

KALRAY ACHIEVES SIGNIFICANT IMPROVEMENT **IN 2023 ANNUAL RESULTS**

- Consolidated revenue of €25.8 million, up 57%, confirming the significant transformation undertaken by the company;
- Gross margin of 67%, in strong increase;
- Substantial improvement of EBITDA margin, above target shared in January;
- Gross cash of €13.2 million at the end of 2023;
- Continued successful execution of the "Jumbo Contract," with 250 cards already in production, discussions underway for a new batch in 2024, and confirmation of significant potential for scale-up in 2025;
- Strategic collaboration with Arm in the AI market;
- Commercial funnel continues to grow strongly, in line with annual revenue growth objective, with an anticipated ramp-up in the second half due to current commercial cycles.

Grenoble, France April 24, 2024 – Kalray (Euronext Growth Paris: ALKAL), a leading provider of hardware and software solutions to accelerate data intensive and AI workflows from Cloud to Edge, announces its annual results for 2023. The financial statements were approved by the Board of Director, following review by the Supervisory Board, on April 19, 2024. Audit procedures have been carried out and the audit report for certification is pending issuance.

Éric Baissus, CEO of Kalray, states :

“Kalray continues to grow strongly, consistently striving to become the European leader in data processing and AI acceleration solutions. Our 2023 results show a robust increase in revenue and further improvement in our EBITDA compared to last year. We have also begun production of our new TC4 acceleration card, with several hundred units currently being produced and further orders expected.

As the AI market is just beginning to grow, we continue to invest significantly in AI-related technologies. The development of our next generation of processors, Dolomites™, is rapidly progressing. With Dolomites™, Kalray aims to play a major role in the AI value chain, complementing traditional CPU and GPU solutions, which are costly and energy-intensive.

In this context, we have just announced a key partnership with Arm to integrate Dolomites™ into Arm's based next-generation of solutions. This marks a significant recognition and a major step forward to work alongside industry leaders and secure a central role in the high-potential markets of AI and data processing acceleration."

STRONG GROWTH IN REVENUE AND SUBSTANTIAL EBITDA IMPROVEMENT

In fiscal 2023, Kalray reported a consolidated revenue of €25,829K, marking a strong increase of 57% from €16,414K in 2022). The revenue split between software and hardware remained roughly the same as last year, with two-thirds from software and one-third from hardware.

Total operating income reached €40,045K at the end of December 2023 (compared to €30,696K in December 2022), including €12,177K of Capitalized Research and Development expenses related to ongoing development of new products.

The gross margin significantly increased to 67% at the end of December 2023, compared to 56% in 2022, reflecting excellent control over pricing and product mix.

Operating expenses remained well managed among growth and inflation, increasing by 25% to €32,774K at the end of December 2023 (compared to €26,153K in December 2022). These include external expenses of €11,401K (up 16% from €9,813K in December 2022), including increases in facility costs. Personnel expenses reached €21,373K at the end of December 2023 (from €16,340K in December 2022), reflecting ongoing recruitment, particularly in the United States in sales, support, and management roles. Kalray's total headcount at the end of December 2023 was 205.

The consolidated EBITDA¹ significantly improved, exceeding the January 2024 target², at (€1,074K), compared to (€2,678K) at the end of December 2022.

Depreciation and provisions amounted to €15,190K as of December 31, 2023, compared to €16,953K in 2022. This includes the start of depreciation for Coolidge™ 2 from August 2023 and also incorporates €1 717K for the amortization of the goodwill related to the Arcapix acquisition.

The operating result, adjusted of the Research Tax Credit³ (amounting to €4,456K), improved to (€11,808K) as of December 31, 2023 from (€15,582K) as of December 31, 2022.

¹ Earnings Before Interest, Taxes, Depreciation and Amortization

² See press release as of 11th January 2024

³ Adjusted operating result: Operating result + Research tax credit

After considering the financial result, the net result also improved to (€11,694K) as of December 31, 2023, compared to (€15,548K) at the end of December 2022.

GROSS CASH OF €13.2 MILLION AT END OF 2023, AHEAD OF ADDITIONAL FINANCING

Kalray's equity stood at €49,710K at the end of December 2023 (€47,707K in December 2022), including vested share options and the balance of convertible bonds issued in January 2023.

Gross cash amounts to €13,209K at the end of December 2023, compared to €32,198K at the end of December 2022, which had benefited from a significant fundraising event. The cash burn for the year was primarily due to (i) an additional working capital requirement in a high-growth environment (€5,843K), (ii) significant R&D investments related among other factors to the production of the Coolidge2™ generation (approximately €4M in "Tape-Out" costs⁴), and to the upcoming Dolomites™ processor generation (for a total amount of €8,436K at the end of December 2023 compared to €2,905K in 2022).

Note that the Group received grants totaling €4,269K during the period, this amount includes the IP Cube program under the France 2023 plan, aimed at addressing the rapid growth of the strategic markets of Artificial Intelligence and Edge Computing⁵.

Financial debts amounted to €10,207K (compared to €12,974K on December 31, 2022) and include €6,936K of conditional advances and €3,271K of bank debts (corresponding to the amortizable government-guaranteed loan over 4 years starting from mid-2022).

This financial situation does not account for various additional financings, particularly benefiting from Kalray's new ability to access non-dilutive financing to continue investments in its new generation of Dolomites processors. In this context, the Company is currently finalizing the setup of a bank loan and preparing to launch a EuroPP (Euro-denominated Participatory Loan).

⁴ Tape out means the end of the design phase and the start of the production phase. Kalray recalls that it is a fabless model and therefore uses subcontractors for manufacturing.

⁵ See press release as of 11th May 2023

CONTINUED PROGRESS ON THE "JUMBO CONTRACT" - PRODUCTION OF THE FIRST HUNDREDS OF "TURBO4CARD" AND ONGOING DISCUSSIONS FOR NEW BATCHES IN 2024 WITH SIGNIFICANT SCALE-UP IN 2025

Kalray continues to execute the "jumbo contract" according to the established schedule with its customer. Kalray reminds that it initiated the pre-series phase of its "TURBO4CARD" ("TC4").

As part of this major contract, Kalray has already received an initial order of around 250 cards currently in production⁶, worth over a million dollars. A service contract (support and assistance) is in the final stages of discussion and is expected to generate additional revenue of several hundred thousand euros in the second half of the year. Finally, other orders are currently being discussed with this major player for the second half of 2024 and for a more significant ramp-up in 2025.

In this regard, Kalray reminds that it has announced the commercialization of its TC4 card. The TC4 meets the complex requirements of modern data processing workloads. Featuring four of the latest DPU from Kalray, Coolidge™2, in a single PCIe card, the TC4 is designed to enable clients to merge traditional and AI-based processing technologies, a critical challenge for building the most demanding AI applications.

The TC4 targets two rapidly growing markets: intelligent vision applications and data indexing markets, driven by the adoption of Artificial Intelligence. The TC4 is manufactured in France, at the Asteelflash French factory, one of the global leading manufacturers.

Kalray also showcased its product portfolio at NAB2024, the largest global event in the media domain, and validated strong interest in its solutions in this market.

FIRST OPPORTUNITIES IN THE 5G MARKET EXPECTED IN THE SECOND HALF

Besides AI, Kalray is focusing on the use of its processors and acceleration cards, Coolidge 2™, in the 5G domain, which requires intensive data processing. Kalray is currently establishing a strategic partnership with a market leader in this area, which is expected to facilitate the sale of its first products in the second half of 2024.

⁶ See press release 11th January 2024

DOLOMITES™, THE NEXT GENERATION UNDER DEVELOPMENT, AT THE HEART OF THE AI MARKET

The development of Kalray's next generation of DPUs continues and is accelerating. With Dolomites™, expected to enter production by the end of 2025, Kalray aims to become a major player in the AI value chain, particularly in Generative AI. With this new processor built around the "chiplet" concept and Kalray's unique MPPA™ technology, Kalray plans to offer a distinctive solution that complements traditional GPU-based offers, and provides an alternative for applications requiring less resource-intensive and less expensive processing solutions. Discussions are underway with major industry players for the deployment of Dolomites™ in their next generation of solutions.

ENHANCED COLLABORATION WITH ARM

In this context, Kalray announced today⁷ that it has extended its collaboration with Arm. By becoming a member of the Arm Total Design (ATD) ecosystem, Kalray will help more companies integrate its unique AI and data acceleration technology and help Arm ecosystem partners commercialize AI-based solutions in a fraction of the time and cost usually needed. Arm Total Design helps accelerate and simplify the delivery of custom silicon based on Arm Neoverse CSS and has grown to more than 20 partners, including the top three leading foundries, ASIC design houses, IP vendors, EDA tool providers, and firmware developers who are driving leading-edge innovation.

GROWING COMMERCIAL FUNNEL

With the volume production ramp-up of the "jumbo contract" in 2024 and more significantly in 2025, the strengthened strategic collaboration with Arm, and an increasing number of projects using its cards and acceleration platform in the domains of AI, storage, and 5G, Kalray is solidifying its medium-term outlook on highly potential markets.

In 2024, the number of commercial opportunities is growing strongly, in line with the company's growth objectives. Kalray experiences that the decision-making process, including in sectors with historically shorter commercial cycles like media, tends to extend in a somewhat tighter global economic environment. In this context, the company expects a stronger revenue ramp-up in the second semester.

Simultaneously, investments, developments, and the establishment of strategic partnerships on the next-generation Dolomites™ will continue into 2024.

⁷ See press release as of 24th April 2024

AVAILABILITY OF THE 2023 ANNUAL FINANCIAL REPORT

The annual financial report, including the audited consolidated financial statements as of December 31, 2023, and their appendices, will be available, by 30th April 2024 at the latest, in the "Financial Documents" section on the company's website www.kalray-bourse.com

ABOUT KALRAY

Kalray is a technology innovator specializing in software and hardware solutions to accelerate data-intensive workflows in Media & Entertainment, High-Performance Computing, and Artificial Intelligence. Our comprehensive product range features ngenea, a leading data acceleration platform, as well as accelerated data processing cards for storage and compute.

With Kalray solutions, customers can scale their infrastructures to efficiently meet the performance and capacity needs of data-intensive tasks, all without being tied to specific data formats or vendors.

Founded in 2008 as a spin-off from the French CEA research lab, Kalray has corporate and financial backing from notable investors such as Alliance Venture (Renault-Nissan-Mitsubishi), NXP Semiconductors, and Bpifrance. Committed to innovation and excellence, we strive to deliver value to our customers, developers, and the planet through technology and expertise.

INVESTOR CONTACTS

Eric BAISSUS

contactinvestisseurs@kalrayinc.com

Phone +33 4 76 18 90 71

ACTUS Finance & Communication

Anne-Pauline PETUREAUX

kalray@actus.fr

Phone + 33 1 53 67 36 72

PRESS CONTACTS

Penta STANLEY

communication@kalrayinc.com

Phone +44 7939 877 880

ACTUS Finance & Communication

Serena BONI

sboni@actus.fr

Phone +33 4 72 18 04 92

APPENDICES

INCOME STATEMENT

Audited datas

K€ (consolidated data)	FY2022	FY2023
Net Sales	16 414	25 829
Subsidies	2 280	1 916
R&D capitalization	11 753	12 177
Other revenue	249	123
TOTAL REVENUE	30 696	40 045
Cost of sales	(7 221)	(8 345)
Operating expenses	(26 153)	(32 774)
<i>including Salaries & contributions</i>	(16 340)	(21 373)
<i>including other expenses</i>	(9 813)	(11 401)
EBITDA	(2 678)	(1 074)
Amortization & Depreciation	(16 953)	(15 190)
OPERATING RESULT	(19 631)	(16 264)
Research Tax Credit	4 049	4 456
NET OPERATING RESULT	(15 582)	(11 808)
FINANCIAL RESULT	187	153
EXCEPTIONNAL RESULT	(153)	(39)
NET RESULT	(15 548)	(11 694)

CONSOLIDATED BALANCE SHEET

Audited datas

K€ ASSETS (consolidated data)	As of 31/12/2022	As of 31/12/2023
Intangible assets	38 129	41 940
incl.goodwill	13 762	2 336
Tangible assets	3 131	5 537
Financial assets	373	602
NON CURRENT ASSETS	41 633	48 079
Inventories	2 065	4 216
Accounts Receivable	3 682	10 395
Other receivable (CIR, CICE, Subsidies)	7 027	3 737
CASH	32 198	13 209
CURRENT ASSETS	44 972	31 556
Accrued expenses	1 439	881
TOTAL ASSETS	88 044	80 517

K€ LIABILITIES (consolidated data)	As of 31/12/2022	As of 31/12/2023
EQUITY	47 707	49 710
Provisions	427	1 399
R&D refundable advances	6 309	6 936
Bank loans	6 665	3 271
Accounts Payable	6 227	7 966
Taxes & contributions payable	3 065	4 170
Other debts	15 922	6 931
DEBTS & LIABILITIES	38 615	30 672
Subsidies deferred revenue	1 722	135
TOTAL LIABILITIES & EQUITY	88 044	80 517

CASH FLOW STATEMENT

Audited datas

Cash flow in K€	December 31st, 2022	December 31st, 2023
Operation Cash Flow before Capex & WC variation	2 749	3 697
Change in working capital (including R&D tax Credit)	(4 465)	(5 843)
OPERATING CASH FLOW	(1 716)	(2 146)
Capital Expenditures	(2 905)	(8 436)
R&D Capitalized	(11 754)	(12 177)
Subsidies	1 888	4 269
Other / Cash-acquisition subsidiaries	(3 105)	(163)
INVESTMENT CASH FLOW	(15 876)	(16 507)
FREE CASH-FLOW	(17 592)	(18 653)
Net Cash from investors	36 675	217
Bank Debt (net)	1 282	(1 328)
R&D conditional advances and prepaid subsidies (net)	23	627
FINANCING CASH FLOW	37 980	(484)
Change effect	(412)	148
Annual CASH IN (CASH OUT)	19 976	(18 989)
Cash beginning of period	12 222	32 198
CASH END OF PERIOD	32 198	13 209