

2023 SEMESTER RESULTS

KALRAY BREAKS-EVEN FOR FIRST TIME DUE TO STRONG GROWTH IN REVENUE AND EBITDA

- Very strong first half revenue growth at €15.3 million (+219%) with 62% gross margin;
- Consolidated EBITDA reaches break-even (compared to -€2.0 million in the first half of 2022) despite operating expense growth;
- Strong gross cash of €23.3 million;
- Enhanced opportunities in AI with the launch of Coolidge™ 2, available to the first customers starting from end September;
- "Jumbo contract" on track with production of first prototype board;
- KALRAY recognized as best DPU technology at the Flash Memory Summit Awards and a new alliance in the media sector;
- New objectives for 2023: EBITDA at break-even for the year with revenue of €30 million.

Grenoble - France, September 21, 2023 – Kalray (Euronext Growth Paris: ALKAL), a leading provider of hardware and software technologies and solutions for high-performance, data-centric computing markets from cloud to edge today announces its 2023 half-year results. The financial statements were approved by the Board of Directors, following a review by the Supervisory Board, on September 20, 2023, and have undergone a limited review by the auditors.

Éric Baissus, Chairman of the Board of Directors of KALRAY, states:

"KALRAY shows a significant improvement in its semi-annual results with, for the first time in our history, break-even EBITDA. This reflects the relevance of our strategic choices and the value of our products. Our transformation in 2022 allow us to enter the cycle of growth and profitability we're experiencing today.

Our markets are dynamic, and there are numerous opportunities, especially with the surge in demand related to the emergence of AI and the new opportunities for Kalray with the release of Coolidge2. The ramp-up of the partnership with Dell is more gradual than anticipated, with also longer sales cycles than direct sales, this model confirms its

effectiveness, and we are confident in achieving EBITDA breakeven as early as this year. At the same time, recognition of our technology continues with the recent award for the best DPU at the Flash Memory Summit for the second consecutive year, and we continue to actively work on signing new contracts to pursue our growth and profitability strategy over the next few years. »

STRONG GROWTH IN REVENUE AND BREAK-EVEN EBITDA

In the first half of 2023, KALRAY reported consolidated revenue of 15,275 K€, a significant increase of +219% compared to the first half of 2022 (4,768 K€) and compared to 16,414 K€ for the entire year 2022. The software/hardware revenue breakdown remains roughly the same as last year, with 2/3 of revenue from the "software" segment and 1/3 from the "hardware" segment.

Total operating income reached 21,470 K€ as of June 30, 2023 (compared to 11,114 K€ as of June 30, 2022) and includes 5,641 K€ in capitalized production, reflecting the ongoing development of new product generations.

The gross margin is 62% in the first half of 2023, indicating strong perceived value by customers and commercial momentum in profitable market segments.

Operating expenses increased by +34% to 15,684 K€ as of June 30, 2023, compared to 11,700 K€ as of June 30, 2022. This includes 5,016 K€ in external expenses (compared to €4,417 K€ as of June 30, 2022) and an increase in personnel expenses of +40% to 10,680 K€ compared to 7,283 K€ as of June 30, 2022, due to ongoing recruitment (sales, support, management) and salary increases in an inflationary context.

Despite increases in operating expenses aligned with the Company's growth strategy, and thanks to strong growth and gross margin, consolidated EBITDA¹ is at break-even for the first time, at -34 K€ as of June 30, 2023, compared to -2,015 K€ as of June 30, 2022.

Depreciation and provision expenses amount to 4,317 K€ in the first half of 2023, compared to 7,837 K€ in the first half of 2022. This variation is explained by the end of the depreciation of Coolidge™ before the start of the depreciation of Coolidge™ 2, whose production was launched this summer.

Research tax credit amounts to 1,474 K€ compared to 2,244 K€ as of June 30, 2022 due to a higher proportion of subsidies in the first half.

The adjusted operating result² improves significantly to -2,877 K€ compared to -7,608 K€.

After taking into account the financial result, the net result improves significantly to -3,001 K€ as of June 30, 2023, compared to -7,524 K€ as of June 30, 2022.

¹ EBITDA: Earnings Before Interests, Taxes, Depreciation, and Amortization

² Adjusted operating result : Operating result + Research tax credit

STRONG GROSS CASH OF €23.3 MILLION AS OF JUNE 30, 2023

KALRAY's equity stands at 55,572 K€ as of June 30, 2023, compared to 47,707 K€ as of June 30, 2022.

KALRAY's available cash remains strong at 23,298 K€ as of June 30, 2023, compared to €32,198 K€ as of December 31, 2022, in a context of financing growth (-6,515 K€ in operating cash flows) and continued investments (-1,844 K€ in investment cash flows).

Financial debts amount to 10,129 K€ (compared to 12,974 K€ as of December 31, 2022) and include 6,229 K€ in conditional advances and 3,900 K€ in bank debts (corresponding to the amortizable government-guaranteed loan over 4 years starting from mid-2022).

JUMBO CONTRACT SCHEDULE ON TRACK, COOLIDGE™ 2 LAUNCH , AND EXPANDING HORIZONS IN THE FIELD OF ARTIFICIAL INTELLIGENCE

Following the completion of the Coolidge™2 design phase in June and the beginning of its production, Kalray received the first samples of its new processor in late August. Coolidge™2 will be delivered to the first customers by the end of September. Coolidge™2 comes with Kalray's complete development environment, including the Kalray AccessCore™ SDK, the KaNN software tool for porting various deep learning networks developed from industry-standard tools, and the new K300 acceleration cards featuring Coolidge™2.

With the rise of AI and the need to process and analyze data more efficiently, fast storage plays a crucial role. Coolidge™2 aims to further enhance the performance of its current range of fast storage solutions. Acceleration cards based on Coolidge™2 will deliver performance gains of 20% to 50% compared to current solutions, significant energy consumption reductions, and support for additional features such as real-time compression to optimize storage utilization.

Beyond the data-intensive storage market, Kalray aims to take a leadership position in the broader edge computing market. Coolidge™2 targets two particular types of solutions. First, "Smart Vision" solutions involve analyzing streams of images or videos as efficiently as possible, particularly using new AI-based approaches. Kalray has already signed a major contract with an industry leader in 2022³ who will be one of the first to test Coolidge™2. Additionally, the telecommunications and 5G market, for which Kalray is working with several industry leaders, is also evolving rapidly with the increasing adoption of AI to replace or complement traditional algorithms that have been commonly used to date.

³ See press release from November 14, 2022

CONTINUATION OF KALRAY'S TECHNOLOGY RECOGNITION AND NEW ALLIANCE IN THE MEDIA SECTOR

As announced during the summer⁴, KALRAY was recognized for the best DPU at the 17th edition of the Flash Memory Summit Awards. This award signifies industry recognition of KALRAY's innovation and commercial value in the data intensive storage market, and for DPUs in general. for the second consecutive year.

KALRAY also recently announced a strategic alliance between its subsidiary **pixitmedia** and Grass Valley, a leading provider of technologies for the media and entertainment industry, to offer a joint solution for content delivery on-site, in the cloud, and in hybrid mode. This technical alliance aims to combine the expertise and technology of two industry leaders in media, integrating **pixitmedia**'s storage solution that delivers capacity and performance to demanding workloads with Grass Valley's Agile Media Processing Platform (AMPP) ecosystem⁵.

EXPECTED EBITDA AT BREAK-EVEN FOR 2023 FOR THE FIRST TIME IN THE COMPANY HISTORY

KALRAY observes a strong demand on its offering targeting fast storage, especially in the domain of GenAI ("Generative Artificial Intelligence") and of Media & Entertainment. The implementation of an indirect sales model for this offering allows Kalray to leverage its partners' existing infrastructure and reduce the Group's operational expenses. However, the ramp-up of the recent partnership with Dell, while significant, is slower than initially anticipated, with longer sales cycles compared to Kalray's direct sales.

For these reasons, Kalray anticipates annual revenue of approximately €30 million, compared to the initial projection of €40 million, while remaining confident in achieving EBITDA breakeven this year, surpassing its previous goal of improving EBITDA (compared to -€2.7 million in 2022).

AVAILABILITY OF THE 2023 HALF-YEAR FINANCIAL REPORT

The half-year financial report, including unaudited consolidated financial statements as of June 30, 2023, and their appendices, will be available in the "Financial Documents" section on the company's website at www.kalray-bourse.com

⁴ See press release from 10 August 2023

⁵ See press release from 12 September 2023

ABOUT KALRAY

Kalray 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 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 Sciences, 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 the auditors

INCOME STATEMENT

K€ (consolidated data)	H1/2022	H1/2023
Net Sales	4 768	15 275
Subsidies	1 223	460
R&D capitalization	5 034	5 641
Other revenue	89	94
TOTAL REVENUE	11 114	21 470
Cost of sales	(1 429)	(5 820)
Operating expenses	(11 700)	(15 684)
including Salaries & contributions	(7 283)	(10 680)
including other expenses	(4 417)	(5 016)
EBITDA	(2 015)	(34)
Amortization & Depreciation	(7 837)	(4 317)
OPERATING RESULT	(9 852)	(4 351)
Research Tax Credit	2 244	1 474
NET OPERATING RESULT (with Research Tax Credit)	(7 608)	(2 877)
FINANCIAL RESULT	92	(116)
EXCEPTIONNAL RESULT	(8)	(8)
NET RESULT	(7 524)	(3 001)

CONSOLIDATED BALANCED SHEET

K€ ASSETS (consolidated data)	As of 31/12/2022	As of 30/06/2023
Intangible assets	38 129	42 487
<i>incl. goodwill</i>	13 762	13 309
Tangible assets	3 131	3 085
Financial assets	373	278
NON CURRENT ASSETS	41 633	45 850
Inventories	2 065	2 821
<i>Accounts Receivable</i>	3 682	8 464
Other receivable (CIR, CICE, Subsidies)	7 027	6 305
CASH	32 198	23 298
CURRENT ASSETS	44 972	40 888
Accrued expenses	1 439	701
TOTAL ASSETS	88 044	87 439

K€ LIABILITIES (consolidated data)	As of 31/12/2022	As of 30/06/2023
EQUITY	47 707	55 572
Provisions	427	831
R&D refundable advances	6 309	6 229
Bank loans	6 665	3 900
Accounts Payable	6 227	7 516
Taxes & contributions payable	3 065	3 929
Other debts	15 922	8 999
DEBTS & LIABILITIES	38 615	31 404
Subsidies deferred revenue	1 722	463
TOTAL LIABILITIES & EQUITY	88 044	87 439

CASH FLOW STATEMENT

Cash flow in K€ (consolidated data)	December 31st, 2023	June 30th, 2023
Gross Margin	7 062	7 435
Opex	(26 153)	(15 696)
R&D subsidies	1 888	2 034
Change in working capital	863	(195)
Tax credit	1 958	-
Debt reimb	(721)	(93)
OPERATING CASH FLOW	(15 103)	(6 515)
Investment	(2 901)	(1 844)
FREE CASH-FLOW	(18 004)	(8 359)
Net Cash from investors	36 675	-
Bank Debt reimbursement	1 282	(823)
R&D conditionnal advances and prepaid subsidies (net)	23	602
FINANCING CASH FLOW	37 980	(221)
Annual CASH IN (CASH OUT)	19 976	(8 580)
Cash beginning of period	12 222	32 198
CASH END OF PERIOD	32 198	23 397