



## Kraken Provides Corporate Update on RaaS Activities

ST. JOHN'S, Newfoundland, Oct. 25, 2021 (GLOBE NEWSWIRE) -- Kraken Robotics Inc. (TSX-V: PNG, OTCQB: KRKNF), Canada's Ocean Company™, is pleased to provide a corporate update on its Robotics as a Service (RaaS) activities including the acquisition of PanGeo which closed in Q3. As noted previously, this acquisition will accelerate Kraken's service capabilities, generate more recurring revenue, and diversify Kraken's revenue streams more significantly into the offshore renewable energy market. Responding to near-term collaborative opportunities, PanGeo's engineering team has moved into Kraken's Newfoundland facilities and the teams are working together on several large projects to be announced in the near future. We are aiming to have all Newfoundland employees integrated together in Kraken's Mount Pearl facilities in Q1, 2022.

### **Notable RaaS related activities are as follows:**

- Kraken recently completed our first commercial RaaS campaign using our KATFISH™ towed underwater vehicle, undertaking a subsea cable inspection campaign in the Strait of Bell Isle. During the campaign, the vessel and crew was re-tasked to support search and rescue efforts due to a lost fishing vessel in the area.
- Kraken signed a RaaS contract for the Canadian Navy and details are noted in a separate press release today.
- Kraken's SeaVision® laser scanning services have experienced strong interest from the offshore oil and gas and renewable energy markets for critical subsea asset inspection. Kraken has received contracts in North America, Europe, Africa, and Brazil for paid demonstrations of this technology, and expects to complete them during Q4 and into Q1, 2022. Applications include anode inspection at an offshore wind farm, mooring chain inspection for offshore oil and gas infrastructure, and metrology services. The customers are large global offshore energy/renewables providers.
- PanGeo is seeing strong Q4 offshore utilization with six ROV mounted Sub-Bottom Imagers (SBI), two shallow water mounts (GeoLink and GeoArm), and the remotely operated towed unit (SeaKite) performing sub-seabed imaging in locations in Europe and Asia Pacific.

Karl Kenny, Kraken's President and CEO said, "RaaS enhances robotics efficiency and removes the upfront acquisition costs of expensive hardware and software. Kraken's RaaS is a cloud-based robotics rental / licensing business model that enables customers to incorporate the robotic capabilities they need when they need them, upgrade or downgrade systems as requirements change and deploy robotics without the necessary costs required by more traditional robotics implementations. RaaS works by utilizing Kraken's internally developed IP including our subsea sensors and robotics hardware, artificial intelligence algorithms and cloud-based data analytics. This allows customers to rapidly spool up and deploy operations, significantly reduce upfront capital equipment and operational expenditures and adjust survey and inspection capabilities on the fly. For customers trying to improve productivity and reduce risk but have thought robots were out of their price range, Kraken's RaaS offers a very compelling alternative for both underwater defence and commercial applications."

As an example, conducting inspection, repair, and maintenance (IRM) for offshore energy operations is a risky undertaking. To prevent human casualties that may occur during such activities, several energy giants have been deploying robots, bringing a new level of safety and efficiency to IRM operations. For example, Chevron, is equipping its drones with augmented reality tools to assess field equipment and infrastructure while performing inspection works. The Norwegian energy giant, Equinor, is planning on expanding its drone usage over the next few years to automate its operations in the North Sea. The primary focus of many companies is to optimize IRM activities, particularly in spaces that cannot be accessed by humans, through robots. These developments will positively impact market growth. A recent report by Fortune Business Insights estimates that the global offshore energy (oil and gas, wind, solar) IRM market is projected to reach over US\$60 billion by 2027 up from US\$35 billion in 2019.

### **Financial Update**

Kraken will report Q3 financial results in the second half of November and expects strong sequential and year-over-year revenue growth in both Q3 and Q4. Financial guidance for 2021 remains unchanged with revenue expected to be \$28 million to \$30 million, Adjusted EBITDA\* in the range of \$3.0 million to \$4.5 million and Net income (excluding transaction costs) in the range of a net loss of \$1.0 million to net income of \$1.5 million. For 2022, we expect the Products business to show continued year-over-year growth based on our current contracts and opportunity pipeline as we continue make deliveries to the Danish Navy as well as ongoing shipments of batteries and sensors. For 2022, we expect the Services business to see significant growth with a full year of PanGeo results and see the benefits from integrating Kraken's KATFISH™ and SeaVision® technology in PanGeo's service offering.

In addition to contracts treated as revenue, Kraken expects to continue to see significant contract awards in the form of government grants and cost recovery contracts. These are important awards as they allow for continued investment in R&D and capital equipment and provide support for technology demonstrations that drive new revenue opportunities in both the defense and commercial markets.

\*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.

## LINKS

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## 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 Newfoundland with offices in Canada, U.S., Germany, Denmark, and Brazil. In July 2021, Kraken acquired PanGeo Subsea, a leading services company specializing in high-resolution 3D acoustic imaging solutions for the sub-seabed. PanGeo with offices in Canada, the United States and the United Kingdom is now a wholly owned subsidiary of Kraken. Kraken is ranked as a Top 100 marine technology company by Marine Technology Reporter.

*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.*

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