



Kraken Robotics Reports Q3 2024 Financial Results

Year to date Revenue increased 52% Year-over-Year to \$63 Million, Adjusted EBITDA increased 64% to \$14 Million

ST. JOHN'S, NEWFOUNDLAND, November 21, 2024 /GLOBE NEWSWIRE/ -- Kraken Robotics Inc. (TSX-V: PNG, OTCQB: KRKNF) ("Kraken" or the "Company"), announced it has filed financial results for the quarter ended September 30, 2024 ("Q3 2024"). Please refer to the unaudited Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A") for the quarter ended September 30, 2024, filed on www.sedarplus.ca for more information. Unless otherwise specified, all dollar amounts are denominated in Canadian dollars.

Year-to-date September 30, 2024

- Consolidated revenue year-to-date increased 52% to \$63.2 million, compared to \$41.6 million in the comparable nine-month period ending September 30, 2023.
- Product revenue year-to-date increased 45% to \$47.8 million, compared to \$33.0 million in the comparable nine-month period to September 30, 2023.
- Service revenue year-to-date increased 79% to \$15.4 million, compared to \$8.6 million in the comparable nine-month period ending September 30, 2023.
- Gross profit year-to-date increased 40% to \$31.2 million, implying a 49.0% gross profit margin percentage year-to-date compared to \$22.2 million gross profit (53.0% gross margin) in the comparable nine-month period ending September 30, 2023.
- Adjusted EBITDA¹ year-to-date increased 64% to \$13.7 million compared to an Adjusted EBITDA¹ of \$8.4 million in the comparable nine-month period. Adjusted EBITDA¹ margin year-to-date was 22% compared to 20% in the comparable year.
- Net income in the quarter year-to-date increased 117% to \$6.4 million, compared to net income of \$3.0 million in the comparable nine-month period.
- Total assets were \$101.2 million on September 30, 2024, compared to \$76.4 million on September 30, 2023. Cash at the end of the quarter totaled \$14.9 million. Subsequent to the quarter end, [Kraken completed an equity financing for gross proceeds of \\$51.7 million.](#)

Q3 2024 Financial Summary

(\$ 000s) Unaudited	YTD 2024	YTD 2023	% change	Q3 2024	Q3 2023	% change
Consolidated revenue	63,183	41,575	52%	19,550	20,342	-4%
Gross profit 1	31,210	22,242	40%	10,257	9,995	3%
Gross profit margin percentage 1	49%	53%		52%	49%	
Adjusted EBITDA 1	13,693	8,366	64%	4,148	4,423	-6%
Adjusted EBITDA percentage 1	22%	20%		21%	22%	
Net Income	6,415	2,962	117%	1,631	2,301	-29%



Q3 2024 Financial Highlights

- Consolidated revenue for Q3 2024 declined 4% to \$19.5 million compared to \$20.3 million for the quarter ending September 30, 2023. The year-over-year decline occurred as a significant increase in SeaPower™ subsea batteries and Services revenue (Sub-Bottom Imager™ and Acoustic Corer™) did not offset lower KATFISH™ and Remote Mine Disposal System (RMDS) revenue.
- Product revenue in the quarter declined 27% to \$12.5 million compared to \$17.1 million in the prior year, while Services revenue in the quarter increased 121% to \$7.1 million compared to \$3.2 million in the prior year.
- Gross profit in Q3 2024 increased 3% to \$10.3 million implying a 52.5% gross profit margin percentage compared to 49.1% in Q3 2023. The year-over-year improvement relates to a change in revenue mix over the prior year. Sequentially, gross margin improved from 51.0% in Q2 2024.
- Adjusted EBITDA¹ declined 6% in the quarter to \$4.1 million compared to \$4.4 million in the prior year due to slightly lower revenue in the quarter. Adjusted EBITDA¹ margin in the quarter stood at 21.2% compared to 21.7% in the comparable quarter.
- Net income in the quarter declined 29% to \$1.6 million, compared to net income of \$2.3 million in Q3 2023 due to higher financing costs relating to the credit facility entered during April 2024.

Management Comments

“Fiscal 2024 is on track to be another record year for Kraken, driven by strength across defense and offshore energy end markets where there is increased focus on surveillance and security of critical underwater infrastructure. While the demand environment for our technology solutions across defense and offshore energy has never been better, we have also made operational improvements positioning us to better execute on these opportunities as they land. Having completed a \$52 million equity financing in October, we have significantly strengthened our balance sheet this year with more than \$115 million of new equity and committed credit facilities. This increases our ability to ramp production, continue to push our innovation agenda forward on new product design and new service offerings, and act on select niche accretive acquisition opportunities,” said Kraken President and CEO Greg Reid.

Recent Company Highlights and Industry Observations

- Since the end of Q2, Kraken Robotics announced several meaningful new orders, including over [\\$13 million in subsea battery orders](#) and [\\$3 million of synthetic aperture sonar \(SAS\) orders](#).
- An area of strength for us has been subsea batteries. We are planning for additional capacity as our current customers see strong growth, and we expect to onboard new customers who wish to avail of our high energy density designs that give customers significantly greater endurance for their UUVs. In addition, we are evaluating opportunities to apply our technology to seafloor power applications and have multiple potential customer and partner discussions ongoing.
- Our services business, focused on commercial offshore wind and oil and gas, expects a record year, driven by growth in the offshore energy market and requirements for seabed and sub-seabed intelligence during the development, construction, and operations/maintenance part of the subsea asset lifecycle.

¹Adjusted EBITDA is a non-GAAP financial measure and gross margin, and adjusted EBITDA margin are non-GAAP ratios, in each case with no standard meaning under IFRS, and may not be comparable to similar financial measures disclosed by other issuers. Refer to the "Non-GAAP Measures" section of this press release.



- In the mine warfare (MW) and critical underwater infrastructure (CUI) arena, navies around the world are in various stages of planning and executing upgrades with multiple large tenders in the market or coming to market in the next one to four years. This year, we have invested significant time and resources on in-field technology demonstrations and naval defense exercises in Europe, Asia Pacific, and North America including exercises such as Minex, Baltops, and RimPac. In September at [REPMUS \(Robotic Experimentation & Prototyping with Maritime Unmanned Systems\) in Portugal](#), we supported Kraken's synthetic aperture sonar on UUVs from five allied countries. In October, we [held demos for more than 10 navies](#) at the Naval MCM conference in Halifax. Historically, these demos have driven future sales and with our growing track record of success and relationships in this area, we believe we are well positioned to win our fair share of these future large programs.

2024 Financial Guidance

Our annual revenue and adjusted EBITDA financial guidance remains unchanged. Kraken expects revenue between \$90.0 million to \$100.0 million and Adjusted EBITDA¹ in the \$18.0 million to \$24.0 million range. Capital and intangible asset expenditures in 2024 are now expected to be in the \$4.0 million to \$5.0 million (versus \$6.0 million to \$7.0 million previously).

(\$ 000s)	Actual	2024 Guidance Range		Implied Change	
	2023	Low	High	Low	High
Consolidated revenue	69,581	90,000	100,000	29%	44%
Adjusted EBITDA ¹	14,094	18,000	24,000	28%	70%
Adjusted EBITDA percentage ¹	20%	20%	24%	-	400 bps
Capital expenditures/Intangible assets	7,557	4,000	5,000	-47%	-34%

NON-IFRS MEASURES

Non-IFRS measures, including certain non-IFRS financial measures and non-IFRS ratios in this press release, are provided where management believes they supplement measures determined in accordance with IFRS and provide readers with an improved ability to evaluate the underlying performance of the Company. Non-IFRS financial measures and non-IFRS ratios do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA and Adjusted EBITDA Margin

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, Adjusted EBITDA is useful to securities analysts, investors and other interested parties in evaluating operating performance by presenting the results of the Company on a basis which excludes the impact of certain non-operational items which enables the primary readers of this press release to evaluate the results of the Company such that it was operating without certain non-cash and non-recurring items. Adjusted EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense and non-recurring impact transactions, if any. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Total Revenue.

(\$ 000s)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net Income	1,631	2,301	6,415	2,962
Income Tax	(303)	(30)	488	294
Financing costs	636	291	1,583	1,262
Foreign exchange loss (gain)	343	(292)	412	(22)
Share-based compensation	414	61	501	320
Loss on disposal of assets	(3)	2	(3)	2
Impairment of goodwill	-	-	-	2,757
Gain on extinguishment of contingent consideration	-	-	-	(4,044)
Depreciation and amortization	1,430	1,209	4,228	3,704
EBITDA - excluding restructuring and acquisition costs	4,148	3,542	13,624	7,235
Restructuring and acquisition costs	-	881	69	1,131
Adjusted EBITDA	4,148	4,423	13,693	8,366
Adjusted EBITDA Margin	21%	22%	22%	20%

Gross profit is defined as revenue less cost of total sales. Gross margin is defined as gross margin dividend by total sales.

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue	19,550	20,342	63,183	41,575
Cost of sales	9,293	10,347	31,973	19,333
Gross profit	10,257	9,995	31,210	22,242
Gross profit margin	52%	49%	49%	53%



Figure 1: Kraken SeaPower pressure-tolerant subsea battery

ABOUT KRAKEN ROBOTICS INC.

Kraken Robotics Inc. (TSX.V: PNG) (OTCQB: KRKNF) is a marine technology company providing complex subsea sensors, batteries, and robotic systems. Our high-resolution 3D acoustic imaging solutions and services enable clients to overcome the challenges in our oceans - safely, efficiently, and sustainably. Kraken



Robotics is headquartered in Canada and has offices in North and South America and Europe. Kraken is ranked as a Top 100 marine technology company by Marine Technology Reporter.

LINKS:

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SOCIAL MEDIA:

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Forward Looking Statements

The Company and its management believe that the statements regarding 2024 revenue and adjusted EBITDA contained in this press release are reasonable as of the date hereof, are based on management's current views, strategies, expectations, assumptions and forecasts, and have been calculated using accounting policies that are generally consistent with the Company's current accounting policies. These statements are considered future-oriented financial outlooks and financial information (collectively, "FOFI") under applicable securities laws. These statements and any other FOFI included herein have been approved by management of the Company as of the date hereof. Such FOFI are provided for the purposes of presenting information about management's current expectations and goals relating to the Company's expected growth in its Products and Services groups. However, because this information is highly subjective and subject to numerous risks, including the risks discussed in the disclaimer for forward looking statements below, it should not be relied on as necessarily indicative of future results. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the FOFI prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although management of the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company disclaims any intention or obligation to update or revise any FOFI, whether as a result of new information, future events or otherwise, except as required by securities laws.

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 Provide (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.