



Kraken Reports Q3 2020 Results

Revenue Year-to-Date of \$10.2 million

ST. JOHN'S, Newfoundland and Labrador, Nov. 24, 2020 -- Kraken Robotics Inc. (TSX-V: PNG, OTCQB: KRKNF), Canada's Ocean Company, announced it has filed its financial results for the quarter ended September 30, 2020. Additional information concerning the Company, including its consolidated financial statements and related management's discussion and analysis ("MD&A") for the quarter ended September 30, 2020, can be found at www.sedar.com. Unless otherwise stated, all dollar amounts are Canadian dollar denominated.

Q3 2020 Financial Highlights

- Revenue for the quarter was \$1.5 million compared to \$7.8 million in the year ago quarter. The year-over-year decline was mainly due to the delivery of a large battery order in the previous year quarter which was not repeated this year. Revenue year-to-date totaled \$10.2 million, compared to \$10.5 million last year. Key revenue drivers year-to-date were the delivery of subsea batteries and a KATFISH™ 180 towed sonar.
- Adjusted EBITDA loss* in the quarter was \$1.7 million, compared to an Adjusted EBITDA* of \$1.6 million in the year ago quarter. Adjusted EBITDA* in the year ago quarter included the gain on sale of ThunderFish® AUV in the amount of \$0.6 million. Adjusted EBITDA* loss year-to-date totaled \$0.1 million, consistent with the prior year.
- Net Loss in the quarter was \$2.7 million compared to a net income of \$0.1 million in the year ago quarter. The loss in the quarter was due to lower revenues year-over-year combined with an increased cost base as the Company prepares to execute on larger contracts. Net loss year-to-date totaled \$2.1 million compared to a net loss of \$2.8 million year-to-date in the prior year.
- Net working capital at the end of Q3, 2020 was \$6.9 million, compared to \$7.2 million at year end 2019.
- The Company's balance sheet is strong. While Kraken exited the quarter with a cash balance of \$1.9 million, compared to \$2.1 million at December 31, 2019, subsequent to the quarter, we closed a bought deal short form prospectus offering for gross proceeds of \$10.4 million. In addition, during Q4 the Company will receive advance payments on recent orders with the Danish and Polish Navies totaling \$8.8 million.
- At quarter end, including funding we will receive for our OceanVision project, Kraken had \$12.5 million in previously awarded funding to draw upon from government agencies and project partners. This amount is not recorded in our financial statements until the cash is received.

CEO Comments

"While Q3 2020 revenue was below the prior year, revenue is relatively unchanged on a year-to-date basis. However, going forward, we are very pleased to have secured and are now strongly focused on executing the recent \$40 million+ of orders we have received from both the Danish and Polish navies. We are also involved in active discussions with other NATO navies. We are seeing continued and solid interest for our KATFISH™ and ALARS products within the global defense and commercial markets. While year-over-year comparisons for our battery products are down, order activity for our subsea batteries is now improving as we add additional customers predominantly in the defense market. For our sonar sensor products that we sell to AUV manufacturers, we expect to build on the positive feedback we have received on our light-weight SAS under the Foreign Comparative Test program with the US Navy and additional interest we are seeing for our sensors across numerous AUV OEM and defense customers," said Karl Kenny, Kraken's President and CEO.

"We recently completed our third successful OceanVision offshore campaign, a project that is accelerating our efforts to develop a more significant recurring revenue base which we characterize as Robotics as a Service. During the campaign, Kraken collected data in a variety of areas focusing on marine habitats, iceberg scours and other objects of interest, operating the KATFISH™ and ALARS in up to Sea State 6 conditions. In addition to capturing large amounts of ultra-high definition seafloor data, Kraken was very pleased with the performance of its ALARS system which had recently completed successful sea trials in Nova Scotia on Kraken's Ocean Seeker vessel. The OceanVision campaign provided the first opportunity to deploy the system in real-world offshore environmental conditions."

"With a strong balance sheet from our recent financing as well as incoming customer deposits and third party project funding, we are well positioned to deliver on existing product orders and near to medium term opportunities on both the product and RaaS front. Our sensor and robotics technology significantly reduce cost, timelines and carbon emissions which is proving to be of keen interest in the offshore sector."

*Adjusted EBITDA and Adjusted EBITDA margin do not have standardized meaning under IFRS and may not be comparable to similar measures used by other issuers. We define Adjusted EBITDA as revenue less costs of sales, administrative expenses, research and development costs plus investment tax credits. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenues.

ABOUT KRAKEN ROBOTICS INC.

Kraken Robotics Inc. (TSX.V:PNG) (OTCQB: KRKNF) is a marine technology company dedicated to the production and sale

of software-centric sensors, subsea batteries and thrusters, and underwater robotic systems. The company is headquartered in St. John's, Newfoundland with offices in Dartmouth, Nova Scotia; Toronto, Ontario; Bremen & Rostock, Germany; Copenhagen, Denmark, and Boston, Massachusetts. Kraken is ranked as a Top 100 marine technology company by Marine Technology Reporter. For more information, please visit www.krakenrobotics.com, www.krakenrobotik.de, www.krakenpower.de. Find us on social media on Twitter (@krakenrobotics), Facebook (@krakenroboticsinc) and LinkedIn.

Certain information in this news release constitutes forward-looking statements. When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, general economic conditions and other factors set out in the Company's public disclosure documents. Many factors could cause the Company's actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Neither the TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release, and the OTCQB has neither approved nor disapproved the contents of this press release.

For further information, please contact:

Joe MacKay, Chief Financial Officer
(416) 303-0605
jmackay@krakenrobotics.com

Greg Reid, Chief Operating Officer
(416) 818-9822
greid@krakenrobotics.com

Sean Peasgood, Investor Relations
(647) 955-1274
sean@sophiccapital.com

Shauna Cotie, Marketing Manager
(709) 757-5757 x 241
scotie@krakenrobotics.com