



KALRAY

Intelligent Data Processing
From Cloud to Edge



2020 ACTIVITIES, OUTLOOK FOR 2021 & UPDATE OF THE FINANCIAL OBJECTIVES: KALRAY AIMS TO BECOME A EUROPEAN CHAMPION IN INTELLIGENT PROCESSORS

- **Coolidge™**: finalization and delivery to customers of the 3rd generation of Intelligent Processor aka Coolidge™ and its software development environment;
- **Data centers**: market launch of the first storage appliance featuring Coolidge™, a cooperation with major Taiwanese player Wistron, for commercial deployment in volume;
- **Automotive**: Coolidge™ at the heart of the new BlueBox 3.0 platform, announced by NXP at CES 2021, for deployment in the automotive market;
- **Edge Computing**: Partnership on-going with leading players to address growing needs, particularly in 5G;
- **Available Cash**: € 20.2 million, up € 4.5 million over 1 year, thanks to new financing, including € 8.0 million as part of the strategic partnership with the world leader NXP Semiconductors, € 5.0 million in State Guaranteed Loans ("PGE") and € 5.2 million in capital increase by private placement, and under strict control spending despite the health crisis;
- **New financing**: Set-up of a line of equity financing with Kepler Cheuvreux in the maximum amount of € 12 million over 24 months, with a maximum discount of 6% and a limited dilutive impact of 7%, to supplement the available resources and allow continued investments;
- **Objective**: Priority to increase in revenue with the ambition of €100 million annual turnover delayed by 6 months to the end of 2023 and deferment of the EBITDA target to breakeven mid-2021 to adapt to the context and maintain investments.

Grenoble, France, January 22, 2020 – Kalray (Euronext Growth Paris: ALKAL), a pioneer in intelligent processors, reviews its business in the second half of 2020¹ and share its outlook for 2021 and following years.

Eric Baissus, CEO of Kalray, declares: *"The global semiconductor industry is today at the dawn of a revolution which is giving rise to important strategic movements, ranging from technological partnerships to full takeover. Kalray is clearly ideally positioned to take advantage of this revolution. Coolidge™, our latest generation microprocessor, is a game changer and a breakthrough product on the market. After many years of development and hard work with our partners and customers, we are pleased to announce the availability of the first products integrating our*

¹ The financial information published today (turnover and available cash) have been audited





processors. This allows us both to consolidate our volume sales target this year and, more broadly, to position ourselves as a key European player of reference in the global market for intelligent processors and edge computing, becoming a standard bearer in the creation of future European reference technologies”

MARKET INTRODUCTION OF COOLIDGE™, THE 3RD GENERATION OF INTELLIGENT PROCESSORS

The key 2020 highlight has been the arrival of Coolidge™, the 3rd generation of MPPA® processors, in the intelligent systems market. The challenge was to provide customers and commercial prospects with all the necessary materials for a commercial launch in volume in 2021.

During 2020, Kalray's priority has been to deliver Coolidge™ to its lead customers in order to allow them to kick start their own developments. Kalray supplied its new MPPA®-DEV4 development kit featuring its AccessCore® 4.0 software and its K200™ new acceleration card. Sales of cards and development kits, as well as related licenses and services, generated € 1.0 million in revenue in 2020, a level comparable to that of 2019 (€ 1.3 million). This turnover is in line with the objectives announced in 2020 while focus was to prepare the commercial volume deployment phase of Coolidge™ scheduled for 2021.

Kalray's K200™ smart storage card, integrating the Coolidge™ processor, has also been certified for NVM Express™ over Fabrics (NVMe-oF) with TCP (NVMe™ / TCP) protocol. This was a major step towards commercial launch of Kalray's Coolidge™-based Cards.

This technological maturity has also made it possible to identify relevant and new business opportunities, beyond the data center and automotive industries, in the "Edge Computing²" markets. In this context, Kalray has initiated discussions with major players, partners and potential customers in the fields of machine vision (analysis and identification of faults on production lines, for example) for Industry 4.0 and 5G networks in particular. New developments could thus emerge in 2021.

MARKET LAUNCH OF THE FIRST COOLIDGE™ STORAGE APPLIANCE WITH WISTRON

In the data center market, Kalray and Wistron, a major Taiwanese manufacturer, have just announced the market launch of FURIO1200™, the first storage appliance based on Coolidge™ and on Kalray's Smart Storage Adapter. The first end-customer pilot deployments are already planned with the first customers (data center and enterprise) in the coming weeks, the last step before ordering.

Whereas most storage platforms run standard x86 processor, the FURIO1200™ is powered by Kalray MPPA® Coolidge™ Intelligent Processor. The MPPA® processor has been designed to manage huge flow of data in real time and removes the traditional bottleneck of newer storage servers incorporating the latest high-speed memory (SSDs). Thanks to Coolidge, all of the storage services supported by the storage server, such as data integrity protection or encryption and de-encryption, can be processed in real time. This results in unique performance

² The vast majority of data are generated at the "periphery" of the network. This is called the "Edge". Cisco estimates, for example, that only 25% of usable data will reach a centralized data center. Most of this data will be ephemeral in nature and will not be recorded or stored, and must be processed in real time, where it is generated. This is called "Edge Computing". The Edge Computing market is estimated to be close to \$ 5.5 billion in 2025.





improvement and reduction of the workload on the servers connected to the FURIO1200™, freeing expensive resources for data center users.

FURIO1200™ storage appliance targets “Cloud Service Providers” as well as companies hosting applications that have very demanding data processing and artificial intelligence requirements.

AT CES 2021, NXP OFFICIALLY LAUNCHES ITS NEW BLUEBOX 3.0 PLATFORM WITH COOLIDGE™

At the same time, Kalray is progressing well in its development in the strategic automotive segment leveraging its strategic partnership with NXP Semiconductors. After 2 years of collaboration, NXP Semiconductors officially launched its BlueBox 3.0 platform, integrating the Kalray Coolidge™ intelligent processor, on January 11 at CES 2021.

The availability of this new generation of BlueBox is a real great achievement. With BlueBox 3.0, NXP and Kalray are offering car manufacturers an integrated and scalable solution, in particular for Advanced Driver Assistance Systems (ADAS), monitoring or Autonomous Driving (AD).

NXP and Kalray now intend to jointly respond to business opportunities related to the BlueBox.

AVAILABLE CASH FLOW UP BY € 4.5M IN 2020, TO € 20.2M

In order to successfully pursue its technological and commercial development, Kalray secured new financing during 2020 while ensuring that the equilibrium of its balance between equity and financial debt are preserved.

In total, Kalray will have raised € 18.2 million over the year, through:

- NXP semiconductors €8 million equity investment to strengthen partnership to co-develop, jointly promote and deploy safe autonomous driving solutions on the market;
- The grant of State Guaranteed Loans ("PGE") of € 5 million, to cover program delays linked to the health crisis;
- A capital increase of € 5.2 million, in order to acquire the additional financial resources necessary to develop and prepare the marketing of the second version of Coolidge™ (Coolidge2™).

These operations were carried out in a context of a health crisis and confirms the attractiveness of Kalray for its partners and the confidence of all stakeholders in the success of the project.

This additional financing, combined with the income generated over the year, made it possible to cover the increase, as anticipated, in cash consumption linked in particular to the increase in investments to finalize the market introduction of Coolidge™.

Thus, Kalray ends 2020 with € 20.2 million of available cash, compared to € 15.7 million as of December 31, 2019.





SUPPLEMENTARY EQUITY FINANCING LINE FOR CONTINUING INVESTMENT

To supplement its financial resources, Kalray announces the establishment of an equity financing line with Kepler Cheuvreux. This line of financing, which complements the fundraising carried out at the end of 2020, will allow technological and commercial developments in the vast field of Edge Computing to continue, beyond the first two target markets, and thus fuel the financial dynamic beyond the 2023 plan and in order to consolidate the Company's leadership position.

In accordance with the terms of an agreement, Kepler Cheuvreux has undertaken to subscribe an amount of € 12 million, on its own initiative, over a maximum period of 24 months, subject to the contractual conditions being satisfied.

The shares will be issued on the basis of a volume-weighted average of the stock market prices over the two trading days preceding each issue, less a maximum discount of 6.0%. These conditions allow Kepler Cheuvreux to guarantee the subscription of the shares over time, as part of a firm underwriting commitment³.

Kalray retains the right to suspend or terminate this agreement at any time free of charge.

The number of shares issued under this agreement and admitted to trading will be disclosed on the company's website.

Assuming full use of this financing line with the issue of 390,000 shares⁴, a shareholder holding 1.00% of the capital of Kalray before it is set up, would see their stake increase to 0.93%⁵ of the capital on an undiluted basis and to 0.84%⁶ of the capital on a fully diluted basis.

This transaction was decided by the Company's Management Board at its meeting today⁷, in accordance with the 18th resolution of the General Meeting of Shareholders of June 11, 2020⁸. It was advised and structured by Vester Finance.

This issue does not give rise to the preparation of a prospectus subject to the approval of the AMF ("Autorité des Marché Financier")

PRIORITY SET TO INCREASE REVENUE IN 2021 TO TREND TOWARDS € 100 MILLION IN REVENUES IN 2023

With these numerous business opportunities, Kalray confirms its ambition to generate significantly higher revenues from 2021, in the order of several million euros. Kalray also confirms its objective of reaching € 100

³ Kepler Cheuvreux acts as a financial intermediary and is not intended to remain in the capital of the Company

⁴ For example, on the indicative basis of a subscription price calculated on the average price of the last ten sessions of the Kalray share on January 20, 2021

⁵ Based on the 5,439,243 shares making up the share capital to date

⁶ Based on the 5,439,243 shares comprising the share capital to date and the 627,068 shares that may be issued upon exercise of the dilutive instruments issued by the Company to date

⁷ In accordance with the abstention commitment made by Kalray on the occasion of its capital increase of November 2020 (press release of November 19, 2020), the issue of the first shares under this financing line will not take place before February 22, 2021

⁸ Delegation of capital increase with elimination of shareholders' preferential subscription rights for the benefit of a category of people meeting specific characteristics





million in annual turnover in the medium term but, given the macroeconomic hazards linked to the continuation of the health crisis, postpones its objective by 6 months, out of prudence. This objective now refers to the calendar year 2023.

In this context, and in order to maintain a pace of investments in line with market potential and opportunities, Kalray postpones its objective of reaching break-even monthly EBITDA by mid-2021. The company will nonetheless endeavor to maintain its financial discipline.

RISK FACTORS

The public's attention is drawn to the risk factors relating to the Company and its activity appearing in the 2020 annual financial report published by the Company on April 20, 2020 as well as to the impact of the current health crisis on the Company activity described in its press release dated April 20, 2020 which are still valid. These documents are available free of charge on its website (www.kalray-bourse.com). The materialization of all or part of these risks is likely to have an unfavorable effect on the activity, financial situation, results, development or prospects of the Company.

In addition, investors are invited to consider the following risks: (i) the total amount of subscriptions for the new shares is not guaranteed, as Kepler Cheuvreux's commitment is subject to certain conditions; (ii) shareholders will see their interest in the Company's share capital diluted as a result of the issue of the new shares; and (iii) as Kepler Cheuvreux is not in a position to retain the shares thus subscribed, their sale is likely to have an adverse impact on the Company's share price.

ABOUT KALRAY

Kalray (Euronext Growth Paris - FR0010722819 - ALKAL) is a fabless semiconductor company, leading provider in a new generation of processors specialized in Intelligent Data Processing from Cloud to Edge. Kalray MPPA® Intelligent Processors are able to capture and analyze on the fly massive data flows, and interact in real time with the outside world. These processors are capable of running demanding AI algorithms and simultaneously a wide set of different processing and control tasks such as intensive mathematical algorithms, signal processing, network or storage software stacks. Kalray's Intelligent Processors can be deployed in fast-growing sectors from Cloud to Edge: modern data centers, 5G telecom networks, autonomous vehicles, healthcare equipment, industry 4.0, drones and robots... Kalray's offering includes processors, acceleration cards and a software suite, for a broad spectrum of customers such as next generation data center equipment manufacturers and service providers, system integrators and consumer product manufacturers such as car makers. Founded in 2008 as a spin-off of CEA French lab, Kalray counts among its investors: Alliance Venture (Renault-Nissan-Mitsubishi), Safran, NXP Semiconductors, CEA and Bpifrance. Read more at: www.kalrayinc.com

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