

## **KALRAY AND PLIOPS ENTERS INTO EXCLUSIVE NEGOTIATIONS TO CREATE A GLOBAL LEADER IN DATA ACCELERATORS FOR AI AND STORAGE ACCELERATION**

- Two industry leaders join forces to develop cutting-edge System-on-Chips (SOC) solutions for Generative AI (GenAI) and storage data acceleration;
- By merging Pliops' KV technology with Kalray's MPPA™ architecture, the combined entity will deliver unparalleled data processing performance for AI and GenAI applications;
- The proposed merger will be executed through a share exchange, with Kalray shareholders retaining majority control;
- Existing investors in Pliops would become shareholders in the combined entity as a result of the proposed merger;
- The merger brings together complementary teams with a solid international presence, poised to drive innovation and growth;
- The companies are in advanced discussions, with an exclusivity period agreed upon until mid-July 2024.

**Grenoble, 3 June 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 that it has entered exclusive negotiations to merge with the Israeli company Pliops, by way of a contribution (*apport*) of Pliops shares to Kalray. Pliops specializes in developing advanced technologies and acceleration solutions for AI and storage servers in data centers.**

*"This proposed merger with Pliops represents a major strategic opportunity for our companies. By combining our strengths, we aim to become the global leader in data acceleration solutions for storage and AI GPUs. We are confident that this alliance would offer our customers even more disruptive solutions and present a unique value, including to the most advanced players in the market," says Eric Baissus, CEO of Kalray. Discussions are at an advanced stage, and we seek to converge them and sign a definitive agreement in the coming weeks."*

*Ido Bukspan, CEO of Pliops and former SVP of Chip Design at NVIDIA says, "The potential in this proposed merger between our two companies is tremendous. Combining our technological expertise, teams, and products to make this new entity a global leader will significantly accelerate our time to market with a novel storage paradigm for AI data acceleration solutions."*

## PLIOPS, AN EXPERT IN ACCELERATION SOLUTIONS FOR NEXT-GENERATION AI STORAGE SERVERS AND DATA CENTERS

Pliops, the innovative Israeli startup, has gained renown for its innovative development of advanced technologies and acceleration solutions, specifically targeting next-generation storage servers and GPU computing platforms. These solutions aim to significantly enhance AI data access speed, propelling the industry to unprecedented levels of performance in AI and data processing. Pliops collaborates with industry giants, leveraging its technology to enhance market-leading GPU-based AI solutions.

Furthermore, Pliops' cutting-edge technology plays a pivotal role in accelerating the next generations of NVMe storage arrays and database applications. These two rapidly expanding markets benefit from Pliops' enhancements, all achieved without necessitating any infrastructure changes.

Located near Tel Aviv in the Israeli Silicon Valley, Pliops has renowned worldwide shareholders in its capital, including AMD, Intel Capital, KDT, NVIDIA, SK Hynix, SBVA, WD and more. After the proposed merger's completion, existing Pliops shareholders would become shareholders of Kalray. Pliops has raised about \$200 million since its inception in 2017 and employs approximately 120 employees in Israel, the U.S and China.

It is expected the integration of Pliops would consolidate additional cash, covering Pliops financial needs for 12 months, and would start having a positive impact on the turnover and EBITDA of the new group from 2025.

*"This merger represents a significant strategic advancement. By combining Pliops and Kalray's exceptional assets, we are poised to enhance business opportunities for both companies."* **stated Eyal Waldman, Chairman of Waldo Holdings and former CEO and co-founder of Mellanox (Acquired by NVIDIA).**

*"KDT is excited to see this merger bring together two companies that can rapidly deliver a robust storage AI acceleration solution to the market."* **stated by Isaac Sigrón, Managing Director at KDT (Koch Disruptive Technologies – KDT), one of the largest shareholder of Pliops.**

## A MAJOR OPPORTUNITY TO BECOME A KEY PLAYER IN THE AI MARKET AND TO ACCELERATE KALRAY'S ROADMAP

Kalray and Pliops have already been working to combine their respective technologies for several months. This transaction would allow Kalray to accelerate its roadmaps and add unique AI acceleration technology into its solution in full alignment with the current strategy. It would also allow Kalray to become the leader in built-for-storage chip data acceleration solutions. These solutions are designed to complement GPUs perfectly, optimizing their use in environments where cost and energy consumption are significant concerns.

With this operation, Kalray aims to significantly accelerate in the strategic and high-potential AI sector in data centers while continuing Kalray development solutions and strategic partnerships, such as the one with ARM<sup>1</sup>.

This merger would bring powerful synergies:

1. **Technologically:** By merging, the combined company can leverage the strengths of both Pliops and Kalray to provide cutting-edge solutions in Data Acceleration for AI and Storage. Specifically:
  - **Optimized Pliops IPs:** The merger allows for the optimization of Pliops' intellectual properties (IPs), enhancing the technological value of Kalray's solutions. This synergy will be particularly beneficial for next-generation Data Acceleration System-on-Chips (SoCs), reducing time-to-market (TTM).
  - **Data Center Acceleration and GPU Farms:** The joint expertise can address the growing demand for data center acceleration and GPU farms, where efficient data access and processing are critical.
2. **Operationally:**
  - **Strengthened Teams:** Pliops' robust technological expertise (with 80% of its staff in R&D) will significantly bolster the merged company's capabilities. The shared costs resulting from the merger will also streamline development efforts.
  - **Independence vs. Collaboration:** Instead of continuing separate development paths, the merger enables collaboration, resource sharing, and operational efficiency.
3. **Commercially:**
  - **Expanded Opportunities:**
    - **Europe and China:** The Kalray group's presence in Europe and China will be strengthened, opening up new markets and business opportunities.
    - **United States (Hyperscalers):** Integration with Hyperscalers in the US market will enhance the combined company's reach and influence.

---

<sup>1</sup> Kalray recently announced joining the Arm Total Design (ATD) ecosystem to streamline the integration of its AI acceleration and data processing technology with Arm ecosystem partners. Refer to the press releases dated February 7, 2024, and April 24, 2024, for further details.

- **NGenea Integration:** Pliops' existing offerings will seamlessly integrate into NGenea, Kalray's Data Acceleration platform, creating a comprehensive solution.

#### 4. Financially:

- **Increased Valuation:** The merger will boost the overall valuation of both companies' activities, creating a more valuable entity in the market.

### PRINCIPAL TERMS OF THE CONTEMPLATED TRANSACTION

The contemplated merger would involve Pliops' shareholders contributing 100% of the shares of Pliops to Kalray, with payment made in new shares of Kalray, to preserve financial resources for the development of the combined entity and to bring Pliops shareholders into the capital.

The envisaged ratios would give Kalray shareholders 65% of the combined entity's capital, compared to 35% for Pliops shareholders, with a possibility of increasing to 40% for Pliops, vs 60% to Kalray, upon achieving predefined strategic objectives.

The LOI establishes an exclusivity period until July 15, 2024, during which Kalray and Pliops will work together to finalize the deal's details. Financial and legal due diligence is ongoing, and both companies are exploring all the opportunities for synergies and added value that this merger could offer.

The transaction's completion would be subject to customary conditions, including consultation with Kalray's works council (*comité social et économique*) and approval by Kalray's and Pliops general assembly of shareholders.

**Kalray draws investors' attention to the fact that the ongoing negotiations may or may not result in the completion of the transaction.**

Kalray will keep the market updated with the next steps.

In the meantime, Kalray (*standalone*) confirms its ambition to achieve strong annual revenue growth for the 2024 fiscal year, with the second half expected higher than in the first half due to previously announced business cycles<sup>2</sup> and supply difficulties for certain components. Based on the billings to date and orders to be recognized by 30 June 2024, the Company anticipates the H1 2024 revenue comparable to that of the H2 2023.

The parties are also considering raising significant funds from various channels, concurrently with the merger, to accelerate its development. Kalray recalls its use of non-dilutive financing; a revolving bank loan of up to €15 million has been signed and Kalray is preparing to launch a EuroPP (Euro Private Placement).

---

<sup>2</sup> See press release 24 April 2024

## 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, and accelerated data processing cards for storage and compute.

With Kalray solutions, customers can scale their infrastructures to efficiently meet performance and capacity needs for 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.

## CONTACTS

### INVESTOR CONTACTS

Eric BAISSUS

[contactinvestisseurs@kalrayinc.com](mailto:contactinvestisseurs@kalrayinc.com)

Phone +33 4 76 18 90 71

ACTUS Finance & Communication

Anne-Pauline PETUREAUX

[kalray@actus.fr](mailto:kalray@actus.fr)

Phone + 33 1 53 67 36 72

### PRESS CONTACTS

Penta STANLEY

[communication@kalrayinc.com](mailto:communication@kalrayinc.com)

Phone +44 7939 877 880

ACTUS Finance & Communication

Serena BONI

[sboni@actus.fr](mailto:sboni@actus.fr)

Phone +33 4 72 18 04 92