

KALRAY'S 2024 HALF REVENUE IN LINE WITH LATEST ANNOUNCEMENTS

STRONG GROWTH EXPECTED IN THE SECOND HALF

NEW FINANCING SECURED AND CONFIRMED OUTLOOK FOR EXPANSION IN AI DATA ACCELERATION

- Revenue of €10.9 million in first half of 2024, close to the second half of 2023 and in line with the latest announcements;
- Strong growth in revenue expected for H2;
- Validation by the client of the final volume production phase of the Jumbo contract representing a total of €100 million for Kalray for coming years;
- Establishment of a non-dilutive bank financing facility and an equity line to strengthen the financial structure;
- Expected imminent signing of an agreement with Pliops to create the global leader in DPU for fast storage, with the primary target market being AI and GenAI.

Grenoble, 11 July 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, provides an update on its activity in first half of 2024 and its outlook.

ACTIVITY IN FIRST HALF OF 2024

At the end of the first half of 2024, Kalray reported a revenue of €10.9 million¹, compared to €10.5 million in the second half of 2023 and €15.3 million in the first half of 2023. This figure aligns with recent announcements² and reflects extended sales cycles and supply chain challenges for certain components, as indicated previously.

¹ Unaudited data

² See press release as of 3 June 2024

The H1 2024 revenue breakdown is similar to that of H1 2023: two-thirds software (primarily software licenses and including support and related services), and one-third in hardware (including acceleration cards and complete storage hardware solutions). Revenue is split evenly between Europe (including the UK) and the United States.

In view of the current sales pipeline, Kalray expects growth in annual revenue for the 2024 fiscal year, with a very strong growth in second half of the year compared to the first half.

GREEN LIGHT FOR RAMPING UP THE JUMBO CONTRACT: A GLOBAL VOLUME OF 100 MILLION EUROS TO BE RECOGNIZED FOR THE NEXT 5 YEARS

Kalray reminds that it signed a major contract in November 2022³ with a leading American player in the industry, covering the development and supply of next-generation DPU-based acceleration cards. These cards will serve as the foundation for the client's upcoming generation of products and services.

The pre-series production launch of the TC4 acceleration card, announced in early January 2024⁴, was highly successful and resulted in initial orders for several hundred cards for Kalray to be recognized in fiscal year 2024, in line with the established timeline.

Impressed by the performance, robustness, and competitiveness of Kalray's high-performance acceleration card, the client has approved the use of Kalray cards in their next generation of products. Kalray is thus entering the final phase of the contract, which involves ramping up to volume production, with several thousand cards to be produced annually.

In addition to its cost-performance advantage, Kalray's solutions have the capability to combine artificial intelligence with a wide variety of data processing tasks, something traditional alternatives like traditional GPUs or FPGAs struggle to support.

Volumes expected from this Jumbo contract totals €100 million over the next 5 years. This marks a decisive step forward for Kalray, propelling it into a new dimension, demonstrating its growth potential and positioning to become a major player in its sector.

³ See press release 14 November 2022

⁴ See press release 11 January 2024

STRENGTHENING KALRAY'S FINANCIAL STRUCTURE

Since the beginning of the year, Kalray has been focused on strengthening its financial structure to support its ambitions of growth, continuing its innovation efforts leading up to the release of its next-generation Dolomites™ processor in 2026, and supporting its expanding prospects in AI and Generative AI (GenAI), facilitated by the proposed combination with Pliops (see below).

In this context, the company has obtained a scalable debt solution, called "Dynamic Revolving Credit Facility," with BNP Paribas, its longstanding banking partner since 2008, providing up to €15 million over a period of 3 years ([as announced on June 17, 2024](#)), which has been utilized at €3 million to date. The remaining €12 million could be released upon certain conditions. Additionally, the company has announced the establishment of a bond loan subscribed by the investment firm IRIS for €6 million, with an option for the company to extend it up to €10 million at its sole discretion (see key terms below).

EXPECTED IMMEDIATE SIGNING OF AGREEMENT WITH PLIOPS TO BECOME A KEY PLAYER IN THE GENERATIVE AI (GENAI)

The first half of 2024 has been highlighted by Kalray's previous announcement on June 3rd of entering into exclusive negotiations with the Israeli company Pliops⁵, specialized in advanced technologies and acceleration solutions for storage servers and AI in data centers. The combined strengths of these two technological leaders aim to deliver cutting-edge solutions for Generative AI (GenAI) and data acceleration in storage. By integrating Pliops' Key Value technology with Kalray's MPPA™ architecture, the new entity will offer unparalleled data processing performance for AI and GenAI applications.

Located near Tel Aviv in Israel's Silicon Valley, Pliops counts among its shareholders globally renowned investors including AMD, Intel Capital, KDT, NVIDIA, SK Hynix, SBVA, and WD. Since its founding in 2017, Pliops has raised approximately \$200 million and employs around 120 people across Israel, the United States, and China.

Financial and legal audits are finished, and both parties are actively working towards finalizing the agreement for a signing expected by the end of the month⁶.

The transaction's completion would be subject to customary conditions, including the approval by Kalray's and Pliops general assembly of shareholders.

⁵ [See press release as of 3 June 2024](#)

⁶ The parties have agreed to extend the exclusivity period until July 31, 2024.

KALRAY IS CLOSE TO A SIGNIFICANT TRANSFORMATION IN SCALE

Kalray is close to a major transformation both commercially and technologically. The upcoming ramp-up of its Jumbo Contract with substantial volumes for the next five years, along with the imminent combination expected with Pliops, positions the company for accelerated growth in the years ahead. This strategic move also opens opportunities for significant market share gains, particularly in high-potential segments within AI and GenAI sectors.

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.

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KEY TERMS OF THE BOND ISSUE

The Company decided to implement an equity line for a total maximum amount of €10 million over 24 months through the issuance of warrants (the "Warrants") to issue bonds redeemable in new shares of the Company (the "Bonds") reserved entirely to the benefit of IRIS (the "Investor"). This equity line is structured in three tranches, the first of which, for an amount of 6 million euros is paid immediately. The next two tranches, for an amount of €2 million each, would be drawn down subject to contractual conditions. The Company may, at its sole discretion and without any fees or penalties, suspend or reactivate the issuance of the Bonds.

The Company's management board, meeting today, authorized by the Supervisory Board, which met on 9, July 2024 and acting by delegation of the combined shareholders' meeting dated June 25, 2024, in accordance with its 22nd resolution, decided to issue for free, to the benefit of the Investor, 4,000 warrants each giving right to subscribe a Bond.

This funding aims to provide Kalray with additional resources to support its growth. It will particularly help to continue its innovation efforts in anticipation of the launch of its next generation of processors, Dolomites™.

Based on current revenue assumptions, drawing the first tranche allows the Company to cover its financing needs until at least September 30, 2024, and until the end of the fiscal year if the entire tranches are drawn (not taking into account the revolving credit facility (RCF)).

No application for admission to trading on any market whatsoever will be made for the Warrants and Bonds which will consequently not be listed.

The Bonds are issued at their nominal value without discount. They will not bear interest and will mature on July 11, 2029. They will be redeemed into ordinary shares at a price equal to 95% of the volume-weighted average price on the trading day immediately preceding the redemption date of the Bonds⁷.

As an indication, if all the redeemable bonds of the first tranche were to be redeemed in shares based on the Kalray share price at the closing of July,9 2024⁸, a shareholder holding 1.00% of the capital of Kalray before the bonds issue, would see his stake go 0.94% of capital on a non-diluted basis and 0.87% of capital on a diluted basis⁹.

⁷ or at a more advantageous price if the conditions are more favorable for the company and equal to the maximum of the following: (i) 95% of the volume-weighted average price on the trading day immediately preceding the redemption date of the Bonds, and (ii) 95% of the lowest volume-weighted average price of a trading day during a period of twenty-five (25) trading days immediately preceding the redemption date of the Bonds, (iii) the average of the volume-weighted prices of the last three (3) trading sessions immediately preceding the redemption date of the Bonds, reduced by a 20% discount (the minimum price set by the Company's general shareholders' meeting on June 25, 2024) and (iv) the nominal value of the shares of the Company.

⁸ €12.28

⁹ Based on the 8,703,463 shares comprising the current share capital on June 30, 2024. The dilutive impact presented takes into account securities giving access to the capital at the date of the present press release. In accordance with the

The new shares resulting from the redemption of the bonds will be fully assimilated to the ordinary shares, will enjoy the same rights and will be admitted to trading on the Euronext Growth market of Euronext Paris.

The Company will have the option to repurchase the outstanding Bonds at 105% of their nominal value on its own initiative. Additionally, the Company may be required to repay the Bonds in cash in the event of certain contractual defaults¹⁰.

This operation does not give rise to publication of a prospectus subject to the approval by the French financial market authority (the *Autorité des marchés financiers* – AMF).

The sale of the shares on the market by IRIS, which does not have the vocation of remaining a shareholder in the Company, is likely to have an impact on the volatility and liquidity of the share and could exert downward pressure on the share price of the Company.

The Company will disclose the number of shares issued as part of this equity line on its website.

Disclaimer

This press release contains forward-looking statements regarding Kalray and its business, including its product development prospects. Kalray believes that these forward-looking statements are based on reasonable assumptions. However, these forward-looking statements do not constitute any guarantee of future performance, considering they are based on future events and depend on circumstances that may or may not materialize in the future, and various risks and uncertainties, including those described in the annual financial report of the Company which it published on April 30, 2024, a copy of which is available on its website (<https://www.kalrayinc.com/fr>), and changes in the economic environment, financial markets and markets where Kalray is present. Readers' attention is particularly highlighted on the fact that the Company's current liquidity horizon is limited to at least September 30, 2024 based on current revenue assumptions, following the disbursement of the first tranche of the bond issue redeemable in shares and excluding the issuance of additional tranches of this bond. This horizon extends to the end of the fiscal year if the entire bond issue repayable in shares is drawn, excluding the use of the remaining credit line facility (RCF). The forward-looking statements provided in this press release are also exposed to risks currently unknown by Kalray or which the latter does not consider to be significant at this time. The materialization of all or part of these risks could lead to real results, financial conditions or achievements by Kalray that differ significantly from the earnings, financial conditions, performance or achievements expressed in these forward-looking statements. Kalray expressly declines any obligation to update such forward-looking statements. This press release does not constitute an offer to sell or the solicitation of an offer to buy any common stock of the Company, and does not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

decision of the Company's management board on July 11, 2024, the maximum number of shares that can theoretically be issued upon repayment of all the Bonds, assuming a full drawdown of the bond issue redeemable in shares, has been set at 2,000,000 Company shares.

¹⁰ Events of default notably include the Company's failure to meet its obligations under the bond issuance agreement, a default on other significant Company debt, the delisting of the Company's shares, a change of control, etc. However, there are no financial covenants.