

## 2022 ANNUAL RESULTS: REVENUE AND EBITDA ABOVE TARGETS STRENGTHENED FINANCIAL POSITION

- Combined revenue of €22.5 million, above the target of €20 million, with consolidated revenue of €16.4 million (x11);
- Very significant improvement in consolidated EBITDA (-€2.7 million versus -€5.8 million in 2021);
- Solid financial position with strengthened shareholders' equity and available cash of €32.2 million;
- 2023 revenue guidance of €40 million confirmed and further improvement in EBITDA targeted.

**Grenoble - France, April 17, 2023 - KALRAY (Euronext Growth Paris: ALKAL), a leading provider of hardware and software technologies for high-performance, data-centric computing markets, from Cloud to Edge, announced its 2022 annual results and its outlook for 2023. The consolidated financial statements integrate Arcapix Holdings Ltd as of April 15, 2022. The financial statements were approved by the Executive Board, after review by the Supervisory Board, on April 14, 2023. Audit procedures were performed and the audit report relating to the certification is being issued.**

### **Éric Baissus, Kalray CEO, commented:**

*"2022 marked a change in dimension for Kalray and was a major stage in our project to become European leader of intensive data processing. In 2022, we generated more than 10-fold revenue growth while also boosting EBITDA significantly.*

*For 2023, we anticipate a dynamic market, where demand for data processing and storage solutions which are more efficient, smarter and less energy intensive will be stronger than ever. Kalray continues to position itself as a market leader with, the launch of two unique and strongly complementary products: our new data management platform, ngenea®2, announced last week, will enable customers to process data flows more quickly and more easily in an optimum way, and our new generation of processor, Coolidge™2, planned for this summer. In this context, we anticipate strong revenue growth this year but also EBITDA growth."*

## **SUBSTANTIALLY IMPROVED CONSOLIDATED EBITDA IN A CONTEXT OF SIGNIFICANTLY CHANGED SIZE**

In fiscal 2022, Kalray posted record consolidated<sup>1</sup> revenue of €16.4 million versus €1.5 million at December 31, 2021 (+1,029%), which was evenly split between Europe with 57% and the rest of the world with 43% including 38% in the United States. As of December 31 2022, Kalray's<sup>2</sup> combined revenue also reached historic levels at €22.5 million, topping the announced target of €20 million and breaking down as 63% from the "Software"<sup>3</sup> segment and 37% from the "Hardware"<sup>4</sup> segment.

Total operating income came to €30,696K (versus €12,336K) and includes €11,753K in capitalized production linked to the development of new generation Kalray products, in particular the new Coolidge™<sup>2</sup>.

Purchases and changes in inventories increased in line with revenue growth, from €522K at December 31, 2021 to €7,221K at December 31, 2022.

Current expenses were up 49% to €26,153K on December 31, 2022, compared to €17,585K on December 31, 2021 in a context of significantly changed scope. They include €9,813K of external expenses (vs. €8,115K on December 31, 2021, i.e., an increase of +21%) and an increase in staff costs of +73% to €16,340K vs. €9,470K on December 31, 2021, particularly in sales, pre-sales and customer support functions with a strong international focus due to the integration of the Arcapix teams. As of December 31, 2022, Kalray has 179 employees, compared to 103 on December 31, 2021.

<sup>5</sup>Consolidated EBITDA showed substantial improvement, at -€2,678K on December 31, 2022, versus -€5,771K on December 31, 2021, in excess of the targets set by the Company to improve its combined EBITDA.

Depreciation, amortization, and provisions totaled €16,953K versus €12,852K, up 32%. They reflect the amortization of Kalray's Coolidge™ processor, now in production.

After taking into account a research tax credit of €4,049K (vs. €3,613K on December 31, 2021, i.e., +12.1%), the restated operating result<sup>6</sup> was -€15,582K vs. -€15,010k. After booking a positive financial result of €187K, the net result was almost stable at -€15,548K on December 31, 2022, compared to -€15,115K on December 31, 2021.

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<sup>1</sup> Exchange rate EUR/GBP 1.16. Unaudited data. Consolidated revenue integrates Arcapix Holdings Ltd as of April 15, 2022.

<sup>2</sup> Alternative performance indicator. Consolidated revenue as if the Arcapix acquisition had been completed on January 1, 2022, excluding other restatements. Exchange rate EUR/GBP 1.16.

<sup>3</sup> Mainly software offer, completed by support activities and related services

<sup>4</sup> Processors, boards and complete hardware solutions for storage

<sup>5</sup> Ebitda: Earnings before interests, taxes, depreciation and amortization

<sup>6</sup> Restated operating income: Operating income + Research tax credit

## STRENGTHENED FINANCIAL POSITION – GROSS CASH OF €32.2 MILLION AS OF DECEMBER 31, 2022

Kalray reported robust available cash at €32,198K at December 31, 2022 versus €12,222K at December 31, 2021 thanks in particular to the capital increase of €24,400K issued in December 2022 and the convertible bond issue.

The Arcapix acquisition was paid both in cash and Kalray shares. In the 2022 fiscal year, the following was booked in Kalray's statement of financial position (i) in assets, goodwill related to the integration of Arcapix totaling €13,762K before allocation of this value to other assets, and (ii) in liabilities, "Other debts" of €14,137K, corresponding to the debt towards the Arcapix sellers, which represents 391,386 shares to be issued up to end-2026, including 73,384 to be issued in April 2023<sup>7</sup>.

Financial debts amounted to €12,960K (vs. €11,612K on December 31, 2021), including €6,309K of conditional advances, €2,066K of convertible bonds and €4,585K of bank debts (corresponding to the State Guaranteed Loan - PGE - which is amortizable over four years as of mid-2022). As of December 31, 2022, Kalray had a positive net<sup>8</sup> cash position of €19,238K.

That same date, Kalray reported significantly strengthened shareholders' equity at €47,707K, compared to €25,627K exactly one year earlier.

## SUCCESSFUL COMMERCIAL SYNERGIES IN STORAGE, ESPECIALLY WITH DELL

Kalray significantly accelerated the deployment of its historical hardware offering based on its DPU processors, its software offering from the acquisition of Arcapix Holdings Ltd ("Arcapix") and the combination of these two offerings.

In particular, the commercial synergies following the acquisition of Arcapix have given Kalray access to an extensive customer portfolio in markets with very demanding needs in terms of data storage and advanced data workflows (media, artificial intelligence, healthcare, scientific research, etc.).

In 2022, Kalray also joined the exclusive Extended Technologies Complete (ETC) program as lead partner for Dell Technologies' storage offerings. Since then, Kalray's teams have been working closely with Dell Technologies pre-sales and sales forces, initially in the United States and, since the start of the year, in Europe. This very fruitful collaboration has already resulted in several million euros in orders for Kalray and should lead to strong growth in sales activity in the second half of the year, given the sales cycles. These orders, mainly in the United States to

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<sup>7</sup> On the date of completing the transaction, 73,384 shares were issued to the sellers with the balance of the purchase price of up to 391,386 additional shares to be paid in several deferred installments over a four-year period depending, among other things, on participation from the founders and the attainment of commercial targets. The price per Kalray share for this transaction will be equal to €36.12 (volume weighted average price of Kalray shares over the 180 trading days immediately prior to signing the non-binding term sheet that covers the proposed transaction).

<sup>8</sup> Loans and financial debts – available cash

date, represent significant amounts (ranging from a few hundred thousand euros per order to a recent order of 800 K€).

In parallel, Kalray launched its second generation data management platform, ngenea®2. Ngenea®2 is built to integrate Kalray's DPU processors and offers a unique optimum data management solution for companies who need to analyze and process intensive dataflows. Ngenea®2 is being showcased this week by Kalray's pixonmedia subsidiary specialized in media and entertainment, at the 2023 NAB Show® with demonstrations scheduled at the Amazon Web Services (AWS) and Seagate<sup>9</sup> booths.

Lastly, Kalray continues to roll out the first phase of the major contract signed with a key US industry player<sup>10</sup> to develop and supply acceleration cards based on Kalray's DPU processors. The Company and customer teams are currently working closely on the design of the high-performance card including 4 Kalray MPPA® DPU Coolidge™2 processors, to be qualified by the customer in fiscal 2023 prior to the production phase, in line with the original plans. This first milestone will correspond to an initial \$1 million in revenue expected in fiscal year 2023. For the record, this contract represents a business opportunity for Kalray worth tens of millions of euros per year.

## **CONTINUED GROWTH AND RECRUITMENT - 2023 TARGETS: REVENUE OF €40 MILLION AND FURTHER GROWTH IN EBITDA**

For 2023, Kalray is continuing its recruitment policy in order to structure the company for the new phases ahead. These recruitments mainly concern the sales and support teams, but also the management team. In this way, Kalray is getting ready and is hiring a management team capable of steering and realizing the group's growth and profitability ambitions. The company recently welcomed Denis Scherrer as Chief Financial Officer and several very experienced profiles in Kalray's markets, with an international dimension.

In 2023, Kalray will launch two major new product evolutions, ngenea®2, already announced, and Coolidge™2 expected for this summer. In parallel, Kalray will continue to develop its next generation of processors, Dolomites™, financed by funds raised last December and which should also benefit from public support through a call for projects.

Given the number of ongoing projects and on-going active discussions with customers, Kalray expects strong revenue growth, particularly in the second half of the year and confirms its ambition to generate 2023 revenue of €40 million. Kalray is also targeting, for 2023, further EBITDA growth.

### **NEXT FINANCIAL MEETING:**

July 11, 2023 (after market close): Revenue for the first half of 2023

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<sup>9</sup> See press release April 13, 2022

<sup>10</sup> See press release of November 14, 2022

## ABOUT KALRAY

Kalray is a leading provider of hardware and software technologies and solutions for high-performance, data-centric 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 Science, 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](http://www.kalrayinc.com)

## 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 CONTACT

Sylvie DAM

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

Phone: +33 4 76 18 90 71

ACTUS Finance & Communication

Serena BONI

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

Phone: +33 4 72 18 04 92

## APPENDICES

## Audited data

## INCOME STATEMENT

€k	December 31, 2021	December 31, 2022
Revenue	1 454	16,414
Subsidies	2,425	2,280
R&D capitalization	8,323	11,753
Other income	134	249
<b>Operating income</b>	<b>12,336</b>	<b>30,696</b>
Cost of sales	(522)	(7,221)
Operating expenses	(17,585)	(26,153)
including salaries and contributions	(9,470)	(16,340)
including other external expenses	(8,115)	(9,813)
<b>EBITDA</b>	<b>(5,771)</b>	<b>(2,678)</b>
Amortization & Depreciation	(12,852)	(16,953)
<b>OPERATING PROFIT</b>	<b>(18,623)</b>	<b>(19,631)</b>
RESEARCH TAX CREDIT	3,613	4,049
<b>NET OPERATING PROFIT</b>	<b>(15,010)</b>	<b>(15,582)</b>
FINANCIAL RESULT	(105)	187
EXCEPTIONAL RESULT	-	(153)
<b>NET RESULT</b>	<b>(15,115)</b>	<b>(15,548)</b>

## STATEMENT OF FINANCIAL POSITION

€k ASSETS	December 31, 2021	December 31, 2022
Intangible assets	19,461	38,129
<i>Of which goodwill</i>	-	13,762
Property, plant & equipment	4,764	3,131
Financial assets	698	373
<b>NON CURRENT ASSETS</b>	<b>24,923</b>	<b>41,633</b>
Inventories	229	2,065
Accounts receivable	1,095	3,273
Other receivables (Research tax credit, tax receivables and subsidies)	3,980	7,027
Cash and cash equivalents	12,222	32,198
<b>CURRENT ASSETS</b>	<b>17,526</b>	<b>44,563</b>
Accrued expenses	831	1,439
<b>TOTAL ASSETS</b>	<b>43,280</b>	<b>87,635</b>

€k LIABILITIES	December 31, 2021	December 31, 2022
<b>SHAREHOLDERS' EQUITY</b>	<b>25,627</b>	<b>47,707</b>
Provisions	124	427
Conditional advances	6,286	6,309
Bank loans and convertible bonds	5,326	6,665
Trade payables	2,628	5,817
Taxes & contributions payable	1,298	3,065
Other debts	47	15,923
<b>TOTAL DEBTS &amp; LIABILITIES</b>	<b>15,709</b>	<b>38,206</b>
Deferred revenue	1,944	1,722
<b>TOTAL LIABILITIES</b>	<b>43,280</b>	<b>87,635</b>

#### CONSOLIDATED STATEMENT OF CASH FLOW

Consolidated statement of cash flow	Dec. 31, 2021	Dec. 31, 2022
Gross Profit	932	7,062
Operating expenses	(17,585)	(26,153)
Subsidized projects	1,871	1,888
Change in WCR	(712)	863
Tax credit	2,703	1,958
CEA repayment	(722)	(721)
<b>Cash flow from operations</b>	<b>(13,513)</b>	<b>(15,103)</b>
Investments	(5,359)	(2,901)
<b>Free cash flow</b>	<b>(18,872)</b>	<b>(18,004)</b>
Issue of securities	11,124	36,675
Change in borrowings	(247)	1,282
Change in repayable advances	(21)	23
<b>Net cash flow from financing operations</b>	<b>10,856</b>	<b>37,980</b>
<b>Change in cash position</b>	<b>(8,016)</b>	<b>19,976</b>
<i>Cash position at opening</i>	<i>20,238</i>	<i>12,222</i>
<b>Cash position at closing</b>	<b>12,222</b>	<b>32,198</b>