDA

- Strong growth in consolidated revenue (€4.8 million) and historic level of combined revenue¹ (€10.8 million) - Significant improvement in consolidated EBITDA;
- Signature of a strategic partnership with Dell Technologies;
- Kalray and Viking's Flashbox™ solution awarded "Best Technology" at the Flash Memory Summit (FMS);
- Launch and official presentation of the first joint Arcapix / Kalray product at the FMS;
- Final negotiation phase with a major international client for a large-scale development framework contract with a commercial potential of several tens of millions of euros per year;
- Available cash: €11.1 million at the end of June 2022;
- Confirmation of 2022 financial guidelines (€20 million in combined revenue⁽¹⁾ and improved combined EBITDA) and revision of 2023 objectives.

Grenoble - France, September 21, 2022 – KALRAY (Euronext Growth Paris: ALKAL), a leading provider of hardware and software technologies for high-performance, data-centric computing markets, from Cloud to Edge, has published its first half 2022 earnings (from January 1 to June 30, 2022). The consolidated accounts integrate Arcapix Holdings Ltd as of April 15, 2022.

On the occasion of KALRAY's half-year results for 2022, **Eric Baissus, President of Kalray's Executive Board, declares:** *"This first half of the year has been a change of dimension for Kalray, as we announced. A change of dimension in terms of revenues, with combined revenues of more than €10M in the first half of the year, while improving our EBITDA. Change of dimension with the integration of the Arcapix teams, which translates in addition to the commercial impact by a growth of our staff, in particular at the commercial level, and by the addition to our portfolio of very complementary products. Change of dimension by the new partnerships that we are setting up, such as with Dell Technologies, world leader in the field of storage, or Amazon Web Services - partners that will allow us to accelerate the deployment of our solutions on the market. And finally, a change of dimension with the entry into the*

¹ Alternative performance indicator. Consolidated revenues as if the Arcapix acquisition had been completed on January 1, 2022, excluding other restatements. Exchange rate EUR/GBP 1.16. Data subject to a limited review by the statutory auditors.

final phase of negotiation of a contract with one of the world leaders in its market and representing a commercial potential of several tens of millions of euros per year. As far as 2023 is concerned, the environment is forcing us to revisit our objectives in a prudent manner, but we are nevertheless counting on strong growth with a turnover that should at least double compared to this year."

A VERY STRONG INCREASE IN REVENUE ...

For the first half of 2022, Kalray announces a consolidated revenue of €4,768K, a very strong increase (+1049%) compared to the first half of 2021 (€415K) including Arcapix revenues between April 15 and June 30, 2022. Combined revenue also reached a historic level of 10.8 M€ on June 30, 2022.

... LINKED TO A DYNAMIC ACTIVITY IN THE STORAGE MARKET

Kalray continues to roll out its offering in the world of high-performance storage.

Kalray has just reached an agreement with Dell Technologies and joins the highly selective Extended Technologies Complete (ETC) program as the lead partner for Dell Technologies' storage offerings. As a result, pixstor™ and ngenea® solutions are now part of Dell's product portfolio.

Kalray has also qualified its K200-LP™ storage acceleration cards based on its MPPA® processor with Dell Technologies, with the goal of offering Dell Technologies' customers the ability to integrate Kalray's cards and further increase their performance.

The commercial impact of the agreement between Dell Technologies and Kalray should be several million euros this year.

Kalray also introduced at the annual Flash Memory Summit (FMS) in Santa-Clara, California, its first joint product integrating Kalray's K200-LP™ boards and Arcapix's pixstor™ software offerings. This offering is beginning to be offered to Arcapix customers and should contribute to Kalray's revenue as early as this year.

In addition, the Flashbox™ solution from Kalray and Sanmina's American subsidiary Viking was awarded "best technology" at the Flash Memory Summit (FMS). While most of the world's storage players were attending the FMS, this award demonstrates the value of Kalray's technology and offering in the storage world and the recognition that Kalray is gradually gaining in this market. Kalray's Flashbox™ is aimed at companies creating and managing their own data centers, whether private or public, and seeking to optimize their storage infrastructures. Earlier this year, Kalray announced that it was working with Clever Cloud, a European provider of automation and optimization solutions for hosting websites and applications on the Internet².

² See press release of July 5, 2022

The pxitmedia³ business, which was created from the integration with Arcapix and is aimed at the media market, has been selected by Amazon Web Services (AWS) to join the Independent Software Vendor (ISV) Acceleration Program. This joint sales program for AWS partners allows companies deploying their solutions on AWS to benefit from pxitmedia's storage offering, particularly in the media world.

H2 2022 EARNINGS

FULLY SUCCESSFUL INTEGRATION OF ARCAPIX AND SIGNIFICANT IMPROVEMENT IN CONSOLIDATED EBITDA

Current expenses increased by 30% to 11 692 K€ on June 30, 2022 against 8 974 K€ on June 30, 2021 and include the integration of Arcapix between April 15 and June 30, 2022. Headcount expenses thus increased by 2 484 K€. At the end of June 2022, Kalray has 167 employees, compared to 91 on June 30, 2021. Several additional recruitments are in progress for R&D engineers, sales, and customer support positions. Other expenses increased slightly by 6%.

Despite the increase in operating expenses related to the change of scope, the accretive effect of Arcapix is effective; the consolidated EBITDA⁴ improved, at -2,008 K€ compared to -3,439 K€ on June 30, 2021.

Depreciation, amortization, and provisions increased by 34.6% compared to June 30, 2021, to -7 844 K€. They reflect the investments made in the latest generation of KALRAY's Coolidge™ processor.

After taking into account the research tax credit (+31.3% to 2,244 K€), the restated operating result⁵ is almost stable at -7,608 K€ at June 30, 2022 compared to -7,559 K€ at June 30, 2021. The net result for the first semester is -7,524 K€ compared to -7,631 K€ on June 30, 2021.

AVAILABLE CASH OF €11.1M AS OF JUNE 30, 2022

Shareholders' equity is 25,459 K€ on June 30, 2022.

Available cash on June 30, 2022 is €11,119K, a limited decrease of €1,103K compared to December 31, 2021 (€12,222K). The company continues to demonstrate its ability to combine several types of financing. Kalray strengthened its resources over the first half of 2022 thanks to: (i) the balance of the pre-financing of 2021

³ See press release dated July 8, 2022. Pxitmedia is Kalray's business dedicated to the media and entertainment markets.

⁴ Ebitda : Earnings before interests, taxes, depreciation and amortization

⁵ Restated operating income: Operating income + Research tax credit

CIR (research tax credit) for 1,715 K€, (ii) the balance of the 2021 equity line for 1,430 K€ and (iii) a bond financing for a gross amount of 6,582 K€ (out of a total of 10,742 K€)⁶.

The balance of the bond financing (issue of simple bonds for 4160 K€) has just been paid up. As envisaged in the press release of April 21, 2022, the Company has decided, with the agreement of the bondholders, to convert the simple bonds issued in April 2022 into convertible bonds of the same nature and with the same characteristics as those issued in April 2022. This reimbursement of the simple bonds by compensation was authorized by the Supervisory Board on September 16, 2022 and decided by the Executive Board on the same day⁷.

Gross financial debts amount to 15,803 K€ including 6,125 K€ of conditional advances, 5,133 K€ of bank loans and 4,531 K€ of convertible bonds (net) at June 30, 2022.

A goodwill related to the integration of Arcapix has been booked for an amount of 10 853 K€, before allocation of this value to other assets. On the liabilities side, "Other debts" is corresponding for 14137 K€ to the debt towards the Arcapix sellers, which will be reimbursed exclusively in shares (391 386 shares to be issued over the next 4 years). The balance sheet total is 63 391 K€ on June 30, 2022 and was 43 280 K€ on December 31, 2021.

Finally, Kalray is currently in discussion with major European players for collaborative projects, a substantial source of non-dilutive funding for an innovative company like Kalray. In order to continue to meet the eligibility criteria for this type of project, the company intends to proceed with a reduction in the nominal value of Kalray shares, from 10€ to 1 € per share, an accounting operation with no impact on the real value of the shares. To this end, an extraordinary general meeting will be convened in the next few days.

IMMINENT SIGNATURE OF A MAJOR DEVELOPMENT FRAMEWORK AGREEMENT WITH A KEY INTERNATIONAL CLIENT...

Kalray announces that it is currently in the final stages of negotiations with a major international OEM for a framework development contract for the use of its acceleration cards. This contract alone could eventually bring in revenue of several tens of millions of euros per year over several years and represents a major step forward for the company, demonstrating both Kalray's ability to convince major international players with its

⁶ See press release of April 21, 2022 - As of August 31, 2022, 295,026 shares from the convertible bonds have been issued.

⁷ As an indication, if all the convertible bonds issued and not reimbursed on June 30, 2022 and those issued on September 16, 2022 were converted on the basis of Kalray's share price on September 16 2022, a shareholder holding 1.00% of Kalray's share capital would see his or her shareholding fall to 0,93% of the share capital on a non-diluted basis and to 0.82% on a fully diluted basis (taking into account the existing dilutive instruments on June 30, 2022).

technology and products and the importance of the contracts the company intends to sign in the various target markets.

...WHILE ADVANCING IN THE KEY AREAS OF SMART VISION, 5G AND AUTOMOTIVE

Kalray is also making significant progress in the Smart Vision, 5G and automotive markets. In the telecom/5G market, the company is in the process of validating its value proposition centered on the MPPA® architecture and its acceleration cards with major industry players such as Orange, Vodafone and Bull-Atos, in particular through the PIRANA⁸ and 5G-OPERA projects. Accelerator cards and new generations of DPU (Data Processing Unit) processors will play a very important role in the upcoming 5G telecom infrastructures. Kalray intends to become a leader in this field, and a sovereign one at that.

As part of the European Processor Initiative (EPI) project, Kalray demonstrated a medium-range object detection system with BMW using 4K cameras. Embedded in a BMW car on German roads, Kalray's MPPA® DPU processors were at the heart of the real-time analysis and operation of the vehicle. The solution was tested in different driving configurations, for pedestrian detection, identification of incoming and outgoing vehicles, on average roads with traffic lights and finally on a high-speed freeway.

CONFIRMATION OF 2022 FINANCIAL TARGETS AND REVISION OF 2023 TARGETS

The current backlog and ongoing commercial discussions allow Kalray to confirm its 2022 financial objectives, i.e. combined revenue of €20 million and an improved combined EBITDA.

At the same time, Kalray is still forecasting very strong sales growth in 2023 despite the current difficult environment. For reasons of prudence, the company prefers to revise its previous target of €100 million in 2023, while aiming to at least double its sales next year, compared to 2022.

AVAILABILITY OF THE HALF-YEARLY FINANCIAL REPORT 2022

The consolidated financial statements were reviewed by the Supervisory Board and approved by the Executive Board on September 21, 2022. The half-yearly financial report, including the consolidated financial statements as of June 30, 2022 and the notes thereto, is available in the "Financial Documents" section on the company's website www.kalrayinc.com.

⁸ The PIRANA project is the use of a Coolidge™ card to offload the main processor (typically Intel x86) of the DU telecom server from some radio, network/security, storage and application/IA functions. The 5G OPERA project aims to build open and/or virtualized hardware and software solutions based on an open architecture for private 5G network solutions, especially for a virtualized campus.

ABOUT KALRAY

Kalray (Euronext Growth Paris - ALKAL) is a leading provider of hardware and software technologies and solutions for high-performance, data centric computing markets, from cloud to edge.

Kalray provides a full range of products to enable smarter, more efficient, and energy-wise data-intensive applications and data center infrastructures. Its offers include its unique patented DPU (Data Processing Unit) processors and acceleration cards as well as its leading-edge software-defined storage and data management offers. Separated or in combination, Kalray's high-performance solutions allow its customers to improve the efficiency of data centers or design the best solutions in fast-growing sectors such as AI, Media & Entertainment, Life Science, Scientific Research, Edge Computing, Automotive and others.

Founded in 2008 as a spin-off of the well-known French CEA research lab, with corporate and financial investors such as Alliance Venture (Renault-Nissan-Mitsubishi), NXP Semiconductors or 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. www.kalrayinc.com

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APPENDICES

Data submitted to limited review by statutory auditors.

PROFIT & LOSS

K€	June 30 juin, 2021	Jun 30, 2022
Net sales	415	4,768
Subsidies	1,154	1,223
R&D capitalization	4,007	5,034
Other revenues	70	89
PRODUITS D'EXPLOITATION	5,646	11,114
Cost of Sales	(111)	(1,429)
Operating expenses	(8,974)	(11,692)
<i>including Salaries & contributions</i>	<i>(4,799)</i>	<i>(7,283)</i>
<i>including other expenses</i>	<i>(4,176)</i>	<i>(4,176)</i>
EBITDA	(3,439)	(2,008)
Amortization & Depreciation	(5,829)	(7,844)
OPERATING RESULT	(9,268)	(9,852)
RESEARCH TAX CREDIT	1,709	2,244
NET OPERATING RESULT	(7,559)	(7,608)
FINANCIAL RESULT	(78)	92
EXCEPTIONNAL RESULT	6	(8)
NET RESULT	(7,631)	(7,524)

BALANCE SHEET

IN K€ ASSETS	December 31, 2021	June 30, 2022
Intangible assets	19,461	34,596
<i>Of which goodwill</i>	-	<i>10,853</i>
Tangible assets	4,764	4,423
Financial assets	698	711
NON CURRENT ASSETS	24,923	39,730
Inventories	229	884
Accounts receivable	1,095	5,824
Other receivable (CIR, Subsidies)	3,980	5,002
CASH	12,222	11,119
CURRENT ASSETS	17,526	22,829
Accrued expenses	831	832
TOTAL ASSETS	43,280	63,391

K€ LIABILITIES	December 31, 2021	June 30, 2022
EQUITY	25,627	25,459
Provisions	124	315
R&D refundable advances	6,286	6,125
Bank loans	5,326	9,678
Accounts Payable	2,628	2,904
Taxes & contributions payable	1,298	2,165
Other debts	47	14,247
TOTAL DEBT & LIABILITIES	15,709	35,435
Deferred revenue	1,944	2,497
TOTAL LIABILITIES & EQUITY	43,280	63,391

CASH FLOW STATEMENT

K€	December 31, 2021	June 30, 2022
Self-financing capacity	(4,762)	(711)
Working capital Variation	(2,300)	(3,074)
OPERATING CASH FLOW	(7,062)	(3,785)
Capital expenditures	(5,359)	(6,700)
<i>Including Arcapix acquisition</i>		(5,460)
R&D capitalization	(8,323)	(5,034)
Investment subsidies	1,563	934
INVESTMENT CASH FLOW	(12,119)	(10,800)
FREE CASH-FLOW	(19,181)	(14,585)
Net Cash from investors	11,124	7,772
Bank Debt (net)	(247)	(240)
R&D conditional advances and prepaid subsidies (net)	288	142
FINANCING CASH FLOW	11,165	7,674
Cash variation	(8,016)	(6,911)
<i>Cash beginning of period</i>	<i>20,238</i>	<i>12,222</i>
<i>Cash beginning of period (Arcapix)</i>	<i>-</i>	<i>5,808</i>
CASH END OF PERIOD	12,222	11,119