



**Marine Technology for the
Defense and Energy Markets**

Kraken Robotics | Underwater.Understood.TM

April 2024

www.krakenrobotics.com

Forward Looking Statements Disclaimer



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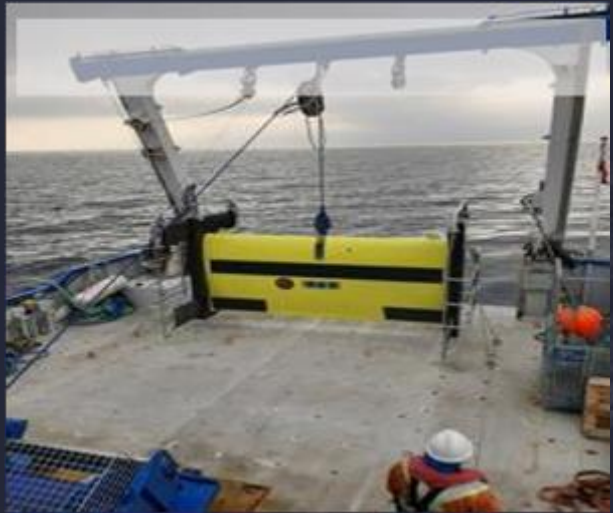
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Leading Dual Use Technology for Defense & Energy



- **We work in the Oceans:** Our oceans, barely discovered, yet covering 71% of the earth's surface; are our planet's biggest ecosystem.
- **We lead with Innovation:** Provide sophisticated imaging sensors, batteries, & subsea robots to the very challenging underwater domain
- We provide our **high-resolution data and endurance solutions** in two major markets: **Defense & Offshore Energy** - where the objective is **Maritime Domain Awareness**
- Our employees come from a leading cross section of industry including **Ultra, Teledyne, Rolls Royce Marine, Boeing, Fugro, Exxon, TechnipFMC, various Navies (Canadian, Danish, Dutch, UK)**



Critical Supplier for Unmanned Underwater Vehicles (UUVs)



- UUVs are subsea data collection robots
- Unmanned systems for dull, dirty and dangerous missions
- **Kraken sonar** provides the highest quality data
- **Kraken batteries** enable more underwater endurance
- Bigger autonomous platforms are coming: XLUUVs

Resolution at Range at Speed is King

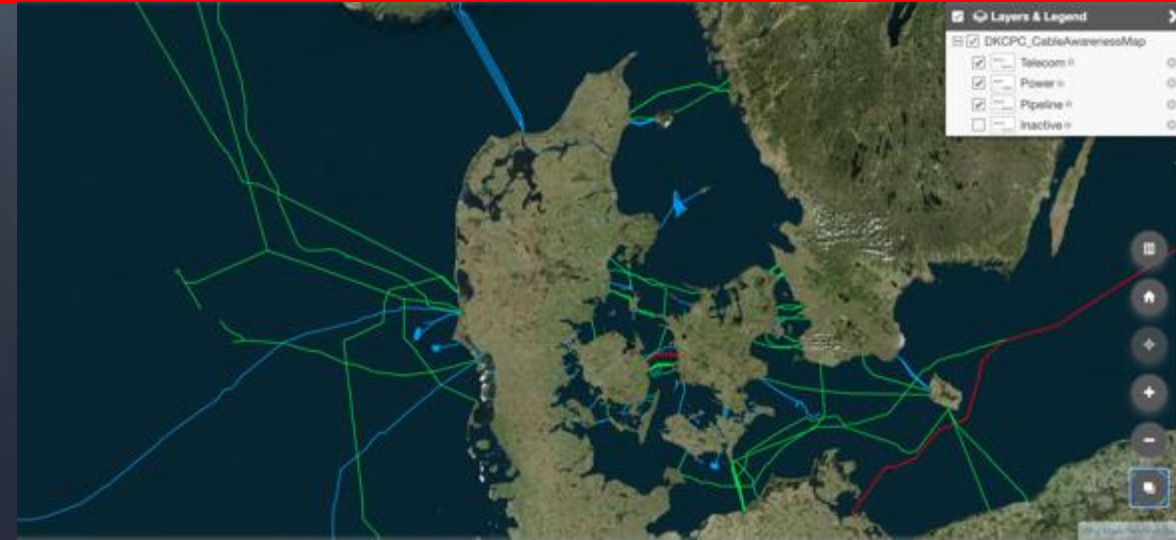


Infrastructure monitoring today:

Example: Survey 150 km pipeline

@ 3 knots – AUV 27hrs on task + **Post processing**

@ 10 knots- KATFISH SAS 8hrs on task - **Realtime live data**



Kraken Robotics | **Underwater. Understood.**

Strong Value Proposition for Defense



- **Geopolitics is driving higher naval spending**: Russia/Ukraine (Baltic & Black Sea), South China Sea, Persian Gulf / Red Sea, Arctic
- Subsea mines are an incredibly effective and growing asymmetric threat to block sea lanes, threaten assets, and disrupt commerce. MCM is a foundational capability for any serious navy
- Navies are **modernizing their mine hunting fleets** including transitioning mine countermeasures capability from crewed minehunter ships to unmanned, autonomous units. > 300 MCM vessels in Europe, Asia-Pac, Mid East/N Africa. 70% + > 20 yrs old
- **Autonomous systems** can detect and neutralize mines from miles away, ensuring vital sea lanes are kept open, with much-reduced risk to ships and the lives of sailors.
- Subsea drones will play significant role in **seabed warfare activities** across MCM, ISR, ASW, IPOE, Route Survey



Against this backdrop, Kraken's technologies provide **enhanced capabilities for actionable intelligence**:

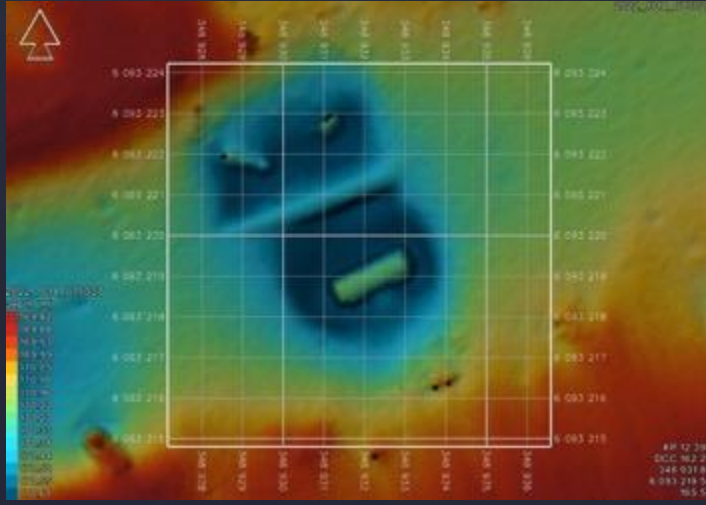
- 1) Kraken's synthetic aperture sonar was developed specifically as a next generation mine hunting sonar
- 2) Kraken's subsea batteries provide UUV endurance

Strong Value Proposition for Critical Underwater Infrastructure Inspection (Energy / Telecom)



\$10 Trillion of Ocean Infrastructure has a vital role in global economy

- Recent events are a wakeup call (Nordstream pipeline, etc) for better seabed monitoring and intelligence
- 7,000+ offshore O&G platforms, 200k+ km subsea pipelines, 4000+ offshore wind turbines; 1.2M km fiber-optic cable
- Offshore wind: key role in energy transition: 35 GW (2020) to 250 GW (2030). US offshore wind (0-30 GW by 2030)
- “Prime real estate” for offshore wind (shallower / closer to shore) being used up; more deeper water development and in areas of more challenging seabeds
- This requires newer technologies & tools which Kraken provides



Business Model



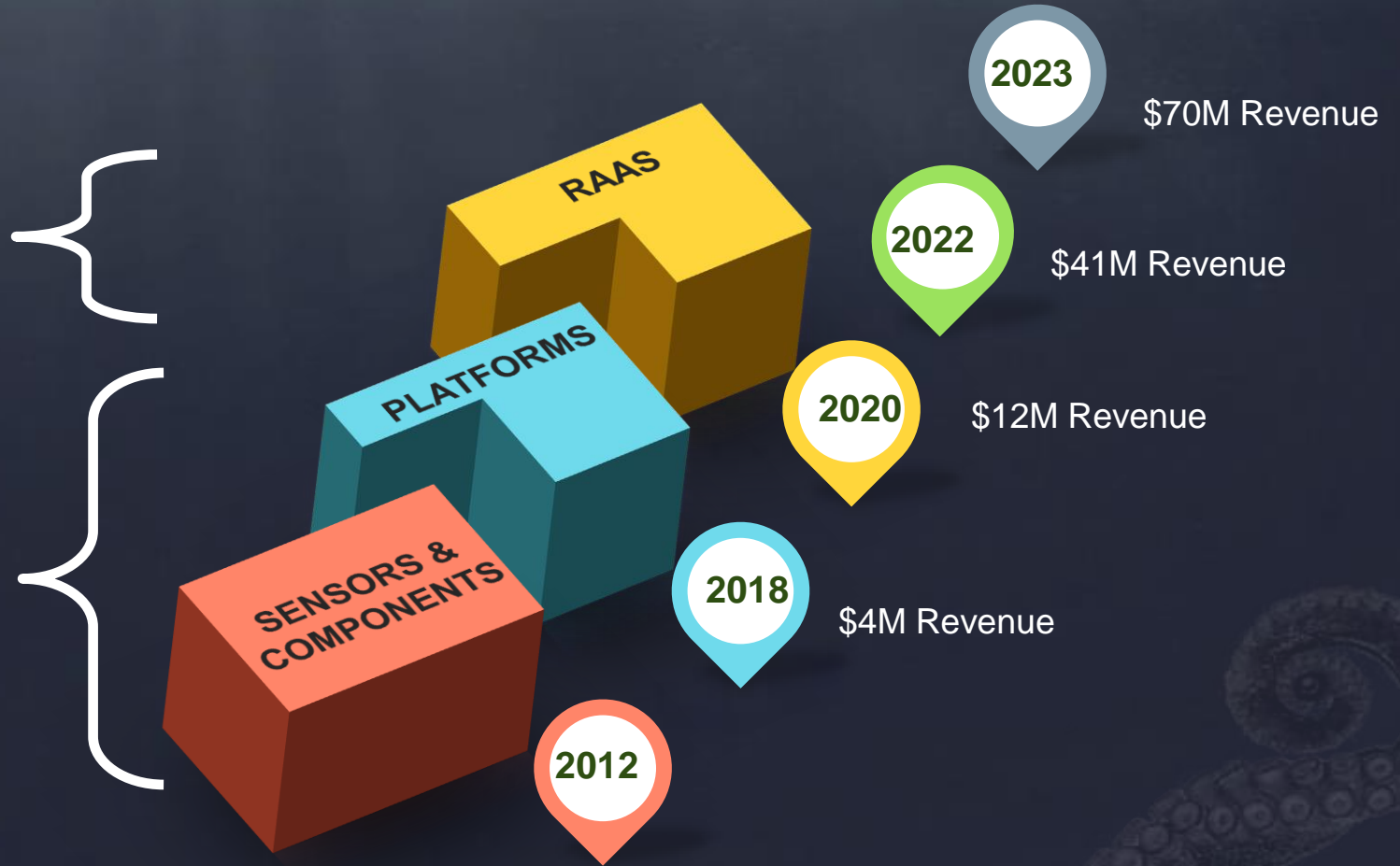
**Revenue Mix:
Defense / Commercial 80 / 20**

Commercial Services
\$1- 5M contracts, short turn around

Defense Products Revenue from single sales to multi yr \$50M contracts

Typical contract see 75%+ of revenue in first 2 years; balance is multi-year support agreement

KATFISH: \$4M - \$8M per UUV system
or offered on a Services basis
Sonar: \$300-\$700k per UUV
Batteries: \$1M-\$10 M per UUV



Facilities



Corporate HQ & Manufacturing Plant
Mount Pearl, Newfoundland
30,000 ft²



Handling Systems Group & Unmanned Support
Dartmouth, Nova Scotia
5,000 ft²

Satellite offices (software /
autonomy, BD) in US, Denmark,
Toronto, Bremen, Germany, and
Rio de Janeiro)

ISO Certified



Rostock, Germany
25,000 ft²

www.krakenrobotics.com



Services Head Office & Field Service Depot
Aberdeen, UK
15,000 ft²

Trusted by Major Defense & Commercial Customers



Defense & Government



More than 50 customers across 30+ countries

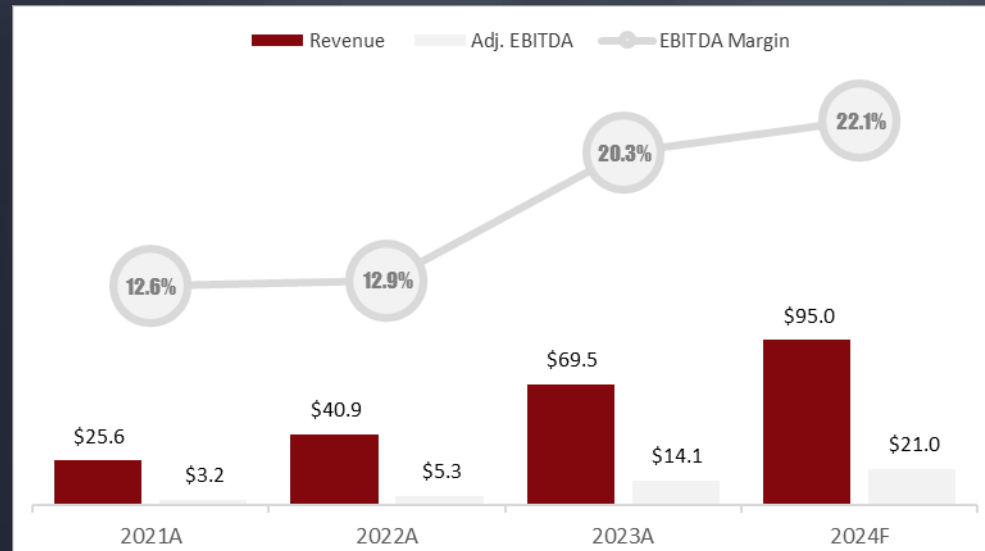
Contract Momentum: Over last 8 quarters, \$150 million of larger contract wins such as:

- SAS / UUV Program: **\$50M** Canadian navy contract
- KATFISH towed systems: **\$9M** follow on order for NATO navy, **\$4M** follow on for NATO Navy, **\$10M** order for Asia Pacific Navy & **\$3M** follow on
- Subsea Batteries: **\$5M** order, **\$14M** order, **\$3M** order, **\$16M** order, **\$6M** order
- Services: **\$5M** Acoustic Corer job x 2, **\$7M** Acoustic corer job multiple \$1M SBI jobs

Commercial (Mainly Offshore Wind & Offshore Oil and Gas)



Strong Revenue & EBITDA Growth To Continue



* 2024 Shows Mid Point of Guidance

Entered 2024 with Strength Across All Areas. Guidance:

- Revenue \$90 - \$100 M
- EBITDA \$18 - \$24 M

Strong Long-Term Financial Targets with Strong Demand Drivers

- Revenue Growth: 40% CAGR
- EBITDA margins 20%-25%
- Key themes: Upgrade cycle on minehunting and critical subsea infrastructure inspection equipment; Increased adoption of subsea drones as a defense force multiplier, Demand for highest resolution imaging sensors, Demand for great endurance

Revenue Mix

Defense / Commercial 80 / 20

Products / Services 75 / 25

Defense programs consist of equipment acquisition over 2-3 years followed by maintenance & support contract for logistical support, training, new features, repairs, spares activities

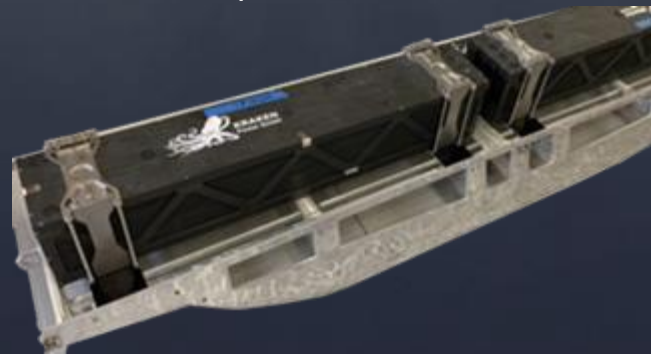
Looking Ahead: \$900 Million+ Sales Pipeline



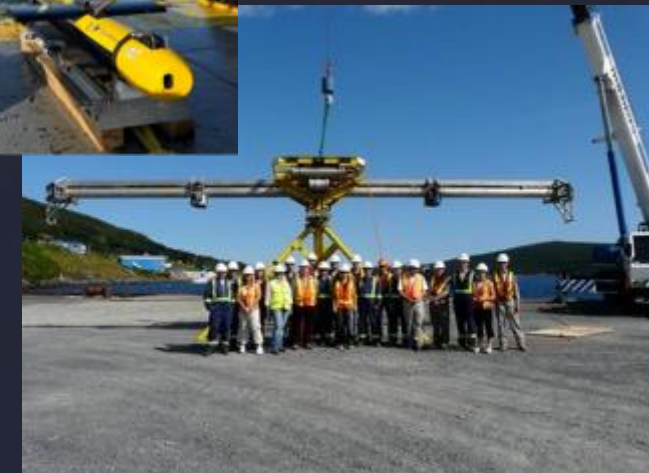
Navy Sonar Programs: Geopolitics and Industry Upgrade Cycle Driving Demand
\$600 million+



Subsea Power: Requirements for Greater Endurance
\$250 million+



SeaBed and Sub-Seabed Surveys: For Risk Reduction & Micro-siting Offshore Infrastructure
\$80 million +



Looking Ahead - Strong Sales Pipeline



Sonar Programs

- Remote Minehunting & Disposal Systems (RMDS +)
- MCM Programs as prime and subcontractor (KATFISH & AUV)

Sonar on AUVs

- Sold more than 55 SAS to date; > half in last 2 yrs
- Solid relationships with the major AUV manufacturers including HII, Teledyne, and Anduril
- OEM on HII REMUS 620
- OEM on Teledyne Gavia MP
- OEM on Anduril LD
- HII Lionfish program (200 systems / 5 yrs for US Navy).
- Other HII REMUS 300 US Marines etc
- HII REMUS 300 international market

Subsea Power

- Growth of LD and XLUUV platforms
- 10+ new XL platforms coming to market the next few years
- Average battery content / XL is \$5 - \$10M
- Subsea energy storage and backup power

SeaBed and Sub-SeaBed Surveys

- Status quo sub-seaBed survey business is \$15+ M / year with existing fleet of assets
- SeaBed survey with KATFISH: Avg survey size \$3+ M

Management & Board



Greg Reid, President & CEO, Director: 25+ yrs finance and BD experience in technology and clean technology. Previously CFO and COO of Kraken. CA, CPA, CFA. 9 years at Kraken.

Joe MacKay, CFO: 25+ years of experience in finance, investment, and research experience, mainly in technology. CA, CPA, CFA. 5 years at Kraken.

David Shea, EVP Products & CTO: 15 yrs experience managing design and operation of underwater sensors and robots. 12 years at Kraken

Lynne Adu, EVP Commercial & Field Operations: 25+ years of experience in offshore services. 7 years at Kraken

Nat Spencer, Managing Director, Subsea Power: 20+ years of experience, subsea services and power. 5 years at Kraken.

Shaun McEwan, Director, CEO of ADGA Group a 700 employee engineering and consulting company. 25 yrs+ of technology & manufacturing industry expertise at Quarterhill, Breconridge, Calian. Joined Kraken 2016

Vice Admiral Mike Connor, Director: CEO and Chairman of ThayerMahan, a leader in autonomous maritime surveillance; Former commander of U.S. submarine force; 35-year US Navy veteran. Joined Kraken 2017.

Bernard Mills, Director: Managing Director Stelia North America, part of Airbus Group; former President Ultra Sonar Systems and worked for underwater systems major Thales in Australia and France. Chairman of the Canadian Association of Defence and Security Industries (CADSI). Joined Kraken 2022

Peter Hunter, Director: Founder, Chairman, and Managing Partner of Artemis Capital Partners, L.P., a Boston-based specialized private equity firm focused on differentiated industrial technology manufacturers. Formerly Chairman of Hydroid, LLC through to its acquisition by Kongsberg Maritime, AS. Joined Kraken 2023

Corporate Summary



Transforming Subsea Intelligence

- *Innovative solutions for ocean exploration, subsea security & energy challenges*
- *Enable complex missions in the most challenging conditions*
- *Provide customers Actionable Intelligence via the highest quality data at the lowest cost*

Disruptive Dual Use Technology

- *Fully integrated solutions (robots, high resolution sensors, batteries) for seafloor mapping and inspection of critical underwater infrastructure on the seabed and sub-seabed*
- *High barriers of entry, difficult and expensive to replicate*

Strong Growth

- *More than \$150 million of announced contracts the last 2 years*
- *Very Strong pipeline at \$900 M+ of Identified Opportunities / Programs*
- *High margin product sales blended with Robotics as a Service (RaaS) business*
- *40%+ Annual Revenue Growth and 20%+ EBITDA Margins*

Leading Defense & Renewables Customers

- *Strong customer base with customers in over 30 countries including leading navies (U.S., Canada, Israel, Australia, Denmark, Poland) and offshore energy & renewables*
- *Global security and energy transition challenges are driving accelerating demand*

Experienced Team & Board of Directors

- *World class expertise in acoustics, geoscience, autonomy, AI, machine vision, sensor fusion*
- *Highly skilled workforce of ~250 employees across North & South America & Europe (80 engineers/techs, 60 science & data processing, 50 software)*

Appendix 1: Customer Snapshots

Customer Snapshots: Danish, Polish, Australian Navies



- **Denmark:** Sept 2020, \$30-\$35M. Four systems plus reference system over 2-yr acquisition program followed by 7-yr service & support + options. Competitors were Northrop Grumman and Thales
- **Poland:** \$15-\$20M from initial order in Sept 2020 and follow on order in 2022. Integrated to Kormoran II class minehunting vessels
- **Australia:** \$15M+ from initial paid demo in Q1 2023 to order for complete KATFISH system and subsequent baseline seabed survey in 1H 2024



Customer Snapshot: Anduril Industries



Disruptor defense technology company with ~ 2500 employees

- Founded by Palmer Lucky (sold Oculus to Facebook); senior team ex Palantir. Backed by major VC players
- Closed \$1.5 billion financing October 2022 at US\$8 billion valuation: \$500 million convertible in Q4 2023
- Focused on disrupting US and international defense procurement strategies by offering lower cost, autonomous systems at scale quickly rather than 10 years from requirements to initial operational capability
- Feb 2022 Entered underwater domain via acquisition of Dive Technologies; then announced \$140 M Australian Navy contract for 3 XLUUVs
- Chosen by US Navy and Defense Innovation Unit for Large Diameter UUVs as maritime deterrence solutions for underwater sensing and payload delivery
- Kraken provides SAS and subsea batteries to Anduril Maritime



Customer Snapshot: Royal Canadian Navy



\$50M Contract Signed February 2023

- \$40M acquisition / \$10M Integrated Logistics & Support (ILS)
- Minehunting and mine disposal system for Canadian Navy with systems for East and West Coast
- Major upgrade for Canada's minehunting capabilities where Canada is part of the Standing NATO Mine Countermeasures Maritime Group 2
- Partners include HII (US), Atlas / TKMS (Germany), and SH Defense (Denmark)

REMOTE MINEHUNTING DISPOSAL SYSTEM

Containerized: ISO standard footprint, self-contained, rapid deployment solution

Kraken's SAS: Ultra-High Resolution and Area Coverage Rates reduce the MCM timeline

Modular: Customizable, adaptable, future-proof mine countermeasure system

System: Complete solution from Detect to Engage

SEARCH → **CLASSIFY**
IDENTIFY → **DISPOSE**

Customer Snapshot: HII (formerly Huntington Ingalls Industries)



HII is the US Navy's largest shipbuilder

- US\$8B market cap; \$10B revs, 40k+ employee. Aircraft carriers, submarines, other surface combatant ships for US Navy
- Acquired Hydroid in 2020 for US\$350M (24x EBITDA). Leading UUV provider to US / allied navies with > 900 REMUS UUVs sold
- Kraken has integrated SAS to REMUS vehicles large & small (REMUS 6000, REMUS 600, REMUS 300, REMUS 100).
- Mar 2022, REMUS 300 selected US Navy's next gen small UUV
- Nov 2022, HII says medium UUV REMUS 620 for MCM would come with Kraken MINSAS as OEM standard sonar payload
- Dec 2022, Kraken SAS will be integrated on R300 AUVS for Canadian RMDS minehunting program
- Nov 2023, Kraken SAS ordered for R620 UUVs for NOAA

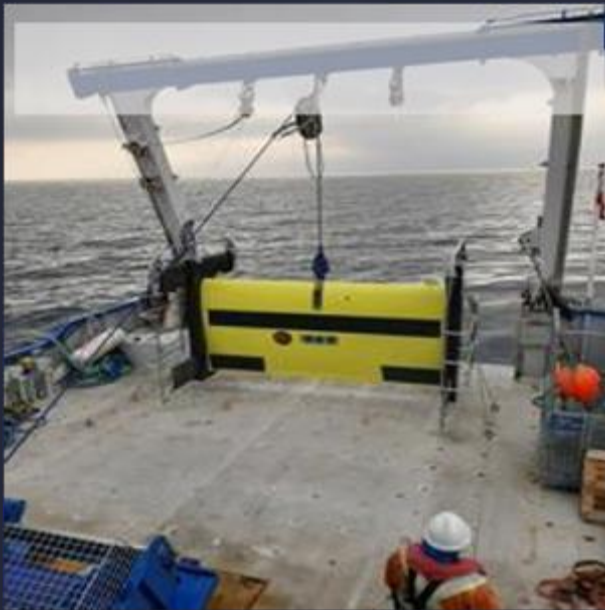


Customer Snapshots: Offshore Energy (US & Europe)



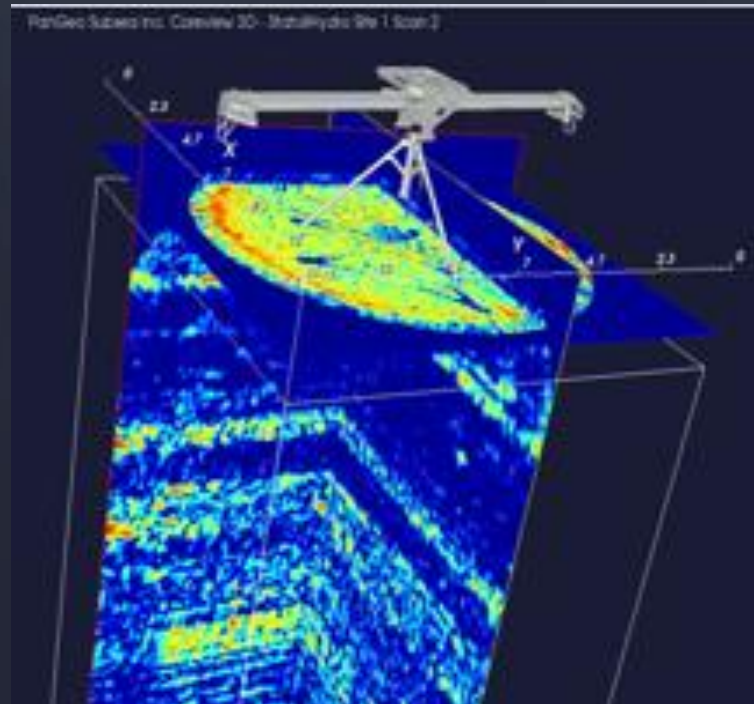
South Fork Wind Farm

- \$2M+ contract
- Pre-route survey for Offshore Wind Farm in the US
- Sub-seabed survey job using Kraken SeaKite for contractor DEMA.



Mississippi Canyon & Gennaker Wind Farm

- \$5M contract to image sub-seabed O&G debris field (60 meters deep of mud). Gulf of Mexico
- \$5M contract for offshore wind farm foundation surveys in Europe



Baltyk II and III Wind Farm

- \$2M+ contract for sub-seabed survey offshore Poland



Questions



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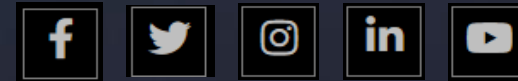
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