



UPDATE ON KALRAY H1 2020 ACTIVITY: DEPLOYMENT OF COOLIDGE AS PER THE OBJECTIVES

- First sales of development platforms based on Coolidge™, Kalray's new generation of MPPA® processor, during first half of the year;
- Certification in progress of Kalray's storage solution, based on Coolidge™, to be integrated into the next generation of NVMe-oF¹ storage appliances for production by the end of 2020;
- €8M investment from NXP Semiconductors, the leader in semiconductors for the automotive industry, and a strategic partnership put in place working towards jointly deploying safe and reliable autonomous driving solutions;
- Net cash available of € 19 million (*) at the end of June 2020, reinforced in April 2020 by the equity investment of NXP Semiconductors, and by the grant of State Guaranteed Loans ("PGE") ;
- Confirmation of the controlled impact of Covid-19 on the activity of the semester as well as on the company's new objectives;
- European Rising Tech label, awarded by Euronext, rewarding particularly successful and promising companies among more than 350 technology companies listed on Euronext Amsterdam, Brussels, Dublin, Lisbon or Paris.

Grenoble, July 9, 2020 - Kalray (Euronext Growth Paris: ALKAL), a pioneer in processors for new intelligent systems, takes stock of its activity in the first half of 2020 (from January 1 to June 30, 2020) and looks back over the highlights for that period. On this occasion, the company confirms its objectives.

Éric BAISSUS, CEO, commented as follows:

In such an unprecedented health crisis, we managed to make very significant progress this semester, both in terms of the development of our products and the business development of our solutions.

After having unveiled for the first time Coolidge™, our third generation MPPA® processor at CES 2020 in Las Vegas last January, we focused on developing a comprehensive offering of products and solutions based on Coolidge™. We have started to market the first development platform to our strategic customers and the feedback is very encouraging.

¹ NVMe-oF is a global standard defining the use of NVMe over Ethernet, allowing remote access to very high-performance storage appliances.

(*) audited information





In the data center market, we are in the process of certifying our NVMe-oF solution based on our new processor, targeting the storage market. We anticipate the first releases to production of this offering in the next generation of appliances by the end of the year.

In the automotive market, we have strengthened our position by establishing a privileged relationship with NXP Semiconductors, the world leader in semiconductors for the automotive industry, a relationship that has resulted in an investment by NXP in Kalray approximately 10% of the capital. This partnership aims to co-develop, promote and jointly deploy safe and reliable autonomous driving solutions.

The ongoing discussions with our customers and partners confirm our new commercial development calendar presented to the market on April 20, after the outbreak of the health crisis. More generally, the crisis seems to reinforce the need for ever more powerful and intelligent solutions in sectors on which Kalray solutions are positioned, whether in data centers, in the automotive industry but also in connected factories (industry 4.0) or 5G."

FIRST SALES OF COOLIDGE™ DEVELOPMENT PLATFORMS

During the first half of the year, one of Kalray's priorities was to ensure the delivery of Coolidge™ to its strategic customers and to allow them to start their own developments. To make it happen, Kalray finalized the development of its Accesscore 4.0 software and its new acceleration card based on Coolidge™, code-named K200. Combined, these two offerings form the basis of **the new MPPA®-DEV4 development platform, the business development of which began in the second quarter of 2020** and which allow Kalray customers to build their next generation of products based on Kalray intelligent processors.

NVMe-oF SOLUTION CERTIFICATION IN PROGRESS AIMING THE STORAGE MARKET

The acceleration card market for **data centers** is the first short-term market targeted by Kalray, focusing on developing solutions to meet the growing needs for acceleration in the world of storage, network protocols or "Edge computing"².

In particular, Kalray announced a cooperation with **Wistron**, one of the largest manufacturers of servers for data centers in the world, as well as with the French company **2CRSi**, one of the leaders in the design and manufacture of high-performance servers.

In this context, Kalray is developing a solution targeting the next generation of NVMe-oF storage appliances with its partners. During the first half of 2020, Kalray continued to build its "**Smart Adapter NVMe-oF**" offering, whose **certification is scheduled in September**. Certification is an important step on the way to the realization of the first storage appliance by its customers, whose market availability should take place before the end of the year.

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.





A NEW DIMENSION IN THE AUTOMOTIVE MARKET

Kalray's intelligent processors meet the growing needs of the automotive market, and more generally of the booming autonomous and intelligent vehicle market, which requires ever more efficient and secure electronic computing and control platforms.

In the first half of 2020, Kalray strengthened its position in this market of the future by developing its cooperation with the world leader in semiconductors for the automotive market, NXP Semiconductors.

At CES 2019 in Las Vegas, **Kalray had signed a partnership agreement with NXP** to jointly develop and deploy a safe, reliable and scalable solution for the next generation of vehicles. This partnership aimed to combine the decision-making capacity of NXP processors with the computing power and operational reliability of Kalray processors in safe and reliable autonomous driving solutions and more precisely to design a common hardware and software platform ranging from L2 level (autonomy partial) at level L5 (full autonomy).

Building on a promising first year of collaboration, Kalray and NXP Semiconductors announced on April 7, 2020, **the equity investment of € 8 million of NXP Semiconductor (9.95% of Kalray capital stock)**. This investment demonstrates the relevance of Kalray's MPPA® technology for this very demanding market and strengthens the collaboration of the two companies, at the technical as well as the commercial level.

The funds raised will finance **the implementation of this strategic partnership** and the **development of Kalray's roadmap** in the automotive and intelligent embedded systems in general.

REINFORCED AVAILABLE CASH AT JUNE 30, 2020

In order to carry out its roadmap, Kalray continues to implement a rigorous financial policy. At June 30, 2020, **Kalray's available cash stood at € 19.0 million (*)** compared to € 15.7 million at December 31, 2019. It was **reinforced by NXP Semiconductors investment** of € 8 million and by the first half of a **State Guaranteed Loan (PGE) of € 5 million** granted by banking partners (Bpifrance, BNP Paribas and CIC). The second half of the loan was collected early July 2020. Cash consumption in the first semester (€7.2M) is in line with previous announcements: Kalray had announced for 2020 free cash flow lower than that of 2019 (- €14.2 M).

In the first half of 2020, Kalray generated **€ 489K (*) in net sales** (compared to € 455K in the 1st half of 2019), mainly composed of **sales of development stations and Coolidge™ licenses**, most of the service projects, previously constituting the main part of the company's turnover, having been delayed by the health crisis. Due to these announced delays, the company anticipates a turnover comparable to 2019 in 2020 and a significant increase is expected from 2021 with volume sales of Coolidge™ based products by Kalray customers.

At the same time, Kalray continued to invest both in human and technological terms: **11 staffs were added in the first half of 2020**, mainly for the position of engineer and customer support posts. As previously announced, operating expenses are expected to increase by 20% for 2020 compared to 2019, due to recruitments and to the amount allocated to projects related to the partnership with NXP Semiconductors.

IMPACT CONTROL OF THE COVID-19 CRISIS AND CONFIRMATION OF THE NEW OBJECTIVES

If the health crisis led to a slowdown in business activity, Kalray **quickly adapted to ensure the operational continuity of its activities**.

The development roadmap continued thanks to the effectiveness of the Kalray teams' working from home between March 16 and June 22. During this period, the company did not apply to "partial activity" benefits





("Chomage Partiel"). Since June 22, the gradual resumption of activity on site is underway. The containment measures implemented in many countries and the disruptions in partners' organizations have led to a slowdown in business cycles, generating a delay in the deployment of certain projects on which the company is working, as indicated on April 20, 2020.

In the data center market, as announced, the **lag in activity** on projects and in business development activity should only be a few months. Demand remains strong. On the automobile market, which was more affected by the health crisis, the impacts on current projects are more significant, but have little impact on the company's roadmap, since the automobile is a long-term market for Kalray.

In this context, Kalray confirms its new financial objectives presented on April 20, 2020. On the basis of a commercial calendar with the presentation of offers in the 2nd half of 2020 and a large-scale production start in 2021, Kalray has ambition to reach **break-even in monthly EBITDA mid-2021 and an annual turnover of € 100 million between mid-2022 and mid-2023.**

(*) audited information

Next publication:

Wednesday, September 21, 2020 (after market close): H1 2020 results

ABOUT KALRAY

Kalray (Euronext Growth Paris - FR0010722819 - ALKAL) is a fabless semiconductor company, pioneer in a new generation of processors for intelligent systems. MPPA® Intelligent processors are able to capture and analyze on the fly massive data flows, close to where they are generated, 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 mathematical algorithms, signal processing, network or storage software stacks. Kalray's Intelligent Processors can be deployed in fast-growing sectors of Edge Computing and AI: Modern data centers, networks (5G), autonomous vehicles, healthcare equipment, industry 4.0, drones and robots... Kalray's offering includes processors, system boards and a software suite, for a broad spectrum of customers such as data storage systems and compute server manufacturers, intelligent 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

INVESTOR CONTACTS

Eric BAISSUS

contactinvestisseurs@kalray.eu

Tel. +33 (0)4 76 18 90 71

ACTUS finance & communication

Thomas SEGOUIN

kalray@actus.fr

+ 33 1 53 67 36 75

MEDIA CONTACTS

Loic HAMON

communication@kalray.eu

Tel. +33 (0)4 76 18 90 71

ACTUS finance & communication

Serena BONI

sboni@actus.fr

Tel. +33 (0)4 72 18 04 92

