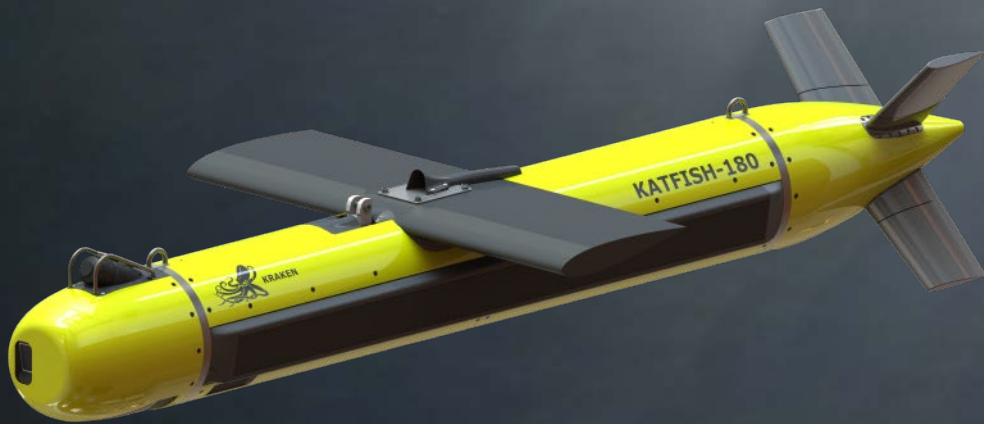




# World Leaders in Underwater Sensors & Robotics

May 2020



# Forward Looking Statements

Some statements herein contain forward-looking information. The use of any of the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "will," "plans," "project," "should," "target" and similar expressions are intended to identify forward-looking statements. These statements may include, but are not limited to, statements with respect to potential markets and contracts, the completion of a proposed transaction, sales and EBITDA projections or potential applications.

These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors and assumptions include, among others, the effects of general economic conditions, the ability to project future sales and margins from current fundamentals and assumptions about market share, changing foreign exchange rates and actions by government authorities or cross-border authorities with jurisdiction over waterways, and negotiations and misjudgments in the course of preparing forward-looking information. Kraken believes the expectations reflected in those statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this presentation should not be unduly relied upon. These statements speak only as of the date of this presentation. In addition, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements.

Known risk factors include risks associated with the ability to close contracts, working capital risk to be able to build inventory, loss of key personnel, lack of patents protecting intellectual property, changes in competing technology, continuing shrinkage of military budgets or other target customer budgets, risks associated with publicly traded company obligations, inability to raise required capital, and other potential risks that arise in the normal course of business. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law.

# 6 Reasons to Invest

1

**Material Revenue Growth Profile**

2

**Industry Upgrade Cycle Just Beginning**

3

**Insider ownership - 27%**

4

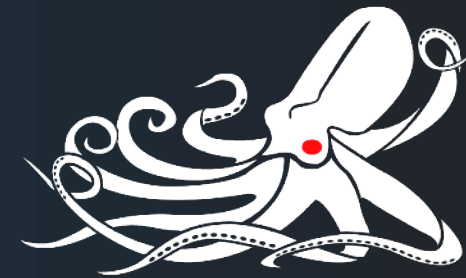
**Product Sales Transitioning to Recurring Revenue  
(Robotics-as-a-Service and Data-as-a-Service)**

5

**Strategic Investor Ocean Infinity  
15% ownership**

6

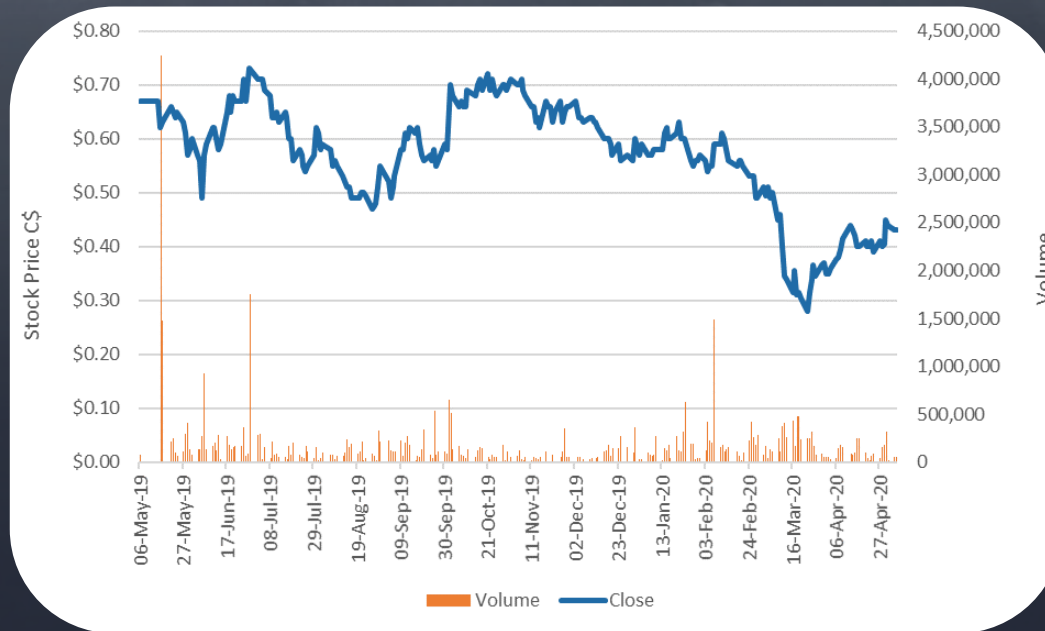
**Recent Contract Wins Have Validated Tech/IP  
and Opened Doors**



**KRAKEN**

# Capitalization Table

| Market Capitalization Table   |               |
|---|---------------|
| All figures in C\$ million except per share values<br>Share structure as of December 31, 2019 |               |
| Share price (March 5, 2020)   | \$0.43        |
| Shares outstanding  | 147.2         |
| <b>Market Capitalization (basics)</b>   | <b>\$63.3</b> |
| Options   | 12.1          |
| Warrants  | 0.6           |
| Fully diluted shares outstanding  | 159.8         |
| <b>Market Capitalization (fully diluted)</b>  | <b>\$68.7</b> |
| Add debt*   | \$1.9         |
| Less cash from short term investments   | \$2.1         |
| <b>Total EV</b>   | <b>\$68.5</b> |
| *Includes \$1.54 million of leases  |               |



| Ownership                         |     |
|-----------------------------------|-----|
| Management & Insiders             | 27% |
| Strategic Investor Ocean Infinity | 15% |

## Analyst Coverage



# Strong Growth – EBITDA Positive

|                      | 2017      | 2018        | 2019       |
|----------------------|-----------|-------------|------------|
| Revenue              | 3,533,595 | 6,707,956   | 15,145,976 |
| Y/Y%                 | 56%       | 90%         | 126%       |
|                      |           |             |            |
| Adj. EBITDA          | (876,653) | (3,271,977) | 418,832    |
| Adj. EBITDA Margin % |           |             | 3%         |
|                      |           |             |            |
| Revenue 2H/19        |           |             | 12,439,096 |
| Adj. EBITDA 2H/19    |           |             | 2,087,799  |
| Adj. EBITDA Margin % |           |             | 16.8%      |

- **Guidance for Q1 2020**
- Revenue between \$6.0-\$6.5M
- Gross margins in line with 2019 results ~44%

# Kraken's Business Strategy



## DATA ANALYTICS

- Recurring Revenue from Data Analytics

## ROBOTICS as a SERVICE

- Recurring Revenue from Subsea Data Acquisition

## UNDERWATER PLATFORMS

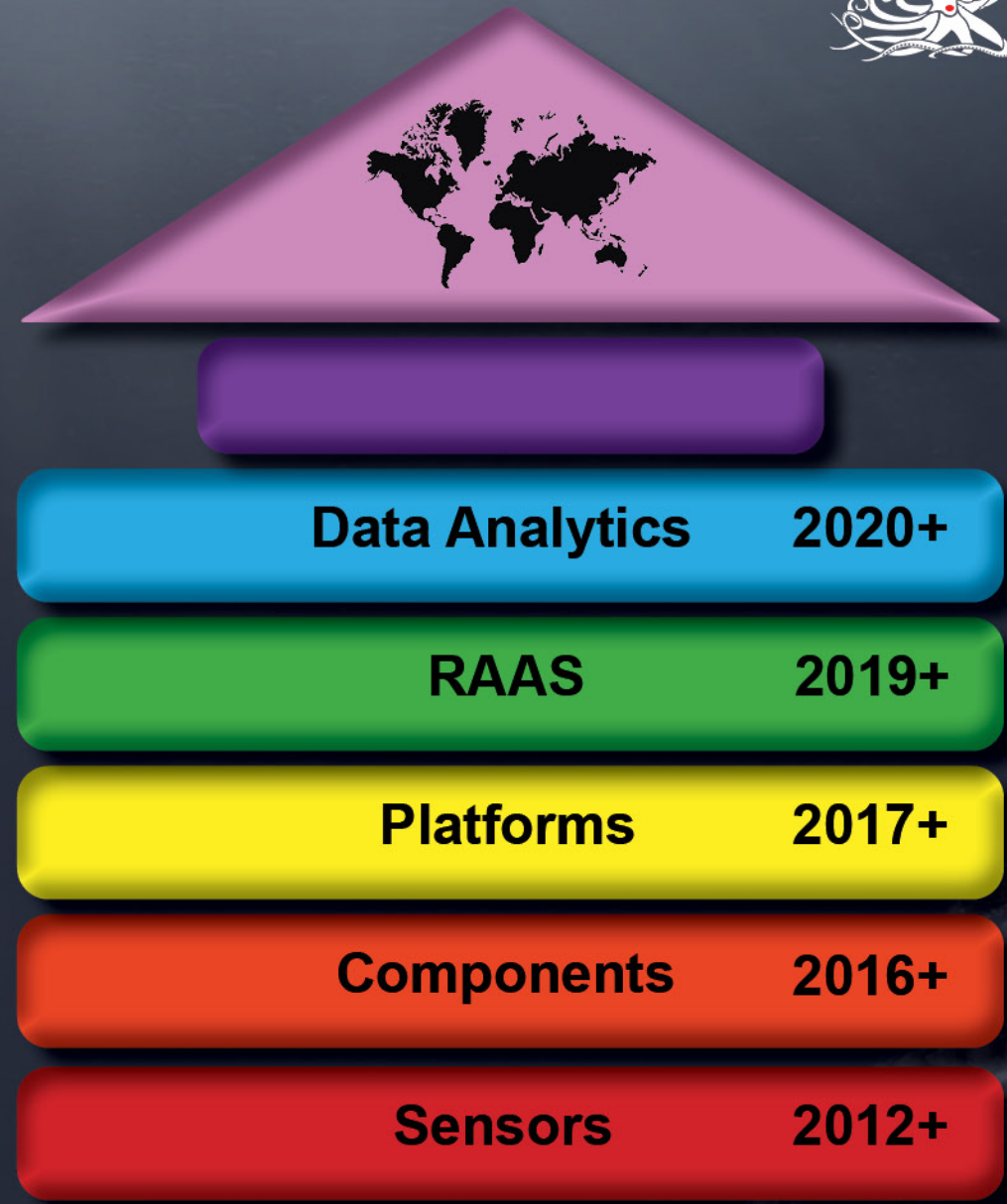
- KATFISH™ – High Speed Towed SAS System
- THUNDERFISH® - Untethered AUV System
- JELLYFISH™ - Hybrid-ROV System
- TENTACLE™ - Winch and ALAR Systems

## COMPONENTS

- Pressure Tolerant Batteries
- Rim Driven Thrusters

## SENSORS

- AquaPix® - Synthetic Aperture Sonar
- SeaVision® - 3D Laser Scanner
- SmartCam™ - High Res Camera



# Kraken' Milestones

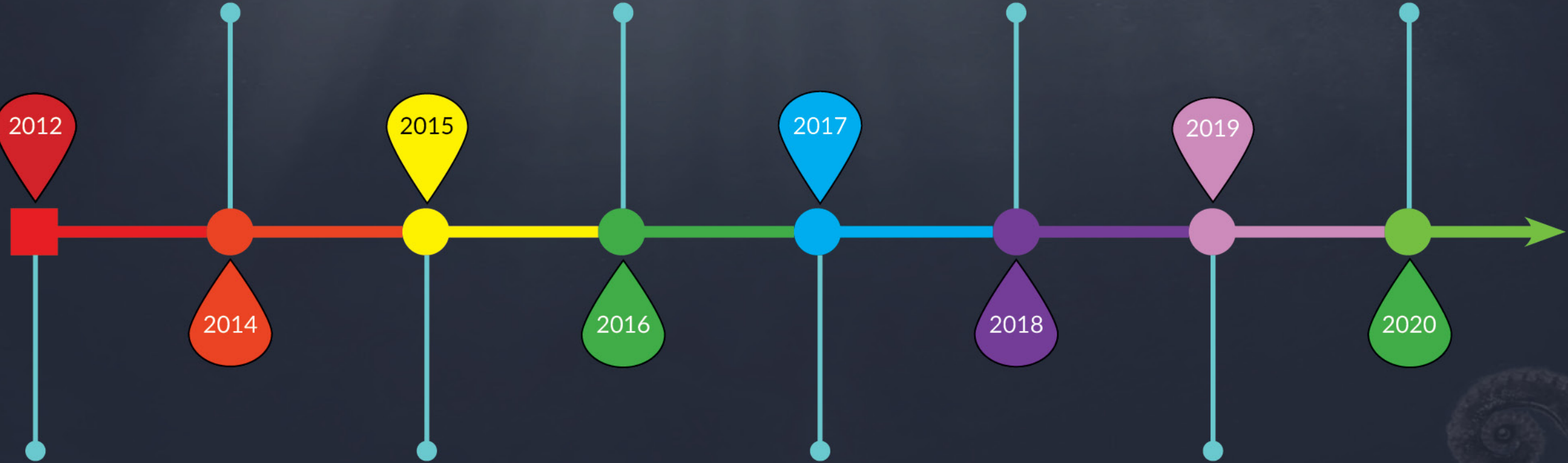


First year of commercial operation.  
Franklin Expedition.  
10 employees.

Established offices in USA & Germany.  
Rapidly expanded pipeline of business.  
30 employees.

Completed sea trials of first KATFISH™ system.  
Strategic alliances formed.  
49 employees.

Development of ThunderFish XL.  
OceanVision project year 2 of 3.  
110+ employees.



Kraken opened in Sept 2012.  
7 employees.

Publicly traded on the TSX-V via RTO.  
Focused on launching new products.  
20 employees.

Released KATFISH™ and SeaVision®.  
Avro Arrow discovery.  
Established office in Nova Scotia.  
45 employees.

Delivered first ThunderFish™ AUV.  
SeaPower battery milestone.  
Notified of successful bid on Int'l Mine Hunting Upgrade Program.  
OceanVision project announcement.  
\$15M in revenue.  
68 employees.

# US\$5B Maritime Robotics Market – Key Drivers

## MILITARY

- Mine Warfare - 500,000 underwater mines
- Anti-Submarine Warfare - 400 operational submarines
- Intelligence, Surveillance, Recon - Special forces, covert operations, environmental assessment
- Resurgence in underwater warfare and emergence of seabed warfare driving demand for unmanned systems for “dull, dirty, dangerous” missions.
- Unmanned Systems budget growing rapidly but still just 1.4% of US DOD F19 budget. F19 Budget for Unmanned Maritime Systems \$1.3 billion.



## OIL & GAS , WIND & Other

- >7,000 fixed platforms; >200 floating platforms
- >4,000 subsea wells; >650 offshore drilling rigs
- >200,000 km subsea pipelines
- >4,000 offshore wind turbines
- >600,000 subsea connectors
- Maintenance of existing infrastructure is a major driver for underwater sensors and robotics.
- Sensor data key for data analytics and digital twins
- Hydrography / seafloor mapping; Offshore Wind Farms
- Seafloor Mining; Treasure Hunting; Search and Recovery; Ocean Science; Fisheries Habitat Mapping





# Currently \$300M+ of Contract Pursuits



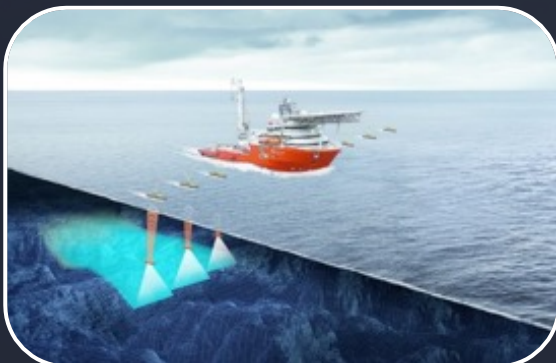
**International Navy Sonar Upgrades**  
**\$125M+**



**US Navy AUV Upgrades**  
**\$100M+**



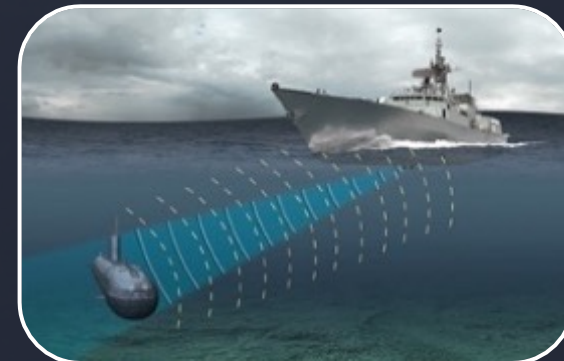
**Pressure Tolerant Batteries**  
**\$50M+**



**Supercluster Seabed Mapping**  
**\$19M+**



**Offshore Wind Energy**  
**\$10M+**



**ASW Acoustic Signal Processing**  
**\$10M+**

# Synthetic Aperture Sonar Technology

## Ultra High Image Resolution

- Constant along/across track resolution of 3cm x 3cm
- 15x better compared to Real Aperture Sonar

## Increased Area Coverage Rate

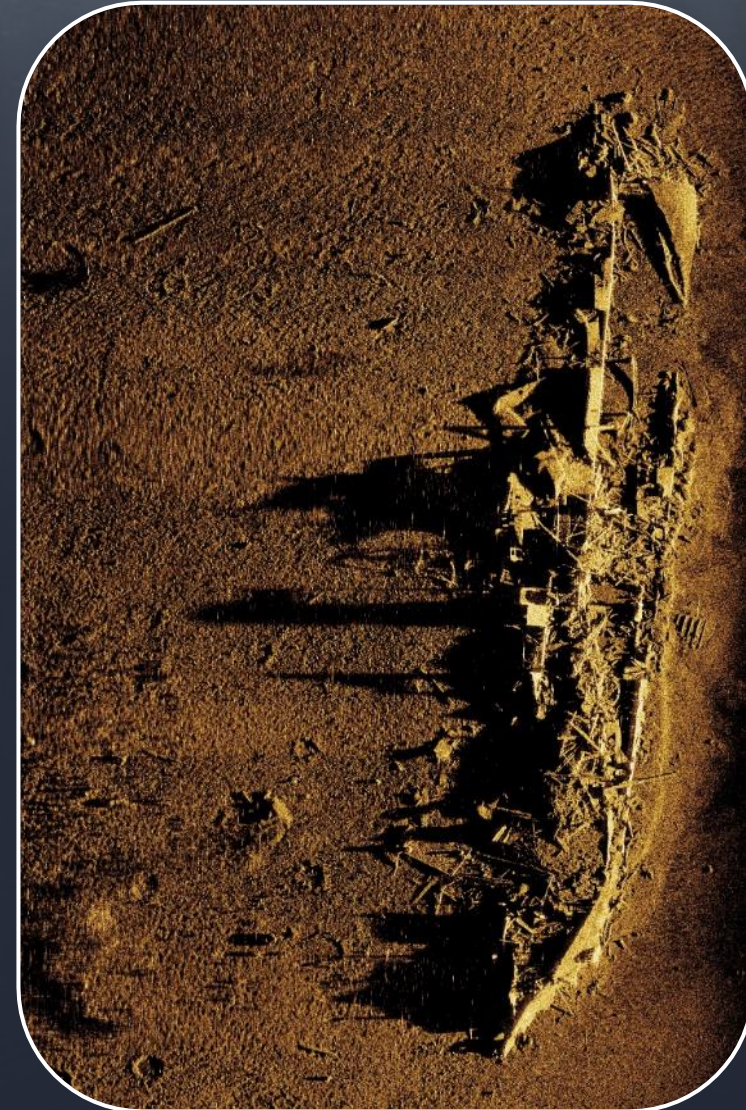
- Up to 4 km<sup>2</sup>/h
- Up to 600m swath
- 10x better compared to Real Aperture Sonar

## Operational Safety

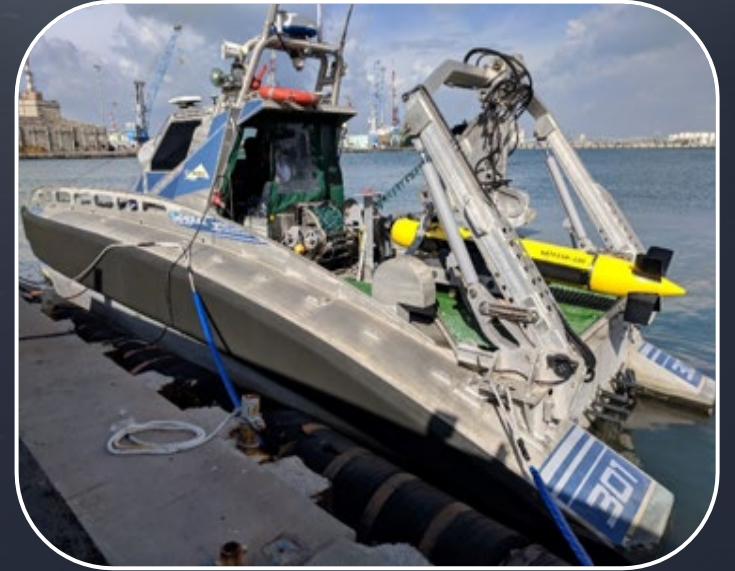
- Ability to fly high off-bottom
- 10x UUV altitude (i.e.. 30m altitude = 300m range /600m swath)

## Additional By-Products

- Real-time, co-registered high resolution 3D bathymetry
- Multi-aspect creates optical-like quality imagery
- Shadow enhancement improves target classification
- Enables Real Time ATR
- SAS micro-navigation output to INS increases accuracy



# KATFISH™ - Tethered Underwater Towfish

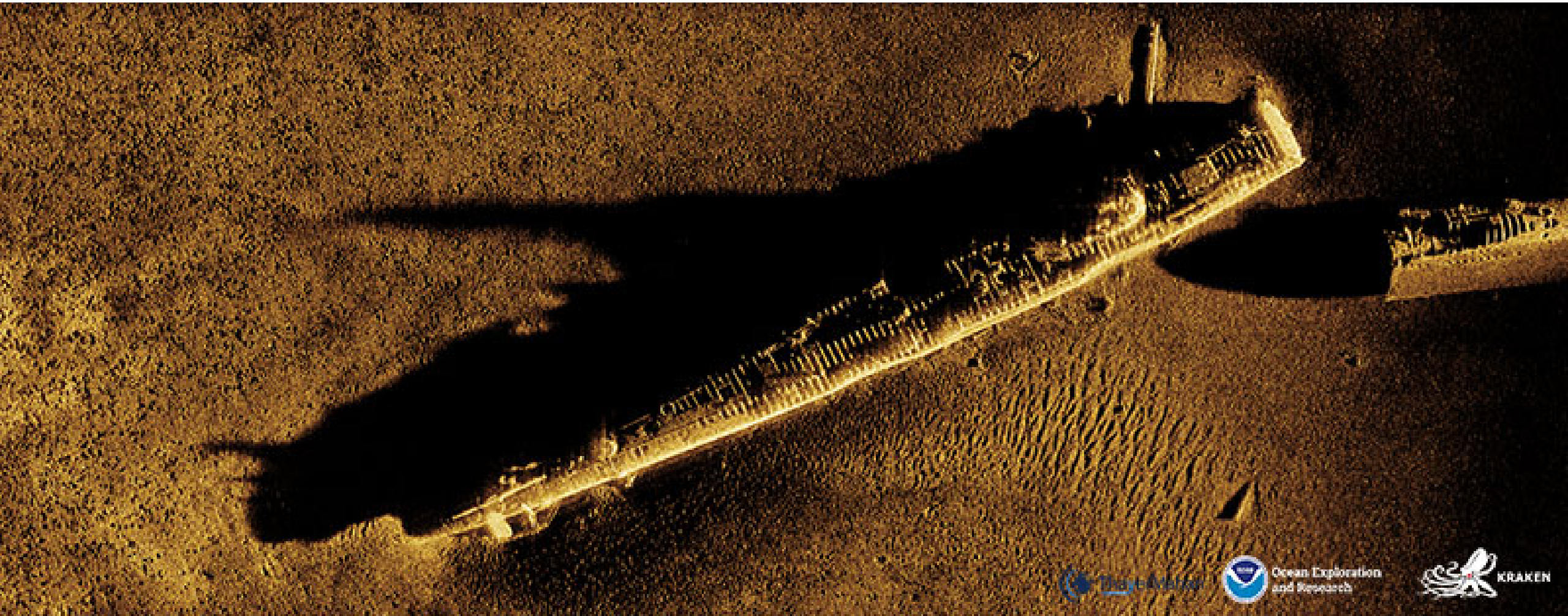


## Commercial & Military Certified Versions

- Key component in major foreign navy bids
- Recent surveys performed under CRADA with US Navy and NOAA
- Successful demonstrations at Advanced Naval Technology Expo (ANTX) in USA
- Successful integration on Elbit's Seagull USV
- Now building KF4, KF5 and KF6

# KATFISH™ - Tethered Underwater Towfish

NOAA Technology Demonstration - July 2019 - USS Bass



# US Navy Foreign Comparative Test

The US Navy has awarded Kraken a \$900K FCT program to develop a Synthetic Aperture Sonar payload for man-portable AUVs.

Successfully completed demo of prototype to USN's EOD teams. NRE underway.



Image above of a man-portable AUV being deployed



Kraken's Man-Portable SAS meant for installation on man-portable AUV's.

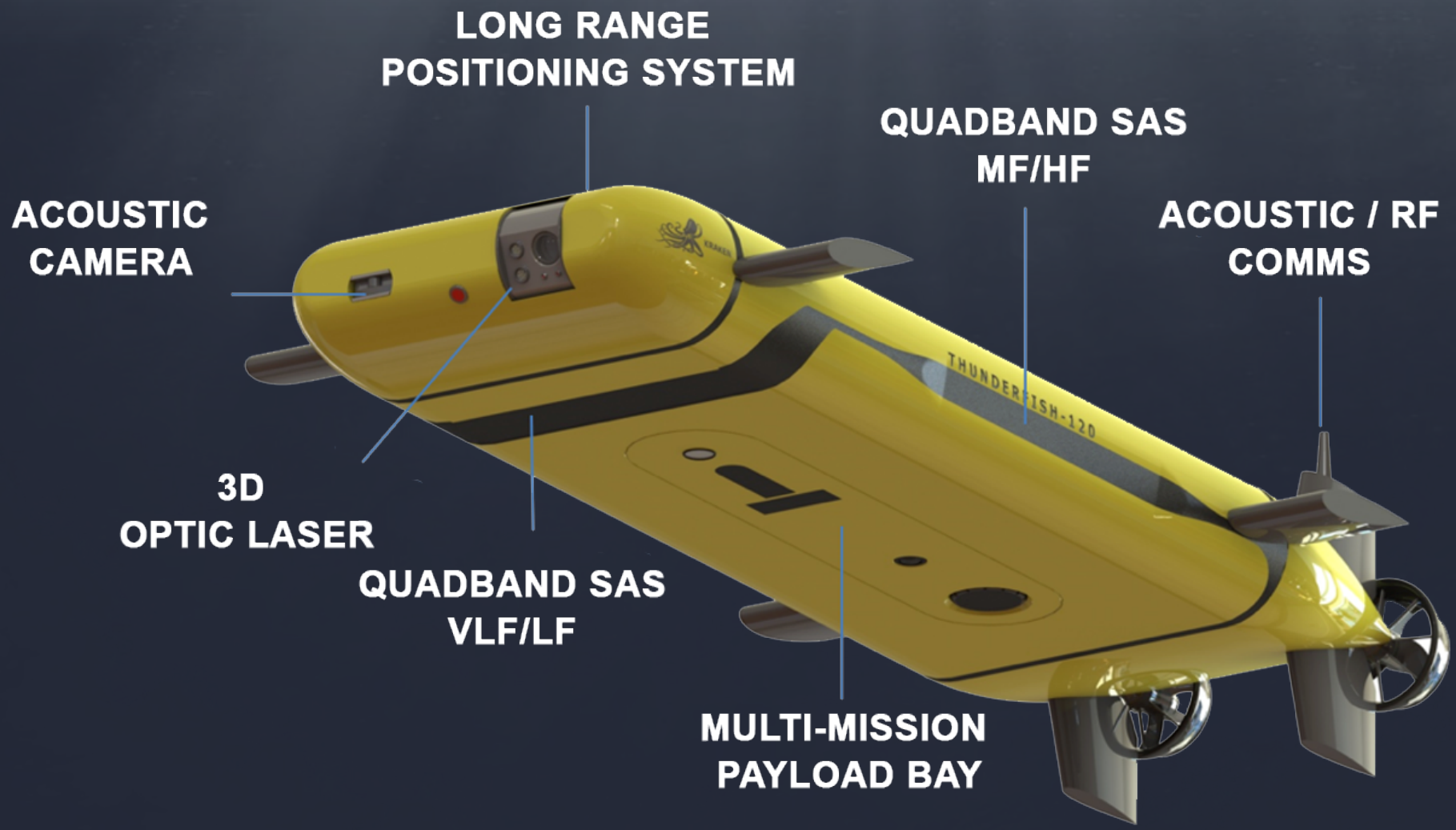
# Kraken Power - Subsea Batteries



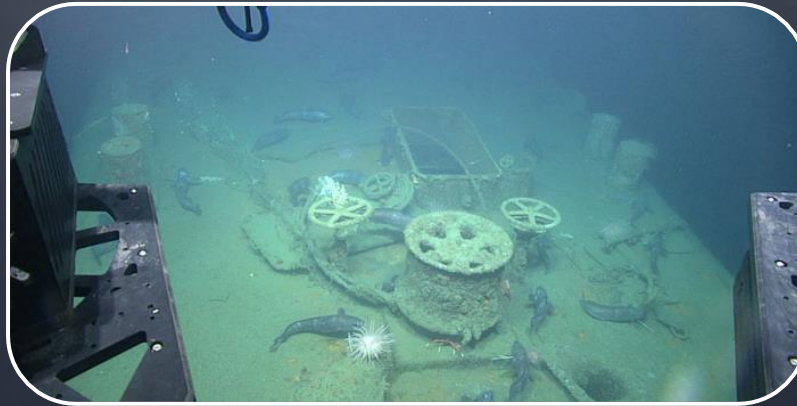
## Ocean Infinity

- \$9.0M contract
- Batteries being deployed in competitors AUV
- Four days w/o charging at 5000M
- 700 line kms per deployment
- Active in commercial and military markets
- Rated for 6000M

# THUNDERFISH<sup>®</sup> - Untethered System



# SeaVision® 3D Laser System



- Sub-sea 3D laser imaging
- Real-time sub-millimeter reconstruction
- Scan 1.2M points/ 4 seconds
- Mount on multiple work vehicles (see next slide)
- USS Baldwin – NOAA Tech Demonstration



# SeaVision® Inspections – Mooring Chain, Ship Hull, etc.



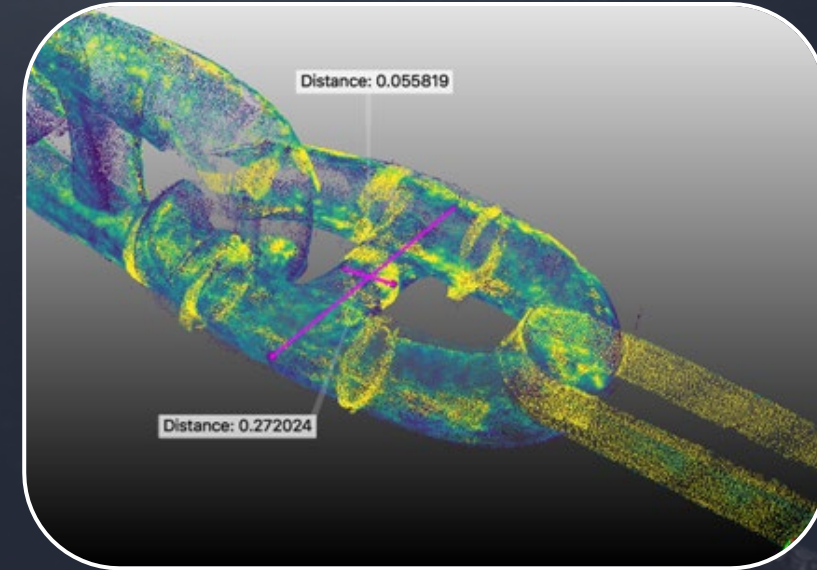
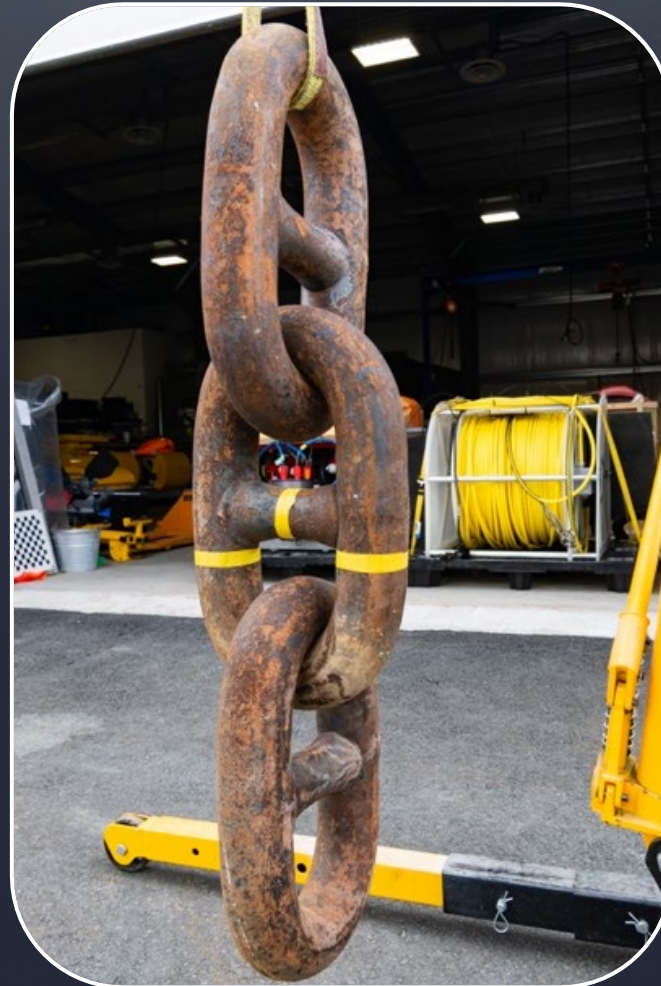
Underwater  
Crawler



Work Class  
ROV



Inspection  
Class ROV

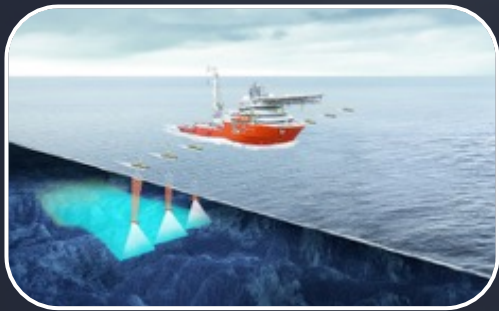


Mooring chain and SeaVision® 3D model of  
mooring chain with measurements

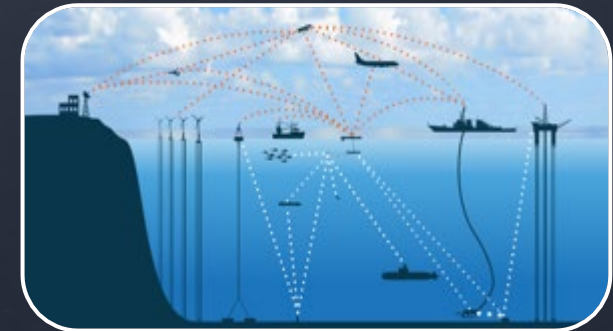
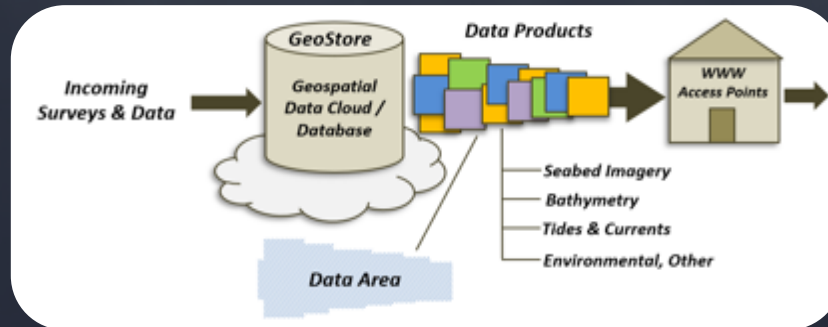
# OCEANVISION

## Creating Recurring Revenue Model

Collect and Process Data for Clients



Survey specified location with KATFISH™



Stakeholder Test & Evaluation 2019 - 2021



KATFISH™ 2019/20



GeoStore Baseline Database Development 2019 - 2021

Value Add Data Analytics Development 2019 - 2021



THUNDERFISH® 2021

# Industry is Consolidating

| DATE           | ACQUIRER                      | TARGET                              | TRANSACTION VALUE              |
|----------------|-------------------------------|-------------------------------------|--------------------------------|
| February 2020  | Huntington Ingalls Industries | Hydroid                             | \$350 million, 24x 2019 EBITDA |
| June 2019      | BAE Systems                   | Riptide Autonomous Solutions assets | Undisclosed                    |
| September 2018 | L3                            | ASV Global                          | Undisclosed                    |
| September 2017 | L3                            | Ocean Aero                          | \$1-5 million (est.)           |
| September 2017 | L3                            | Adaptive Methods                    | Undisclosed                    |
| May 2017       | L3                            | Open Water Power                    | Undisclosed                    |
| March 2017     | L3                            | OceanServer Technology              | Undisclosed                    |
| December 2016  | Boeing                        | Liquid Robotics                     | \$300 million (est.)           |
| October 2016   | Oceaneering                   | Blue Ocean Tech                     | \$30 million                   |
| June 2016      | Delmar                        | InterOcean Systems                  | Undisclosed                    |
| June 2016      | MacArtney Group               | EMO Marine                          | Undisclosed                    |
| May 2016       | MacArtney Group               | CPU GmbH                            | Undisclosed                    |
| May 2016       | Teledyne                      | Caris                               | Undisclosed                    |
| March 2016     | ION Geophysical               | Global Dynamics                     | Undisclosed                    |
| February 2016  | General Dynamics              | Bluefin Robotics                    | Undisclosed                    |

# Management & Technical Team Depth

## Karl Kenny, President & CEO

- Ex-Canadian Navy maritime surface officer and Microsoft employee pre-public company
- 20-year history in imaging technologies having founded 3 companies

## Greg Reid, Chief Operating Officer

- 20+ years of finance, investment, and business development experience
- Founding partner of Wellington West Capital Markets, led technology and clean technology research and then investment banking efforts

## Joe MacKay, Chief Financial Officer

- 25+ years of finance, investment, and research experience, targeted mainly at the technology, telecommunications and media sectors
- Chartered Professional Accountant with experience in audit, accounting and management consulting. Also Chartered Financial Analyst
- Capital markets experience included working as a equity research analyst at Scotia Capital, Desjardins Securities and Clarus Securities.

## Jeff Bartkowski, Director of Business Development

- 12 years experience in the marine technology industry specializing in imaging, navigation, and positioning
- Worked at both larger marine technology companies such as Teledyne-RESON and iXBlue and start-ups such as Sea Machines Robotics

## David Shea, VP Engineering

- Designed, built & operated AUVs for International Submarine Engineering, University of Southern Mississippi & University of Victoria
- Formerly Engineering Manager for Marine Robotics Inc. (Marport spin off)

## Dr. Jakob Schwender, MD for Kraken Germany

- 10 years at DFKI, (the German Research Center for Artificial Intelligence) as an expert in autonomy, systems and software engineering for robotics, mission management, SLAM navigation, embedded systems, sensor processing and sensor fusion.
- PhD in Robot Navigation; led multi-disciplinary teams on autonomy in both space and underwater robotics.

## Dr. Jeremy Dillon, Chief Scientist

- 20 years in R&D with a strong background in signal processing and mathematics. Previously a control systems engineer at Honeywell Aerospace, a flight test engineer at the NRC Flight Research Laboratory, and a research officer in guidance, navigation, and control at NRC.
- PhD in Physics and Physical Oceanography from Memorial University of Newfoundland, a MSc in Mathematics from Carleton University, a MSc in Aeronautics from Caltech, and a BEng in Aerospace Engineering from Carleton University.

# Board of Directors

**Karl Kenny, President & CEO**

**Vice Admiral Mike Connor, Board of Directors**

- CEO of ThayerMahan and Former commander of U.S. submarine force from September 2012 until September 2015.
- 35-year US Navy veteran

**Moya Cahill**

- CEO and co-founder of PanGeo Subsea, a technology and service provider of high-resolution 3D sub-bottom acoustic imaging technology
- 25+ years in oil and gas sector and recently the renewable energy sector

**Shaun McEwan**

- CFO of Quaterhill Inc, Former CFO of WiLan, CFO Breconridge, CEO Calian Technologies
- 25+ years of technology & manufacturing industry expertise

**Larry Puddister**

- Executive Chairman of Pennecon Ltd, Atlantic Canada's largest construction firm

# Contact Us

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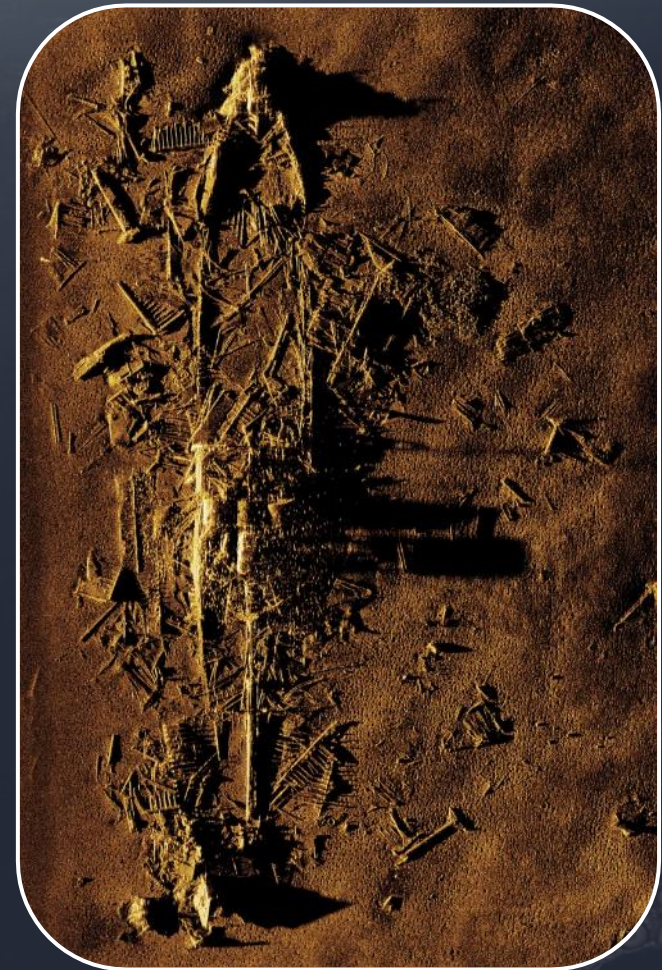
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