



World Leaders in Underwater Sensors & Robotics

Kraken Robotics Inc.
(TSX-V: PNG, OTCQB: KRKNF)
October 2018



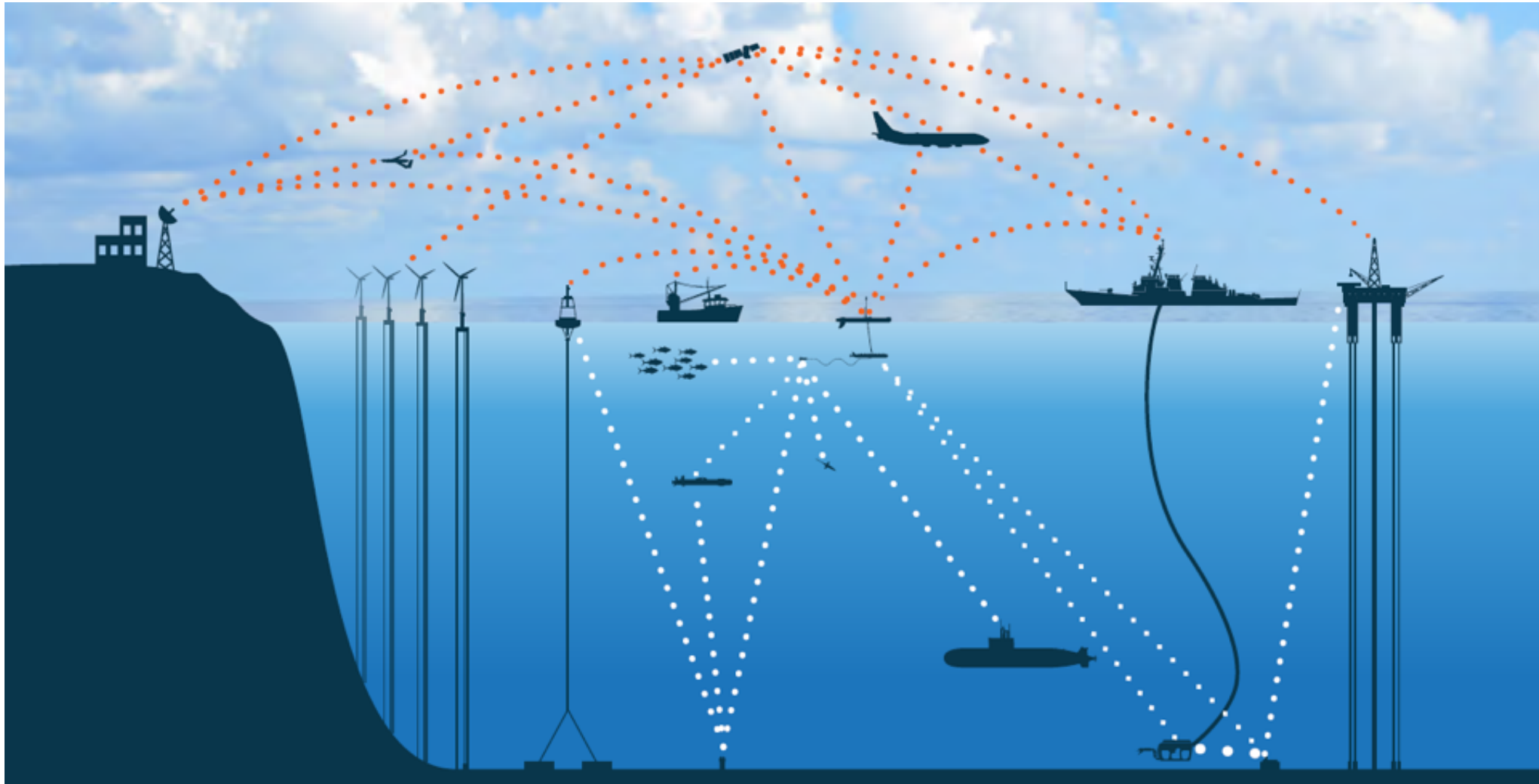
Forward Looking Statements

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.

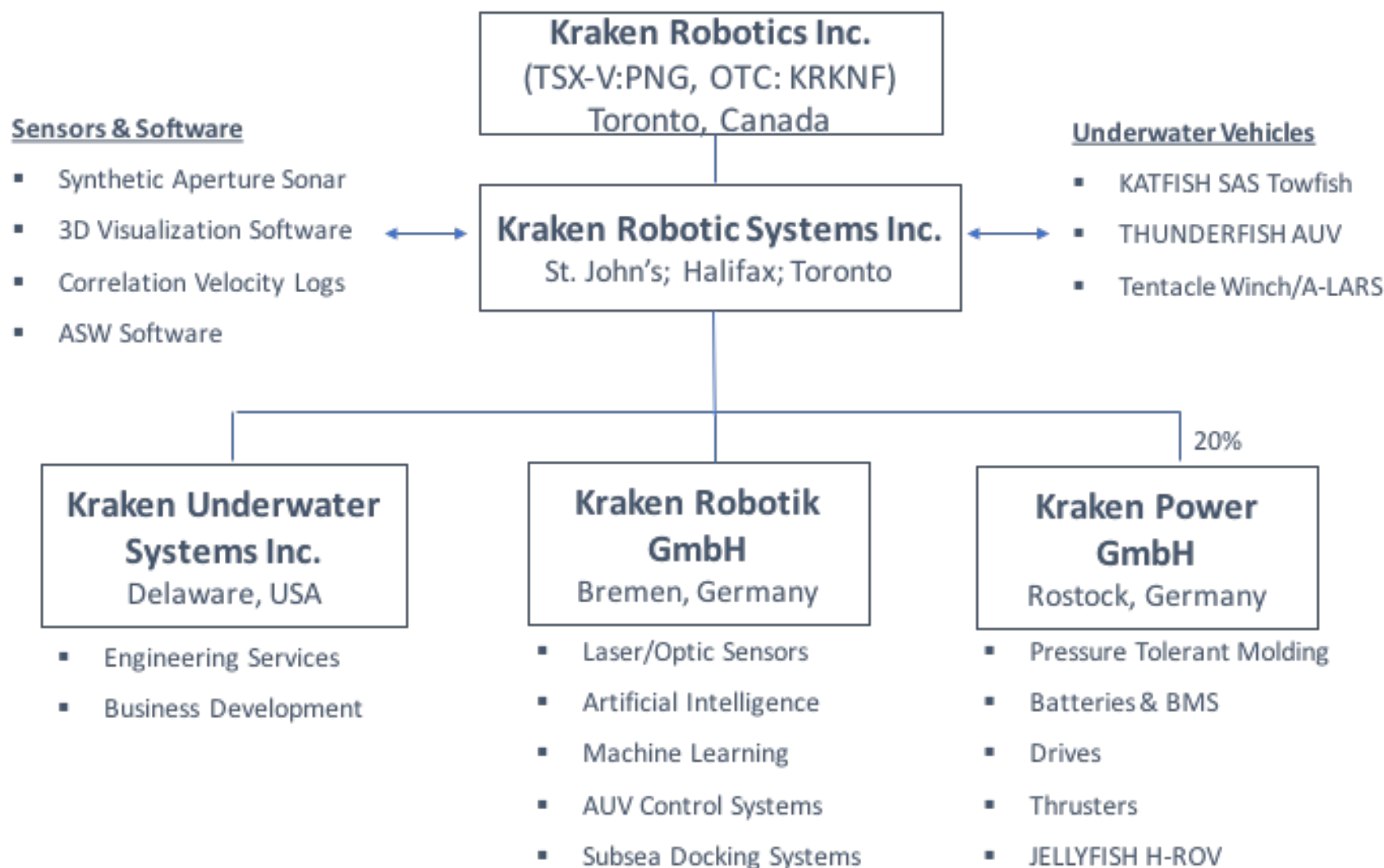
These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by 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.

Sensors, Systems, Software, Services for the Digital Ocean



Corporate Structure





Reasons to Own Kraken Stock (TSX-V:PNG)

Strong technology offering in industry with high barriers to entry and small number of competitors

External validation points

- Commercial market wins with GE Oil & Gas; Ocean Infinity (MH370 & Argentinian sub search)
- Recent strategic equity investment by customer (Ocean Infinity)
- Military sales to 10+ countries & starting to gain traction in largest market – the U.S.

Strong growth outlook

- \$200M+ active business pursuits with expected awards in next 12-18 months
- Short listed as 1 of 2 suppliers for contract worth ~\$70M and 1 of 4 for ~\$30M
- Revenue growth accelerating as evidenced by ~ \$20M of contract announcements over the last 4 quarters
- Ocean Super Cluster wildcard

Capable and Aligned Management and Board

- Insiders own 30% of outstanding shares
- Strong technical team
- Board includes both builders and connectors including former US Navy Admiral



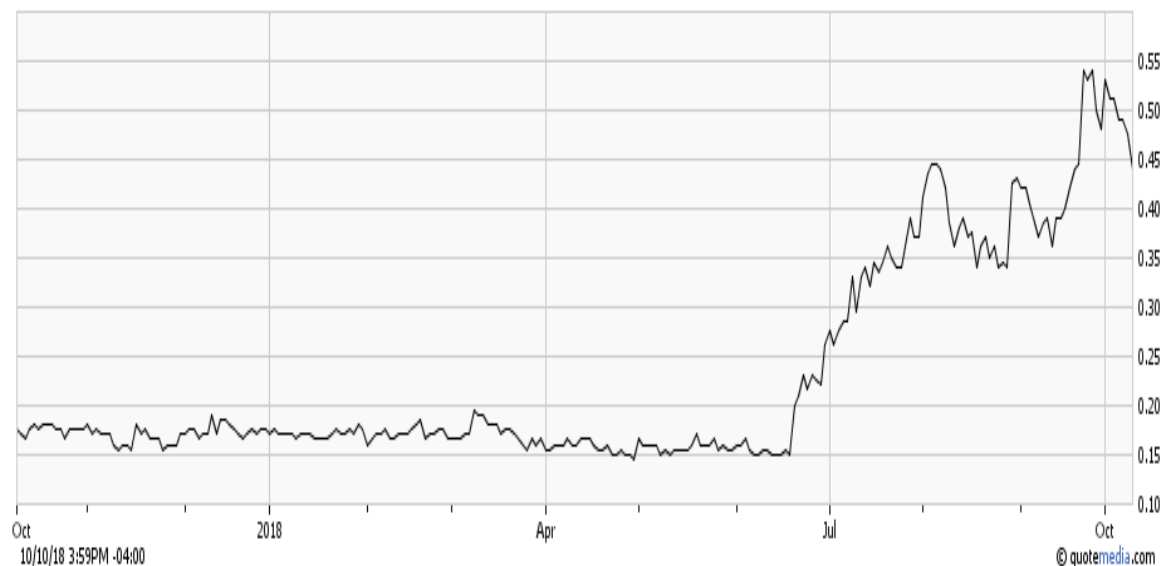
Capital Structure

- Management and insiders own ~ 30% of outstanding shares
- \$35 million of subsea sensor and robotics intellectual property (\$15M organic development; \$20M creatively structured asset acquisitions and partnerships)

MARKET CAPITALIZATION

All figures in C\$ million except per share values

Share price as of October 10, 2018	\$0.44
Shares outstanding	120.1
Market Capitalization (basic)	\$52.8
Options	7.0
Warrants	10.7
Fully diluted shares outstanding	137.7
Market Capitalization (fully diluted)	\$60.6
Add debt	\$0.0
Less cash and short term investments	\$2.0
Less cash from options and warrants	\$5.1
Total Enterprise Value	\$53.4



Ocean Infinity \$2.8M Equity Investment – External Validation

- **WHO:** New well funded entrant to ocean survey & exploration business
- **WHY:** They were looking to adopt the best technology to better automate the ocean survey data acquisition chain and accelerate industry disruption
- **INVESTMENT:**
 - \$2.3M at 33% premium to previous stock price with 3 year share lockup
 - Additional purchase of \$0.45M at \$0.40
 - Currently own 10.9% basic plus 5.8M warrants at \$0.40
- **FUTURE BUSINESS:**
 - MOU signed and \$9M contract for subsea batteries
 - Expect adoption of a range of Kraken products
 - Potential co-development of products and services

Corporate Overview

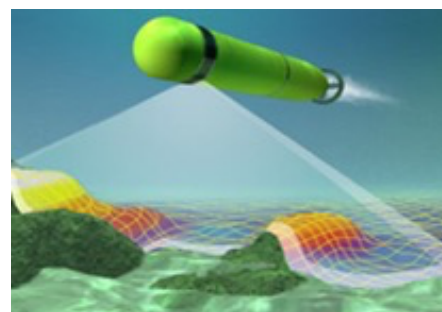
- **Kraken Is A Leader in Maritime Robotics**
 - 6 year old company with 50+ employees in Canada, USA, and Germany
 - Evolving from Sensors to Systems to Robotics as a Service (RaaS)
- **Advanced Technology & Proven Products**
 - Validated by leading navies & defense contractors; exported to 10 countries.
 - Notable defense customers such as Lockheed Martin, Elbit, Atlas, Boeing
 - Technology used to find Franklin in the Arctic (2014) and Avro Arrow models (2017)
- **Strong Team & Significant Global Partners**
 - Significant ocean tech expertise, deep industry insights, key relationships
 - International partnerships/multi-sector collaboration to extend global reach
- **Large Market Opportunity**
 - Maritime robotics positioned where aerial drones were in mid-90s
 - US\$5B+ industry by 2020 (F19 US Defense Unmanned Maritime Systems budget ~ US\$1.3 B for unclassified programs & R&D)
 - Over \$200M in active contract pursuits



Since 2012, Kraken has been named to the annual MTR 100 list every year – the top 100 marine technology companies in the world.



US\$5B Maritime Robotics Market By 2020



MILITARY

COMMERCIAL

Hydrography, Oil & Gas, Subsea IRM, Science and Emerging Sectors

40%
\$2B

60%
\$3B

Mine Counter Measures

Intel, Surveillance and Reconnaissance

Anti-Submarine Warfare

Cable & Pipeline Survey

Subsea Infrastructure Monitoring

Inspection, Repair & Maintenance

Hydrography & Seabed Mapping

Search, Locate & Recovery

Treasure Hunting & Salvage

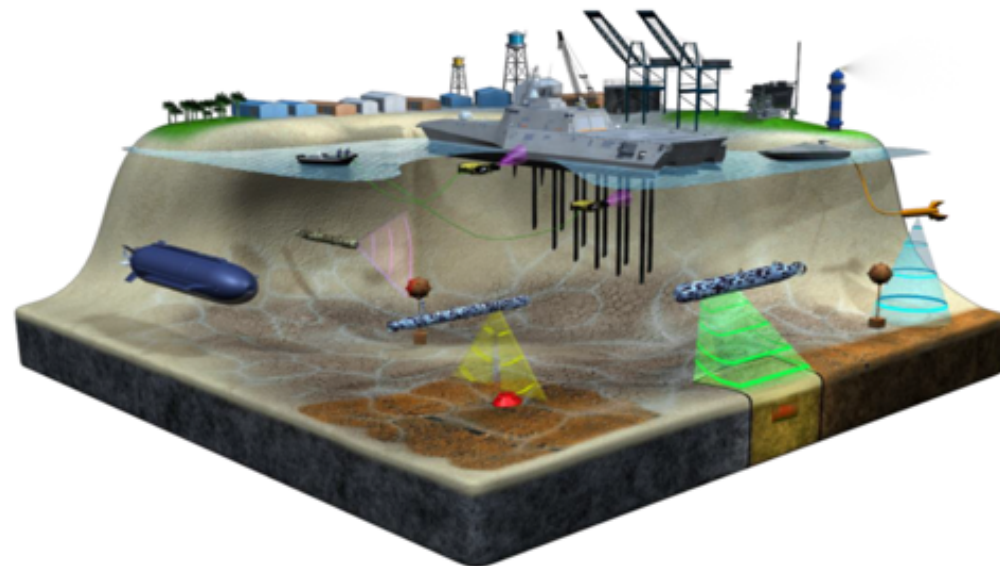
Offshore Wind, Wave and Tidal Farms

Ocean Thermal Energy Conversion

Seafloor Mineral Extraction

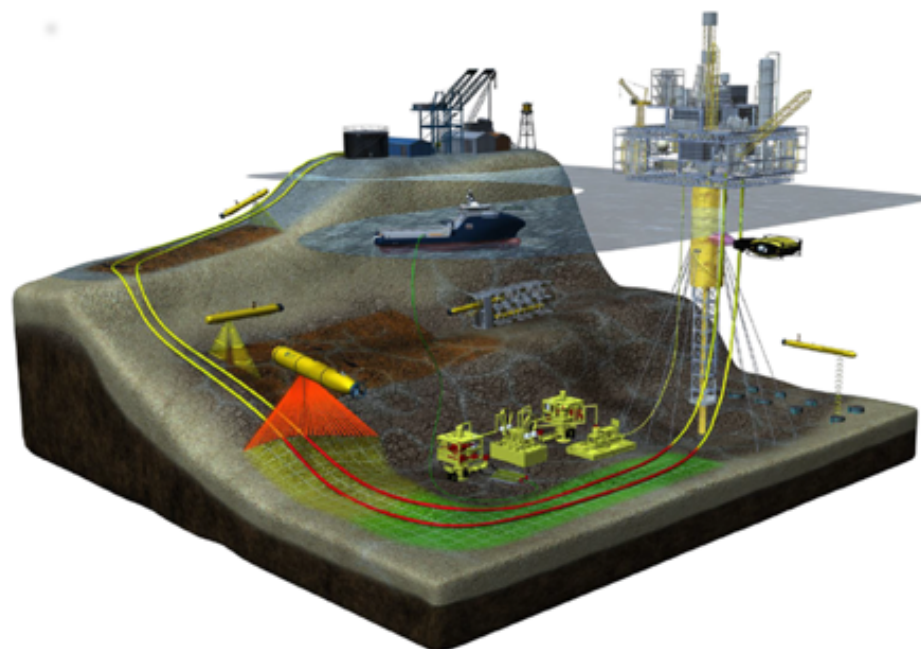
Military Applications

- **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.**

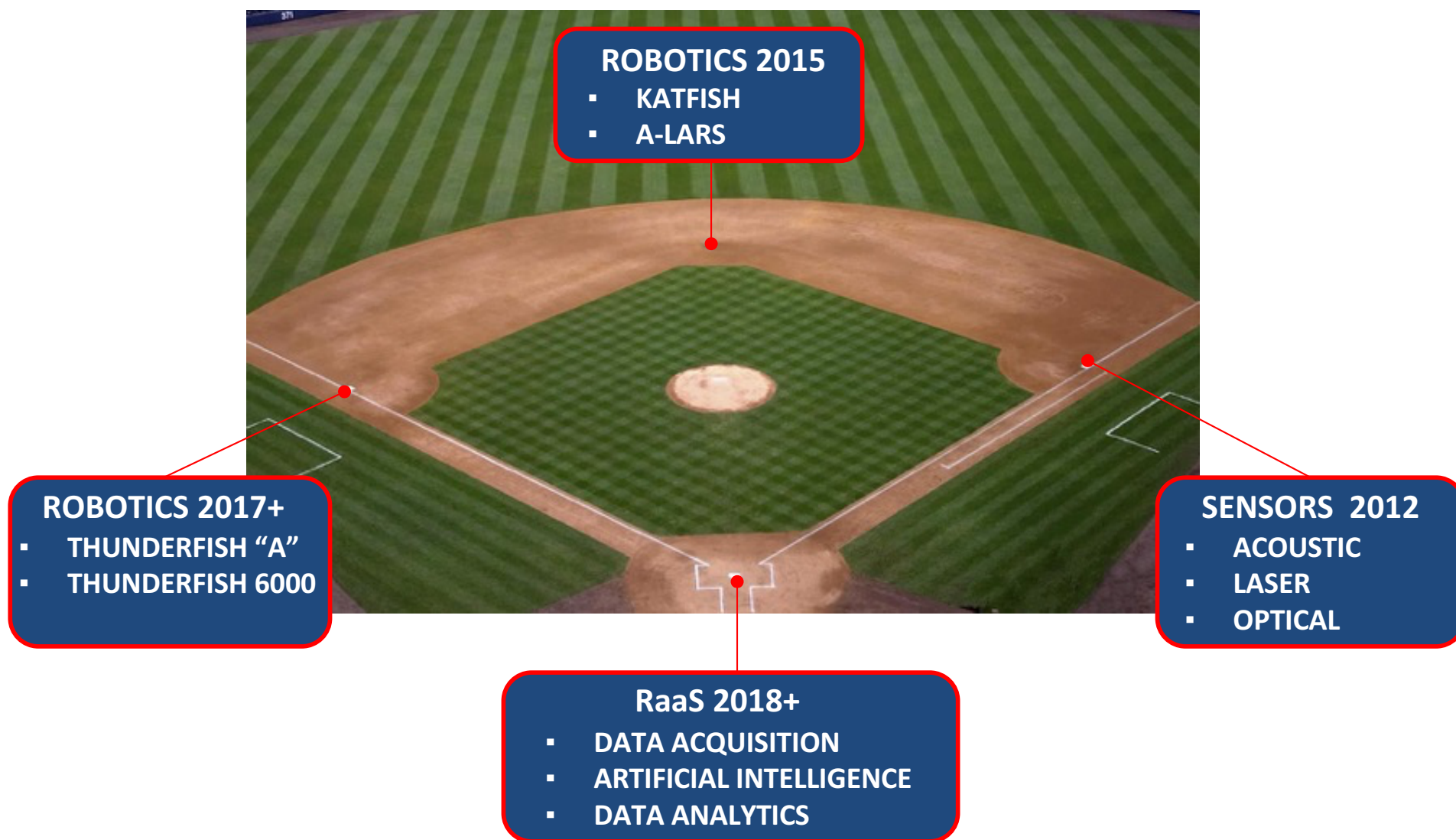


Offshore Energy Applications

- >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**



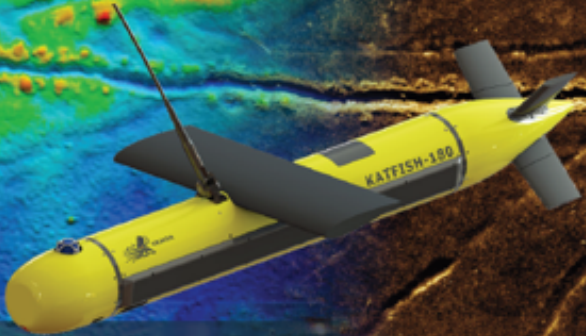
Business Strategy




Advanced Sensors & Robotics Portfolio

Survey Smarter

KATFISH - Actively Stabilized Towed SAS System



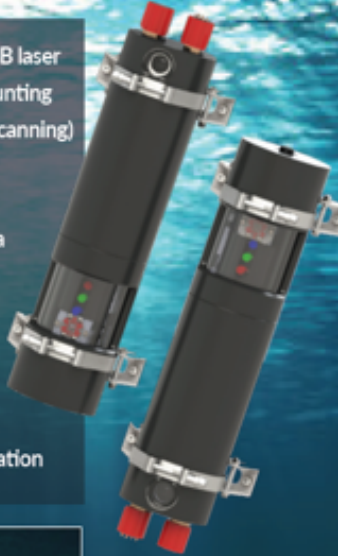
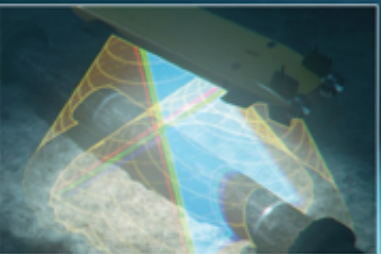

- Real-Time SAS Signal Processing
- High Area Coverage Rate: 3 km² / hour
- Long Range: 440m Swath
- Ultra High Resolution Imagery:
 - 3 cm x 3 cm
- Simultaneous Bathymetry:
 - 6 cm x 6 cm
- Real-Time 3D Seabed Mapping
- Industry's Best Price & Performance



krakenrobotics.com

SEAVISION® | 3D UNDERWATER IMAGING SYSTEM

- Ultra-high resolution from RGB laser
- Twin pods enable flexible mounting
- Dynamic (profiling) or static (scanning)
- Full colour points clouds
- Unprecedented scan speed
- High-sensitivity colour camera
- No wet moving parts
- Real-time signal processing
- Embedded inertial navigation
- Compact and lightweight
- Low capital cost
- Simple in-field, on-deck calibration

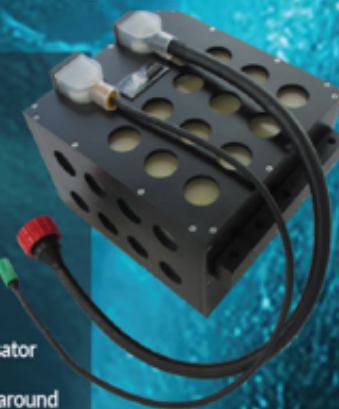




krakenrobotik.de

SeaPower™ Pressure Tolerant Batteries

Kraken's subsea batteries use advanced gel encapsulation technology to eliminate the need for an external pressure housing. That reduces size, weight, complexity and cost.

- Rated to 6,000m depth
- High energy density
- High current output
- Lithium-polymer cells
- Modular and scalable design
- Eco friendly - no oil compensator
- Hot swap enables rapid turnaround
- Corrosion and bio-fouling resistant
- Integrated battery management system
- RS232/RS485/RS422, CANbus




krakenpower.de

We also provide engineering services for custom battery designs.

Sensors - Synthetic Aperture Sonar (SAS)



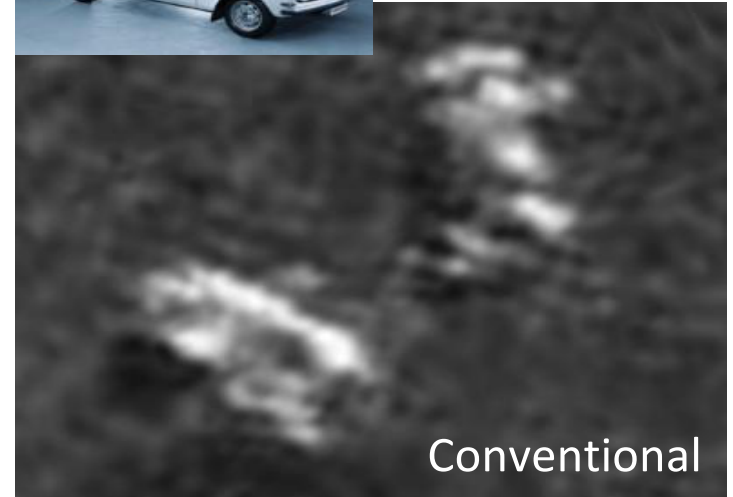
Image courtesy ECA Robotics

Some SAS Advantages

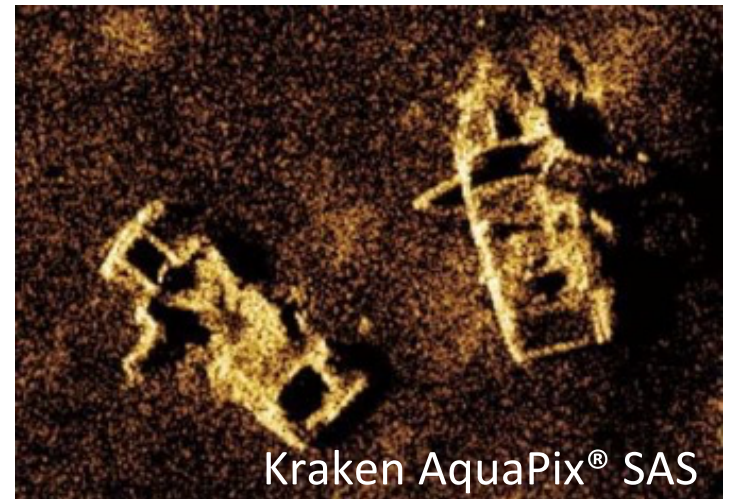
Ultra High Image Resolution
(15x Better)

Increased Area Coverage
Rate

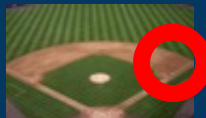
Operational Safety



Conventional



Kraken AquaPix® SAS

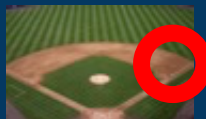
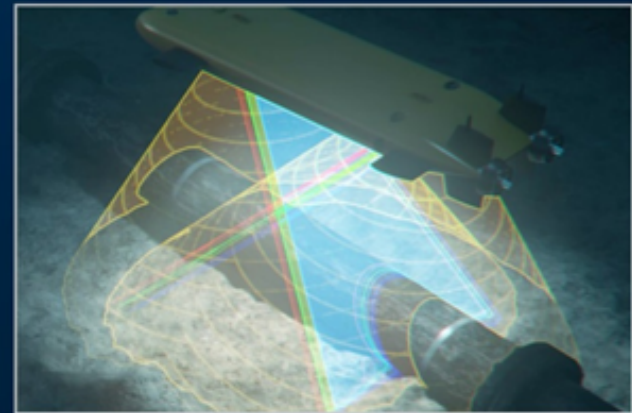
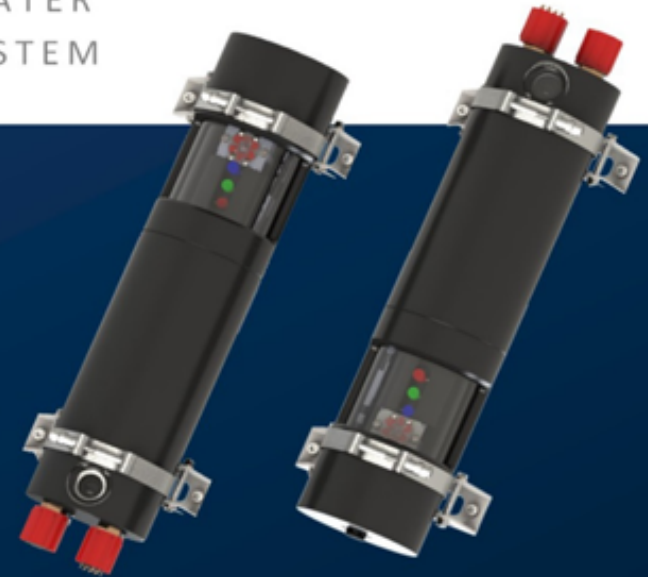


Sensors - World 1st: Full Colour 3D Underwater Laser

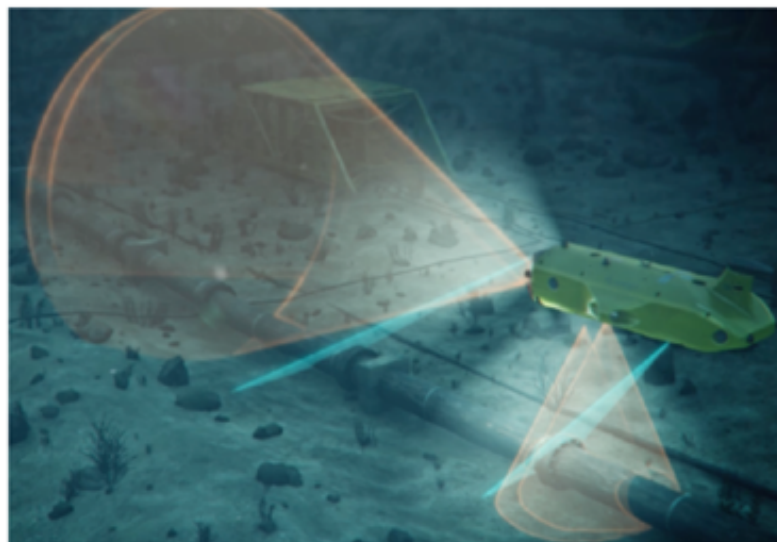
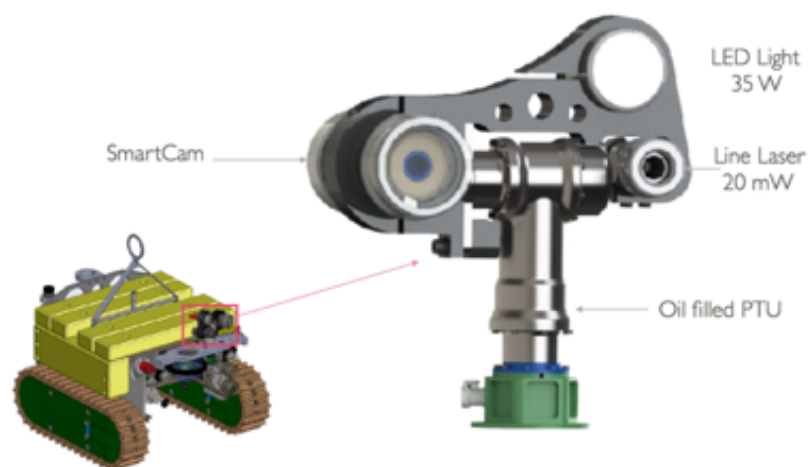
SEAVISION™

3D UNDERWATER
IMAGING SYSTEM

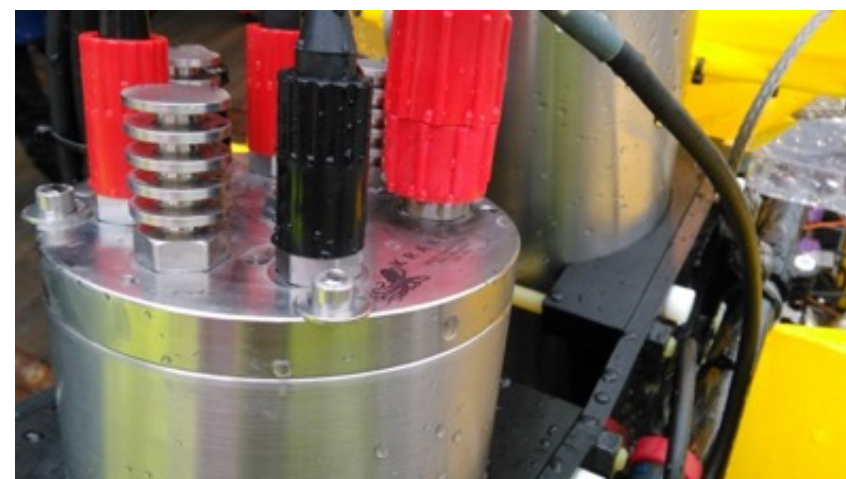
- Ultra-high resolution
- Twin pods enable flexible mounting on ROVs and AUVs
- Dynamic (profiling) or static (scanning) operation
- Full colour point clouds from RGB lasers
- Unprecedented scan speed (300,000 points/second)
- High-sensitivity colour camera with live video streaming
- No wet moving parts
- Real-time signal and image processing
- Embedded inertial navigation system
- Simple in-field, on-deck calibration
- Compact and lightweight
(42 cm length x 11.4 cm diameter, 6 kg)
- Low capital cost



SeaVision – Custom Solutions



DFKI



AWI Crawler

Evolving from Sensors to Systems and RaaS



KATFISH - Tethered Underwater Towfish

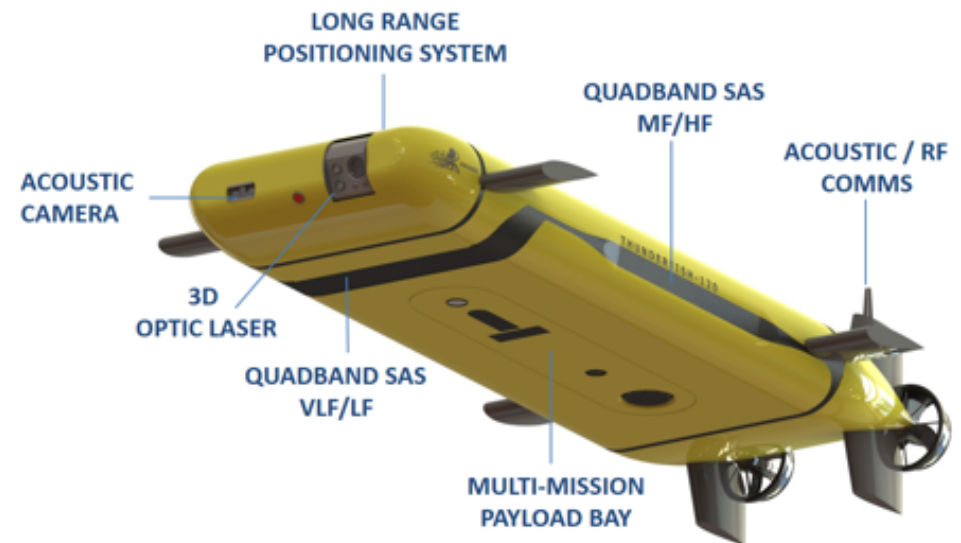


Commercial & Military Certified

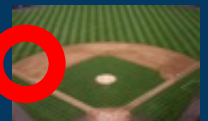
- Orders from Germany and Israel
- Key component in major foreign navy bids
- Recent surveys performed under CRADA with US Navy and NOAA
- Successful demonstrations at ANT-X 2018 in U.S



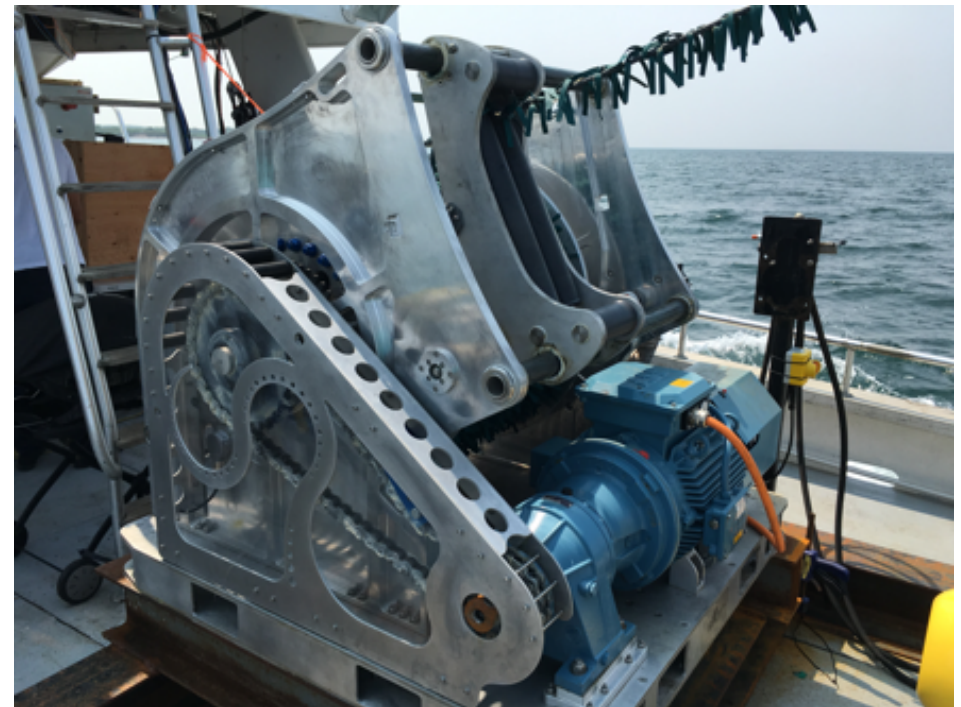
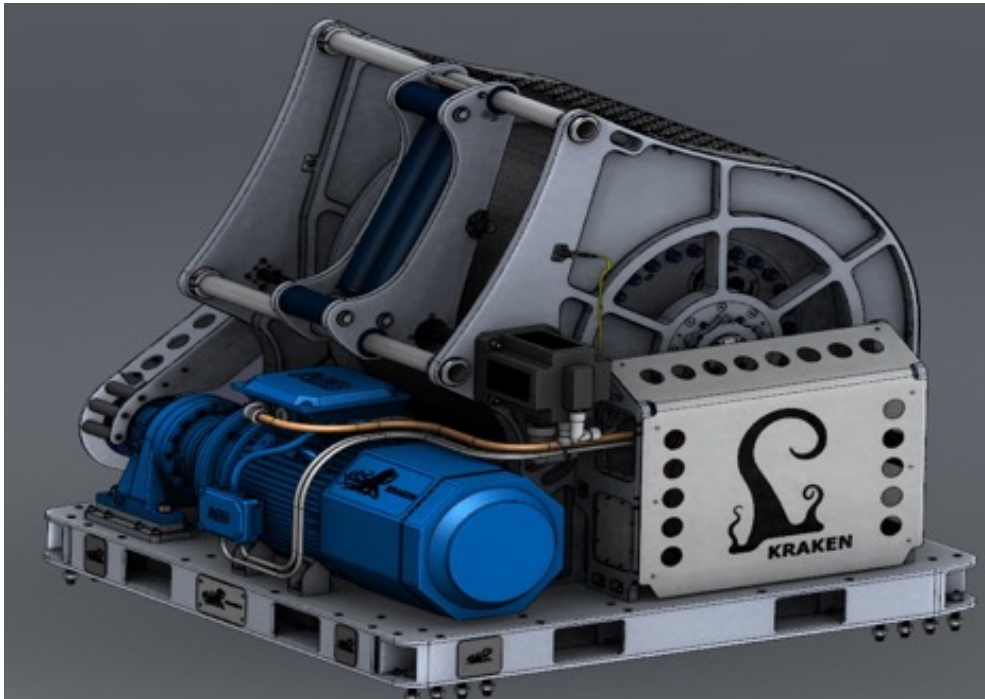
THUNDERFISH[®] - Autonomous Underwater Vehicle



➔ Searching for Avro Arrow models in Lake Ontario



Tentacle[®] Winch



2 Year R&D Effort from Kraken Handling Systems Group in Nova Scotia

- Highly intelligent electric winch which can adjust cable scope through active feedback from underwater towed platform
- Successful demonstrations at ANTX 2018 in U.S and during NOAA and NUWC CRADA's

Kraken Power – Batteries & Thrusters



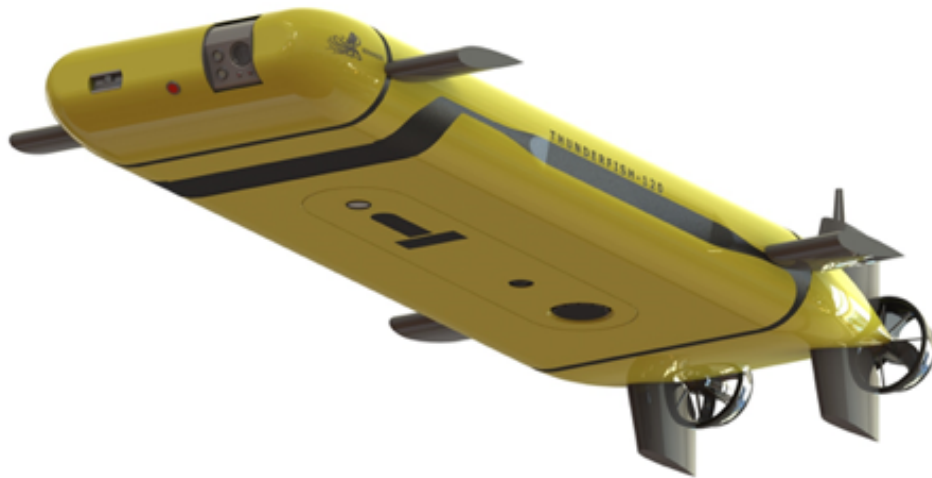
Ocean Infinity Battery Contract

- \$2.5M for delivery in Q4 2018; \$6.5M for delivery in 2019
- LiPo batteries for integration on 6000M Hugin AUVs
- Extends single mission time from 50+ hours (with current batteries) to 80+ hours with Kraken batteries

Current R&D Developments

Multi-Spectral SAS

- Ultra-wideband
- Sub bottom target detection
- Designed for truly autonomous AUV deployment
- LF 3D down look buried cable detection & tracking
- Partners: Alba Ultrasound, University of Bath
- Commercial product 2019



JellyFish Hybrid AUV/ROV

- 6000M rated
- Wind farm targeted with Kraken SeaVision sensor
- Commercial product 2020
- Leveraging investment by Kraken Power



Anti-Submarine Warfare (ASW)

- Acoustic Signal Processing Group established July 2018 in Toronto
- Established 4 person team of senior engineers with 80+ year of experience in sonar system development and integration
- Core competency in implementations of signal processing and user interface software for sonar applications
- Team has been responsible for the development and in-service support of a number of military sonar systems including post-analysis, shipboard processing, harbour surveillance and operator team training applications
- From 2002 to 2017 have delivered major projects to the navies of Canada, Sweden, and Germany
- This group is expected to be profitable during its first year of operations and Kraken plans to leverage its business development efforts into additional contracts wins
- MarketsandMarkets estimates that the submarine combat systems market could be worth nearly US\$12 billion by 2022.



2017 Strategic Milestones

- ✓ Established Kraken Robotik GmbH in Bremen, Germany
- ✓ Reached Exclusive Robotics IP Agreement with Fraunhofer Institute
- ✓ Established Kraken Power GmbH in Rostock, Germany
- ✓ OTCQB Stock listing in the U.S.
- ✓ Took delivery of AUV from Fraunhofer and renamed ThunderFish
- ✓ Found Avro Arrow models with ThunderFish AUV in First RaaS Project
- ✓ Rebranded as Kraken Robotics Inc.
- ✓ Vice Admiral Mike Connor, former commander of US Submarine Force, joins Board
- ✓ Announce strategic partnership with GE Avitas for robotic subsea inspection

2018 Strategic Milestones

- ✓ SAS sensor deployed on US Navy AUV
- ✓ Win European offshore energy technology competition with Carbon Trust
- ✓ Ocean Supercluster chosen as one of 5 cluster winners to share \$950M in funding
- ✓ Strategic alliance with ThayerMahan
- ✓ Announced multi-spectral SAS with Ocean Infinity as launch customer
- ✓ KATFISH product achieves military certification
- ✓ Achieve DTC eligibility of US listed shares
- ✓ Complete equity financing and strategic alliance agreement with Ocean Infinity
- ✓ Establishment of Acoustic Signal Processing Group for ASW applications
- ✓ Commenced Testing of KATFISH with US Navy (CRADA with NUWC)
- ✓ Signed CRADA with US NOAA

Historical Financials Reflect Development Mode



	Actual C2015	Actual C2016	Actual C2017
Sensors	\$1,730,116	\$1,372,828	\$1,452,084
KATFISH towed vehicle	\$163,183	\$894,990	\$1,346,544
THUNDERFISH AUV	\$0	\$0	\$0
ALARS	\$0	\$0	\$0
Project Contracts	\$0	\$0	\$157,558
Survey Services (RAAS)	\$0	\$0	\$577,420
Revenue	\$1,893,299	\$2,267,818	\$3,533,606
Cost of Sales	\$805,488	\$1,017,992	\$1,936,463
Gross Margin	\$1,087,811 57.5%	\$1,249,826 55.1%	\$1,597,143 45.2%
Wages & Benefits			
Gross Wages & Benefits	\$1,483,370	Reallocated	Reallocated
Technology grants	(\$698,370)	Reallocated	Reallocated
Net Wages & Benefits	\$785,000		
Headcount	21	30	40
Research & Development			
Expenditures	\$158,498	\$837,805	\$1,955,886
SR&ED Tax Credits	\$0	\$0	\$0
Net Research & Development	\$158,498	\$496,203	\$1,955,886
Selling, General & Administrative			
Administrative	\$812,730	\$1,671,909	\$2,722,486
	\$883,713	\$1,219,381	\$1,766,510
Total Operating Expenses	\$1,827,211	\$3,053,915	\$3,722,396
EBITDA	(\$739,400)	(\$1,273,977)	(\$2,125,253)

- Historical financials represent various trial sales of SAS sensors to defense customers
- Most of revenues prior to 2018 were for single unit AquaPix sales
- Product gross margins 50% - 80%
- ~\$20+ orders in last 4 Quarters
 - Q3/17: first multi unit SAS order (8 unit)
 - Q3/17: \$2M KATFISH order
 - Q3/18: \$9M batteries order

2017 Financial Milestones

2017

- \$1.5M Grant from NRC and \$0.75M Grant from RDC
- Completed Private Placement of \$2.1M; sold Non-Core Asset Proceeds \$0.9M
- \$0.2M First contract for KRG for customized SeaVision for subsea crawler
- \$0.4M Repeat Contract from European Defence Contractor (ECA Robotics)
- \$0.4M Contract from Atlas Elektronik of Germany
- \$3.1M Contract with Ocean Infinity for SAS sensors on Hugin AUVs
- \$0.5M RaaS contract (Avro Arrow test model search)
- \$2.0M Robotics contract with unnamed customer
- \$0.1M Paid trial with major global defense company
- \$0.8M Robotics contract from oil and gas sector

2018 Financial Milestones

2018

- \$0.4M Contract from US defense customer
- Completed Private Placement of \$1.5M
- Pre-qualified for BCIP contracts for ThunderFish (\$1M) and SeaVision (\$0.5M)
- \$0.9M Contract for Kraken Germany for SeaVision sensors & software
- Completed Private Placement of \$2.3M with Ocean Infinity
- \$9 million contract from Ocean Infinity for deep see batteries for commercial AUVs
- \$0.5M Contract from European defense customer
- Received \$1M from exercise of warrants
- \$1.0M Contract for ASW signal processing software

Financial Snapshot & Customers



- **New products & partnerships will drive growth:**
 - Revenues to date mainly sensors with ASPs of \$400K
 - Forecast revenues in 2018 to at least \$7 million
 - Strong outlook for New Products: sensors (ASP \$100k to \$1M), KATFISH product (ASP of \$2M commercial, \$3M military standard), WINCH & ALARS (ASP \$300k-\$1M)
 - Broadening distribution channels with strong partners: GE, Atlas Elektronik, Elbit, Ocean Infinity, ThayerMahan

Avg Sales Price

AquaPix (SAS)	\$450,000
New sensors (SeaVision)	\$100,000
New sensors (QB SAS)	\$1,300,000
KatFish - COTS	\$1,950,000
KatFish - MIL-STD	\$3,250,000
ALARS	\$975,000
THUNDERFISH	\$3,900,000





US\$200+ Contract Pipeline

- **Defense Industry: In the Midst of an Industry Upgrade Cycle for Mine Counter Measures (MCM) Tech**
- Multiple Navy defense pursuits - across North America, Europe, and the Middle East for KATFISH and sensors.
- Key defense company partners - ThayerMahan (US), Atlas (Germany), ECA Robotics (France), Ultra Electronics (UK), Elbit (Israel)
- Completed numerous trials in 2017/2018.
- On multiple bid teams; Contract awards expected in 2019
- **Commercial Market: Across oil & gas, wind farms, ocean science, hydrography, & more**
 - AquaPix SAS sensors including Multi Spectral SAS
 - SeaVision 3D laser imaging system – Multiple opps; first commercial order June 2018
 - Oil & Gas – Batteries, software development, sensors for offshore service companies
 - Government - BCIP Contract - \$3.5M for ThunderFish and SeaVision (4 BCIP apps)
 - Kraken Power GmbH – batteries & thrusters for commercial fleet upgrades; fish farms
 - Robotics as a Service - using KATFISH and THUNDERFISH platforms
 - Ocean Supercluster opportunities to emerge in Q4/2018 and 1H 2019
 - Key commercial market partners: Ocean Infinity, GE Avitas, Carbon Trust



Financial Scenario Analysis

NOTE: TABLE BELOW IS NOT A FORECAST

Product or Service	Date	2018	2018	2020	2020
	Commercialized	Units/jobs	Revenue	Units/jobs	Revenue
Sensors					
SAS (acoustic)	2014	4	\$2,000,000	12	\$5,250,000
CVL (acoustic) royalty	2017	8	\$100,000	25	\$312,500
SeaVision (laser)	2018	8	\$800,000	40	\$4,000,000
Systems					
KATFISH towfish	2017	2	\$3,750,000	6	\$11,250,000
ALARS	2018	0	\$0	4	\$4,000,000
ThunderFish AUV	2020	0	\$0	2	\$7,500,000
Other					
Kraken Germany Projects	n.a.	n.a.	\$500,000	n.a.	\$2,000,000
Kraken Power (minority holding)	n.a.	n.a.	\$500,000	n.a.	\$4,000,000
RaaS	n.a.	1	\$500,000	10	\$5,000,000
Total Revenue			\$8,150,000		\$43,312,500
Gross Margin			\$4,890,000		\$25,987,500
			60%		60%
Operating expenses			\$5,400,000		\$11,500,000
EBITDA			(\$510,000)		\$14,487,500
			-6%		33%

- New products available in 2017/2018 drive growth
- System sales just starting
- Kraken Germany emerging
- RaaS revenue emerging
- Significant operating leverage in business model

Strong Upside Potential

- **Market leading technology, products, team in an industry with high barriers to entry**
- **Kraken Organic Growth will be strong driven by new products, new partners, and industry upgrade cycles.**
- **Accelerating M&A in the sector:**
 - 2016 - General Dynamics acquired Bluefin Robotics, a manufacturer of unmanned vehicles
 - 2016 - Boeing acquired Liquid Robotics, maker of a wave glider, reportedly for over US\$300M
 - 2017 - L3 Technologies acquired Ocean Server Technology, maker of AUVs
 - 2017 - L3 Technologies acquired Open Water Power, a developer of UUV battery technology
 - 2017 - L3 Technologies acquired Adaptive Methods, a supplier of autonomy and sensor payload systems for use in UUVs
 - 2018 – L3 Technologies acquires ASV Global, LLC, a supplier of unmanned surface vessels

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Supplementary Slides



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 Financial 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

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.

Vice Admiral Mike Connor, Board of Directors

- CEO of ThayerMahan and Former commander of U.S. submarine force from September 2012 until September 2015.



German Activities Bearing Fruit

- Kraken Robotik GmbH (KRG) established in January and now staffed with 4 underwater robotics experts (ex DFKI) including 2 PHDs.
- DFKI (German Center for Artificial Intelligence Research)
 - FlatFish AUV & precursor to SeaVision laser scanner
- Fraunhofer IOSB AUV partnership (Apr 2017) – ThunderFish Alpha & access to technical talent
- Kraken Power GmbH 19.9% investment (May 2017) – Starting to win notable contracts (thrusters, \$9M batteries)
- First KRG contract Alfred Wegener Institute (AWI) delivered (Jul 2017)
- Atlas Elektronik – Delivered 2 SAS units to date, partnered on Far East Navy bid, teaming agreement for Canada, other
- \$0.9M SeaVision & software contracts in 2018
- SeaVision expected to be ship in Q4/2018

