OCEAN POWER TECHNOLOGIES


## FORWARD-LOOKING STATEMENT

In addition to historical information, this presentation contains forward-looking statements that are within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified by certain words or phrases such as "may", "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions. These forward-looking statements are based on assumptions made by management regarding future circumstances over which the company may have little or no control and involve risks, uncertainties and other factors that may cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. Some of these factors include, among others, the following: future financial performance; expected cash flow; ability to reduce costs and improve operational efficiencies; revenue growth and increased sales volume; success in key markets; competition; ability to enter into relationships with partners and other third parties; delivery and deployment of PowerBuoys®; increasing the power output of PowerBuoys; hiring new key employees; expected costs of PowerBuoy product; and building customer relationships. Please refer to our most recent Forms 10-Q and 10-K and subsequent filings with the SEC for a further discussion of these risks and uncertainties. We disclaim any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this presentation.

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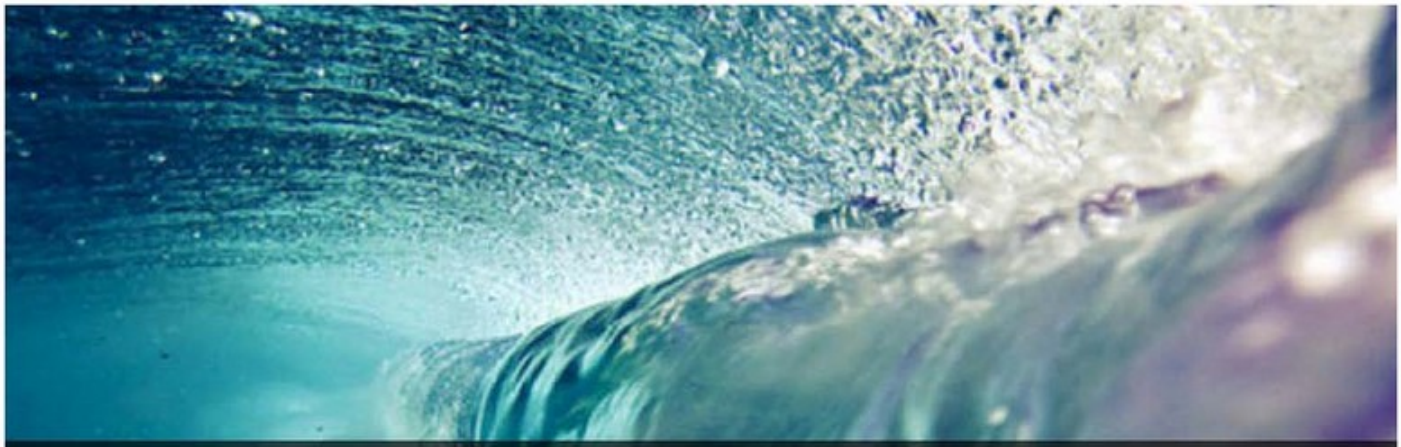

## Free Writing Prospectus Statement

This presentation highlights basic information about us and the proposed public offering. Because this presentation is a summary, it does not contain all of the information you should consider before investing in our securities.

We have filed a Registration Statement on Form S-1 (No. 333-217209) with the Securities and Exchange Commission relating to this proposed offering. The registration statement has not yet been declared effective. Before you invest, you should carefully read the prospectus, the registration statement, and any other documents incorporated by reference therein for more complete information about us and this proposed public offering.

You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we or any underwriter participating in the offering will arrange to send you the preliminary prospectus and, when available, the final prospectus and any supplements thereto by contacting Aegis Capital Corp., Prospectus Department, 810 Seventh Avenue, 18th Floor, New York, NY 10019, telephone: 212-813-1010, email: prospectus@aegiscap.com.

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# OFFERING SUMMARY

Ocean Power Technologies, Inc.

| | |
|---|---|
| Issuer: | Ocean Power Technologies, Inc. |
| Exchange/Ticker: | NASDAQ: OPTT |
| Offering Size: | $9,775,000 (including 15% over-allotment) |
| Securities Offered: | Common Shares |
| Use of Proceeds: | Expand sales & marketing through new hires and target experts; increase product manufacturing |
| Bookrunning Manager: | Aegis Capital Corp. |

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# CAPITAL STRUCTURE

**Selected Balance Sheet Data**

As of January 31, 2017 (unaudited)

| | |
|---|---|
| Total Current Assets | $ 12,095,277 |
| Total Property and Equipment, Net | 194,556 |
| Other Noncurrent Assets | 130,979 |
| Total Assets | $ 12,420,812 |
| Total Current Liabilities | $ 4,596,690 |
| Total Long-Term Debt and Capital Lease Obligations | 32,107 |
| Total Liabilities | $ 4,628,797 |

**Capital Structure (1)**

| | |
|---|---|
| Total Shares Outstanding | 6,266,316 (2) |
| % owned by Directors & Officers | ~ 4% |
| Warrants Outstanding | 324,452 |
| Options Outstanding | 158,026 |
| Total Stockholder Accounts on Record | ~ 200 |

(1) Capital Structure reported is as of April 5, 2017
(2) Total shares outstanding exclude warrants and options outstanding

# COMPANY DESCRIPTION

- New Jersey headquarters
- Nasdaq (OPTT)
- Market capitalization: $13M as of 4/5/17
- Patented, proprietary technology
- Approximately 30 employees with an engineering team of 20 members including masters and PhD level
- New management team:

George H. Kirby
President, CEO,
Executive Director

Mike M. Mekhiche
Executive Vice President,
Engineering and Operations

Matthew T. Shafer
CFO, Vice President of Finance
and Treasurer


# COMPANY HIGHLIGHTS

- Strong intellectual property portfolio
- Critical end markets, including oil & gas, ocean observing, defense & security, and communications
- Estimated $8.5B total addressable market[1]
- New management
- Commercial product

1. See slide 10 for details


# OUR OCEANS

Our oceans represent a tremendous, untapped source of energy and are critical to issues such as climate, weather, energy, communications, defense and security

1. Based off The National Oceanographic and Atmospheric Administration ("NOAA") Ocean Enterprise Report for 2016
2. NOAA website
3. Global Border and Maritime Security Market Executive Summary, Frost and Sullivan report, February 2014
4. U.S. Bureau of Safety and Environmental Enforcement website

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# CHALLENGES OF INCUMBENT SOLUTIONS

**Incumbent solutions such as battery buoys or on-site ships**

- Expensive
- Intermittent and unreliable data collection
- No real-time data transmission
- Insufficient power
- Limited to single-use applications
- Limited data density
- No awareness of failures
- Limited or no data processing

How do reliable, persistent power and communications address market needs?

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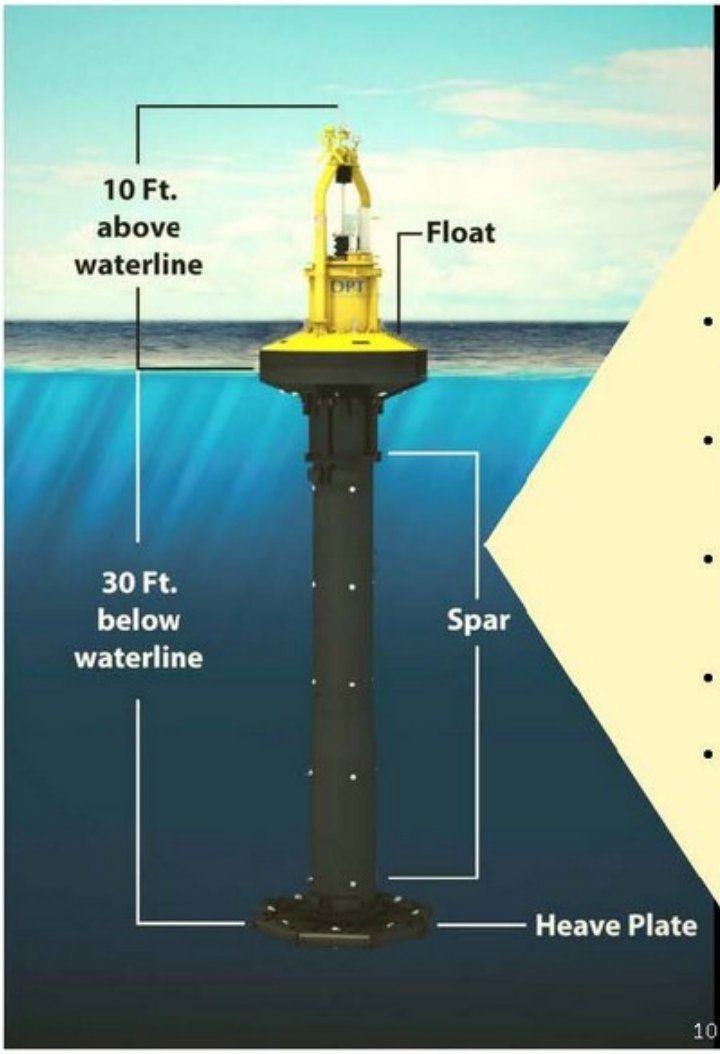
## THE SOLUTION:

### PB3 PowerBuoy

- Considerable life-cycle cost savings compared with incumbent solutions
- Provides up to 3 kilowatts of peak power
- Site-dependent average daily generated power up to 2 kilowatts
- 300 watts of continuous power deliverable during days or weeks with no wave activity
- Real-time data communication
- Can provide power for multiple applications at the same site




# PB3 PowerBuoy – How It Works

- Floating system, anchored to the sea floor down to 3,000 meters
- Heave plate and spar remain motionless in the water
- Float moves vertically, independent of the spar in response to wave motion
- Float motion drives electrical generator
- Electricity is stored on-board, or used for nearby applications



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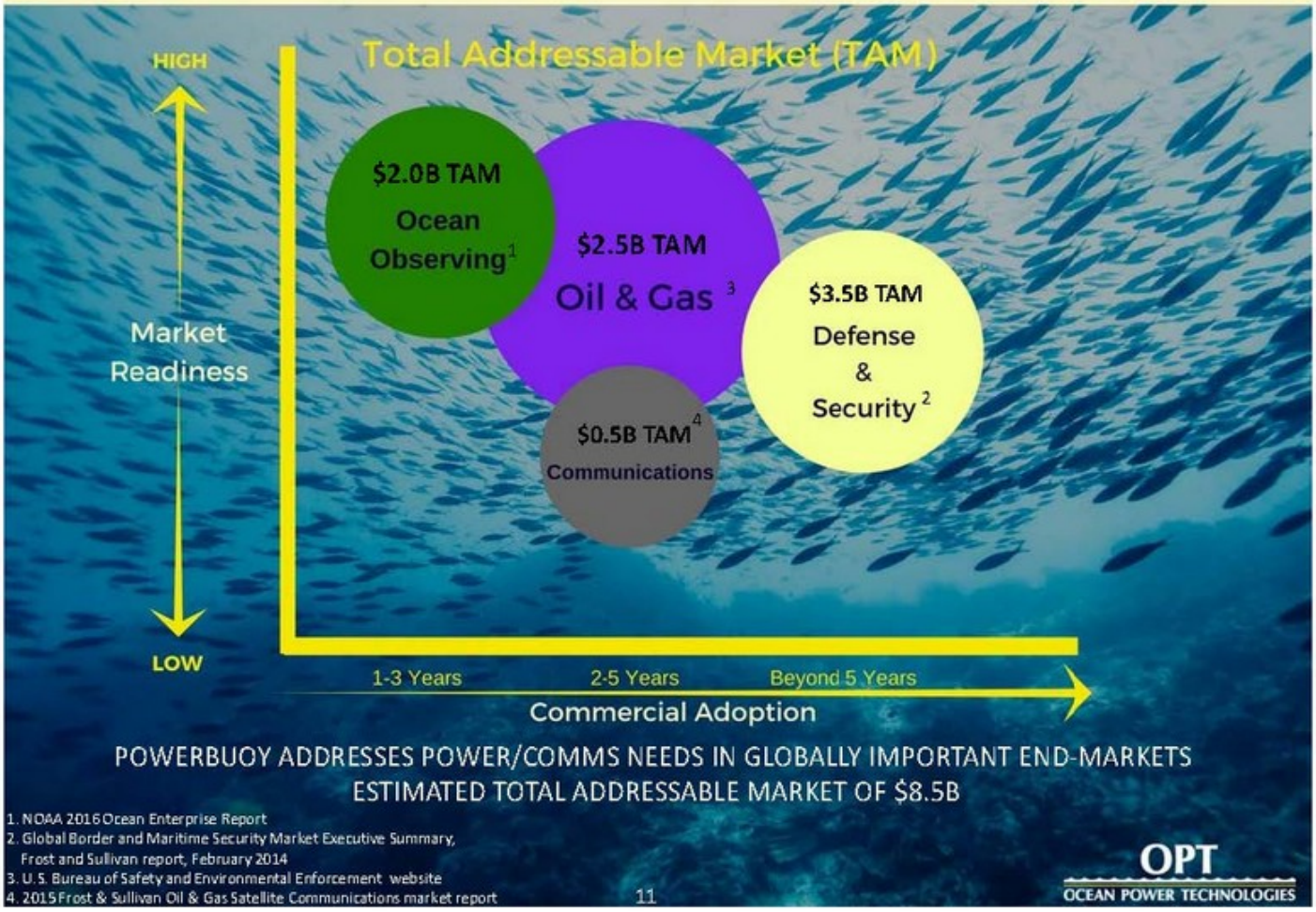
# TARGET MARKETS




POWERBUOY ADDRESSES POWER/COMMS NEEDS IN GLOBALLY IMPORTANT END-MARKETS
ESTIMATED TOTAL ADDRESSABLE MARKET OF $8.5B

1. NOAA 2016 Ocean Enterprise Report
2. Global Border and Maritime Security Market Executive Summary, Frost and Sullivan report, February 2014
3. U.S. Bureau of Safety and Environmental Enforcement website
4. 2015 Frost & Sullivan Oil & Gas Satellite Communications market report



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# OCEAN OBSERVING

- Data collection, processing and real-time communications
- PowerBuoy potentially transforms ocean environment intelligence


1. NOAA 2016 Ocean Enterprise Report



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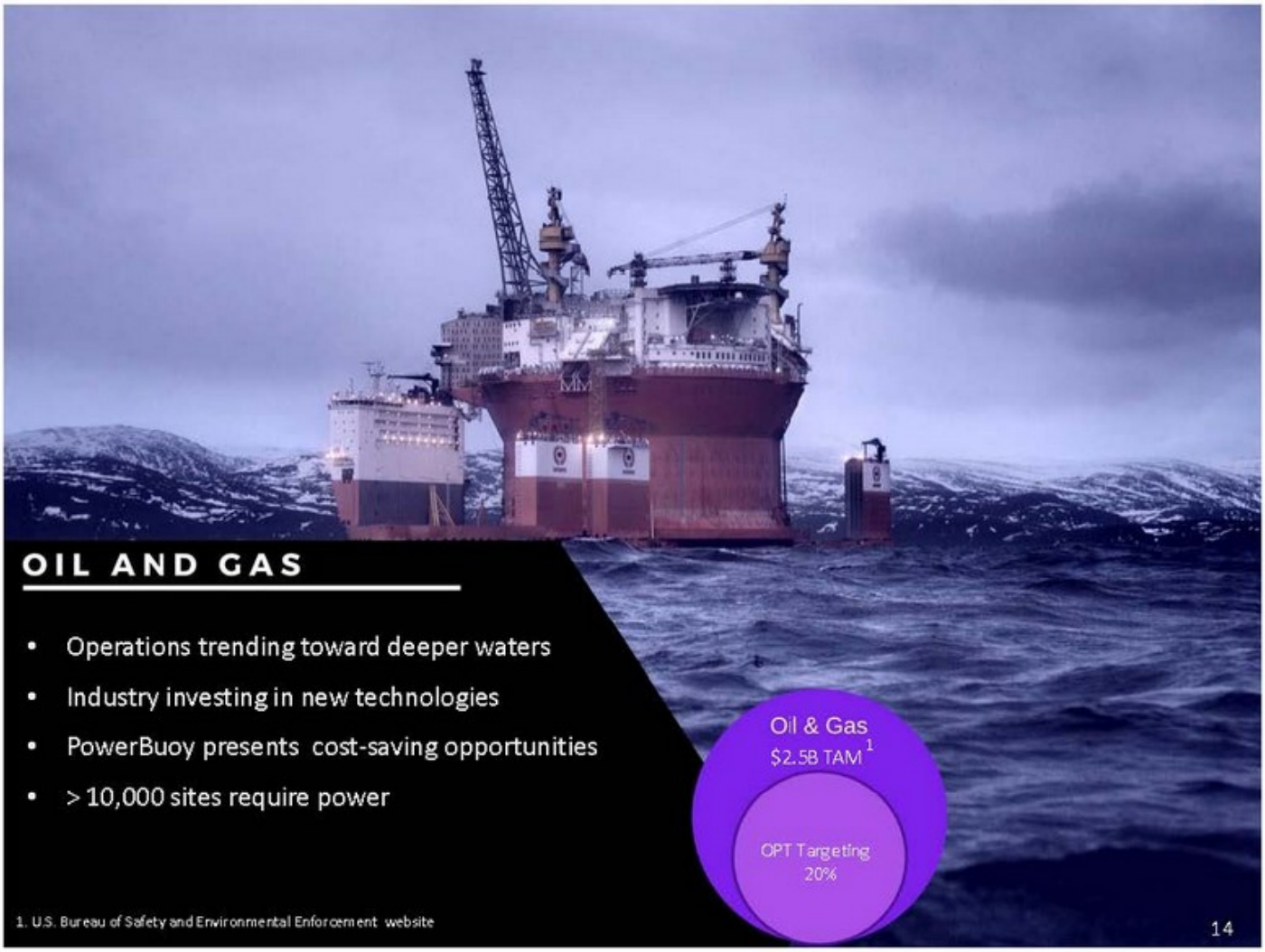
# OCEAN OBSERVING

**Applications Include:**

- Weather forecasting
- Climate change
- Ocean seismometry
- Ocean currents
- Environmental & biological monitoring

Lower life-cycle cost with greater power and persistence

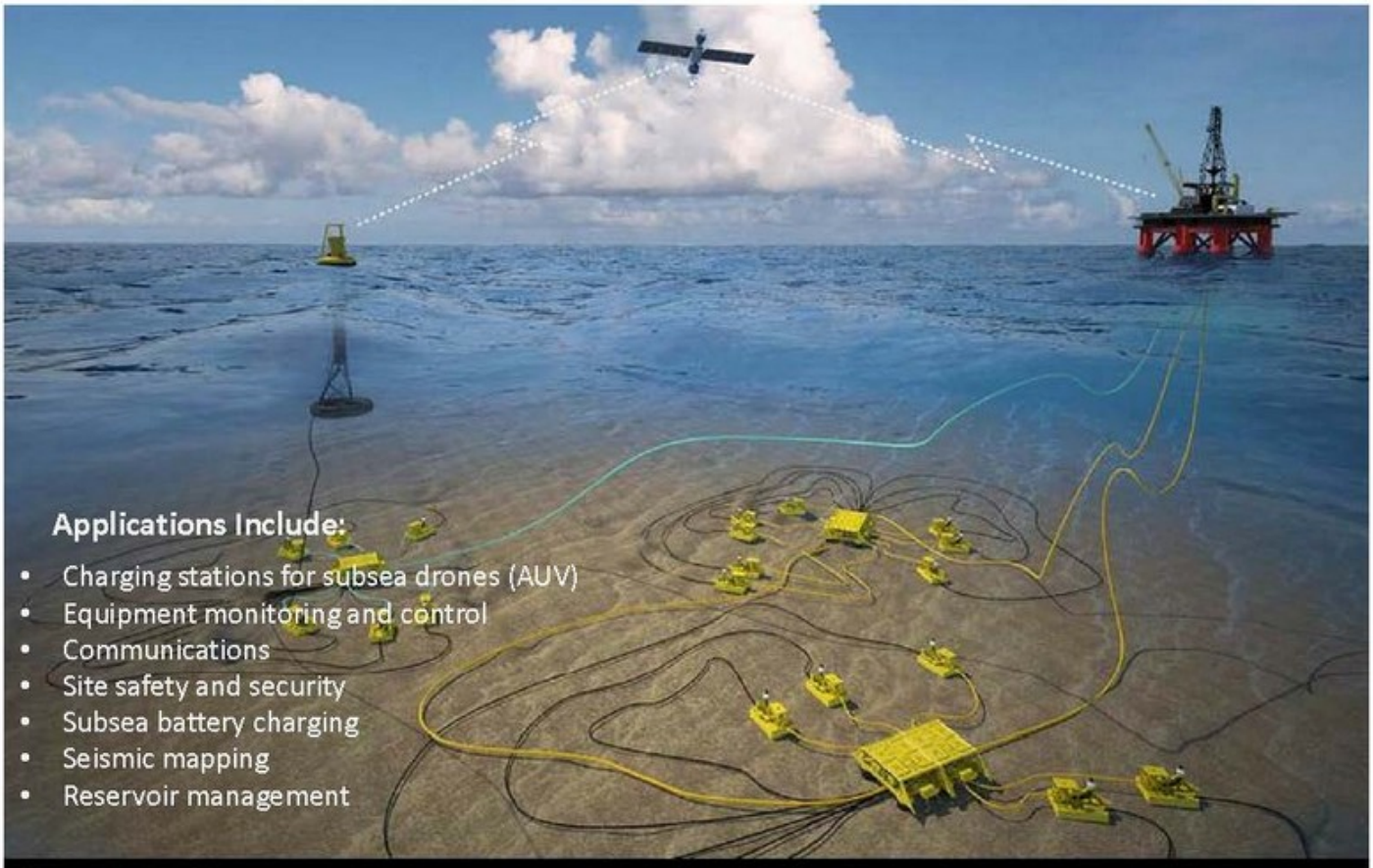



## OIL AND GAS

- Operations trending toward deeper waters
- Industry investing in new technologies
- PowerBuoy presents cost-saving opportunities
- > 10,000 sites require power




1. U.S. Bureau of Safety and Environmental Enforcement website



**Applications Include:**

- Charging stations for subsea drones (AUV)
- Equipment monitoring and control
- Communications
- Site safety and security
- Subsea battery charging
- Seismic mapping
- Reservoir management

OIL & GAS



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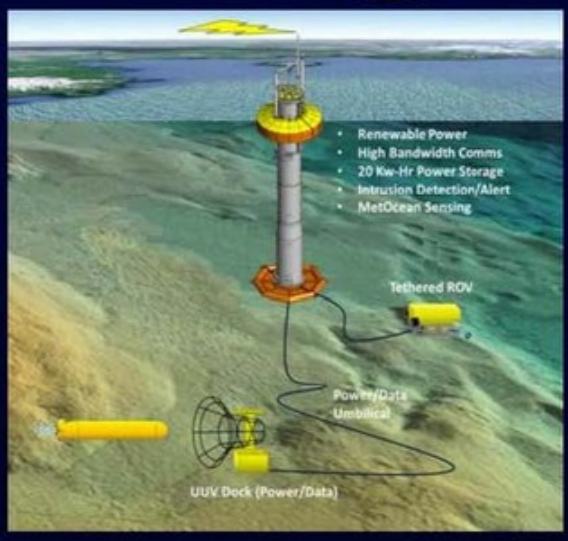
# DEFENSE & SECURITY


- Detection and early warning systems require persistent power and real-time communications
- Remote sensing stations for maritime security


**Applications Include:**

- Remote radar & sonar stations
- Electro-optical and infrared sensors
- Networks and communications
- Charging stations for subsea drones (AUV)

1. Global Border and Maritime Security Market Executive Summary, Frost and Sullivan report, February 2014



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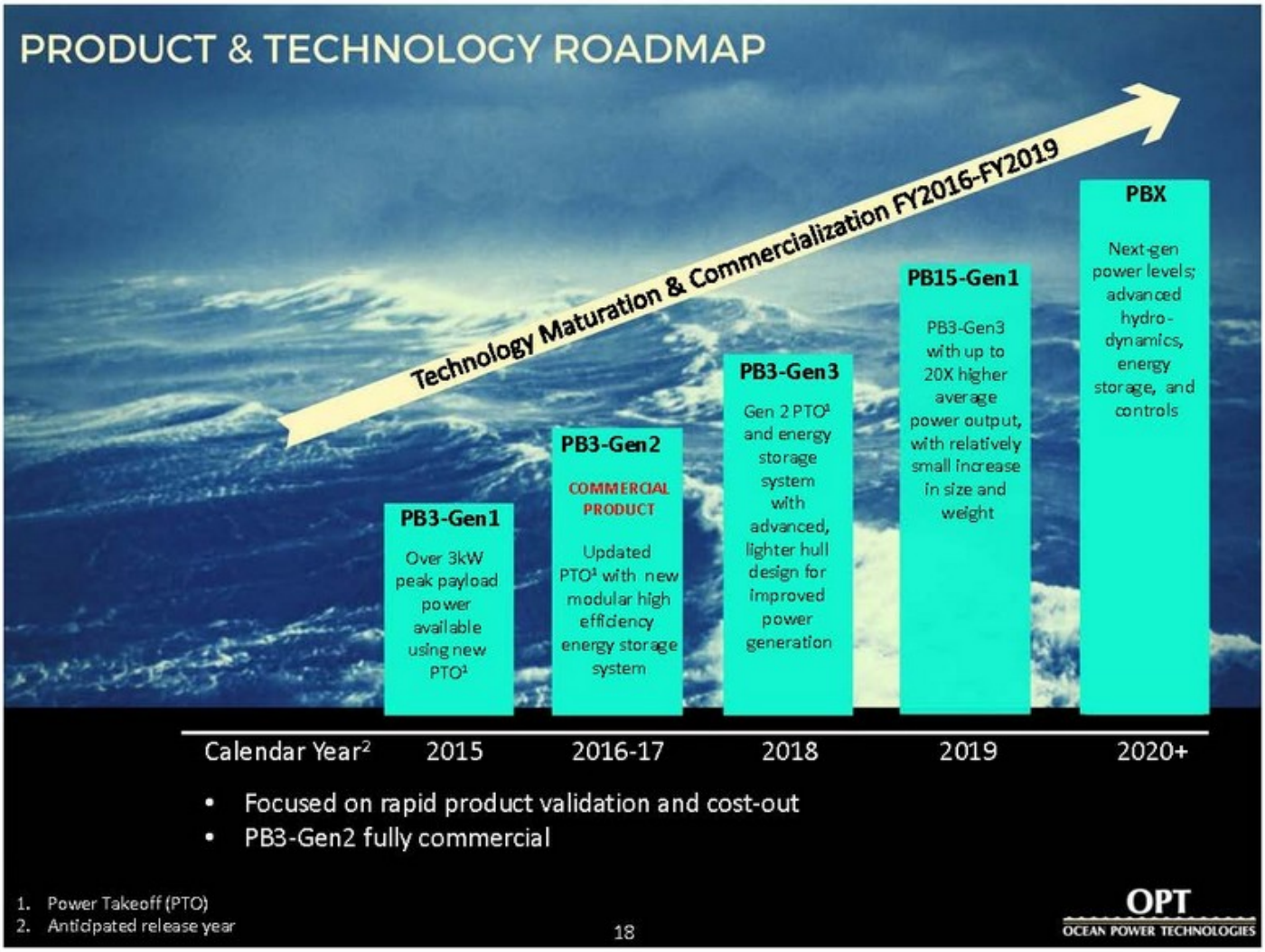
# COMMUNICATIONS: CELLULAR/WI-FI OVER WATER

- Maritime communications limited to costly satellite
- Military and civilian remote wi-fi and cellular communications


**Applications Include:**

- Range extension for marine and coastal waterways and airways
- Voice and data relay stations

1. 2015 Frost & Sullivan Oil & Gas Satellite Communications market report


PRODUCT & TECHNOLOGY ROADMAP
Technology Maturation & Commercialization FY2016-FY2019
PB3-Gen1
Over 3kW peak payload power available using new PTO[1]
PB3-Gen2
COMMERCIAL PRODUCT
Updated PTO[1] with new modular high efficiency energy storage system
PB3-Gen3
Gen 2 PTO[1] and energy storage system with advanced, lighter hull design for improved power generation
PB15-Gen1
PB3-Gen3 with up to 20X higher average power output, with relatively small increase in size and weight
PBX
Next-gen power levels; advanced hydro-dynamics, energy storage, and controls
Calendar Year[2] 2015 2016-17 2018 2019 2020+
• Focused on rapid product validation and cost-out
• PB3-Gen2 fully commercial
1. Power Takeoff (PTO)
2. Anticipated release year
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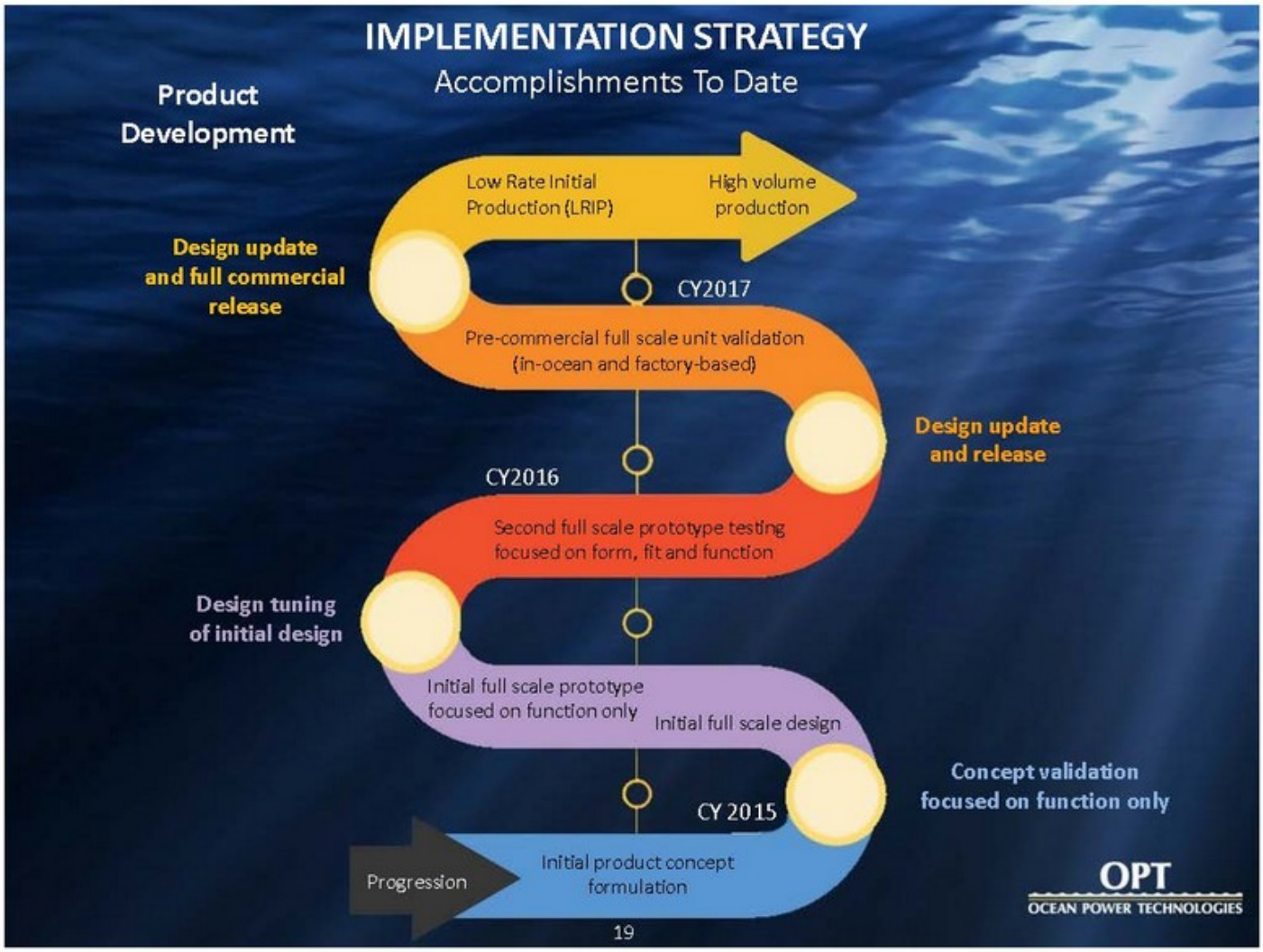
IMPLEMENTATION STRATEGY
Accomplishments To Date
Product Development
Low Rate Initial Production (LRIP)
High volume production
Design update and full commercial release
CY2017
Pre-commercial full scale unit validation (in-ocean and factory-based)
Design update and release
CY2016
Second full scale prototype testing focused on form, fit and function
Design tuning of initial design
Initial full scale prototype focused on function only
Initial full scale design
Concept validation focused on function only
CY 2015
Progression
Initial product concept formulation
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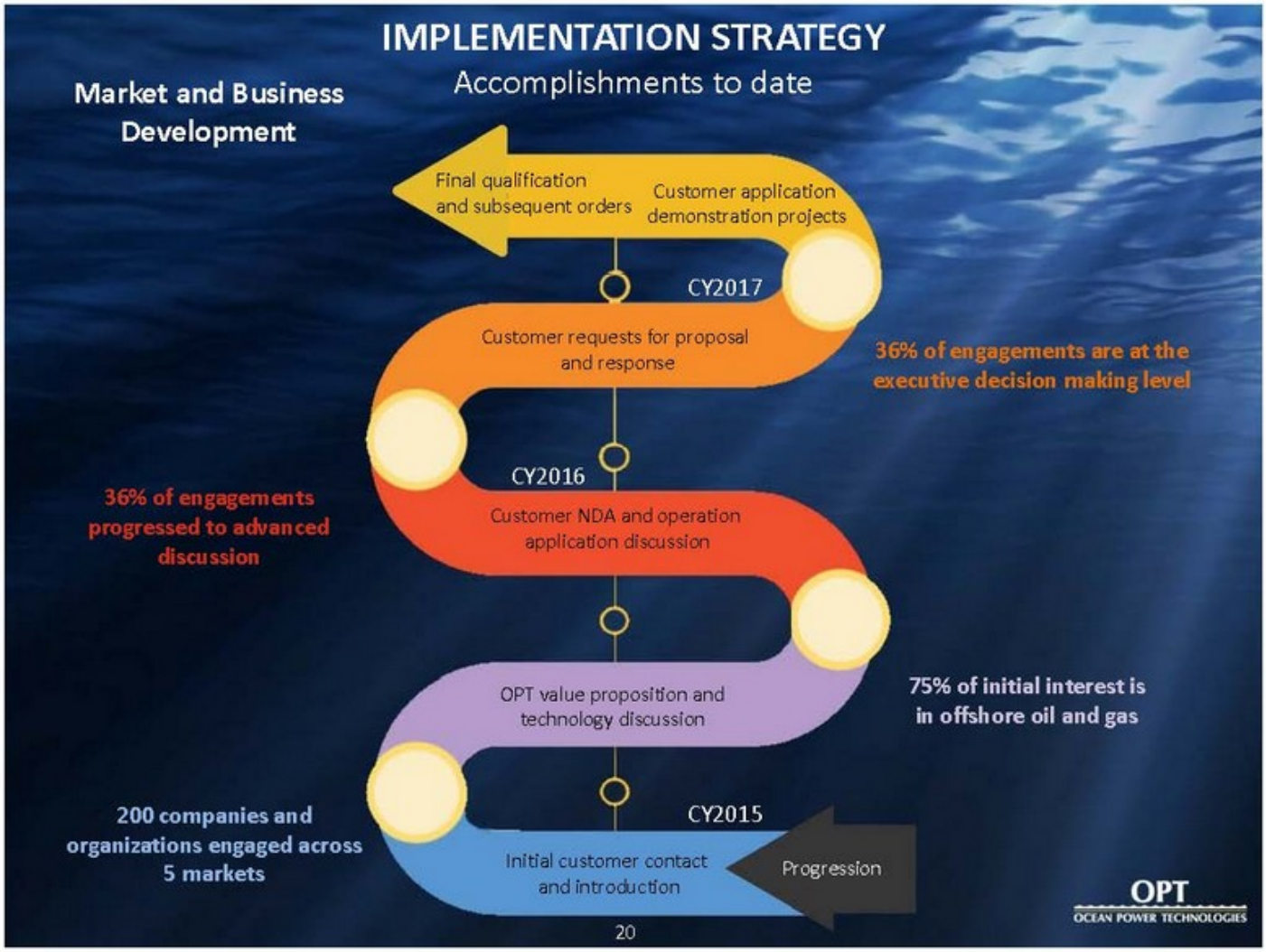
IMPLEMENTATION STRATEGY
Accomplishments to date
Market and Business Development
Final qualification and subsequent orders
Customer application demonstration projects
CY2017
Customer requests for proposal and response
36% of engagements are at the executive decision making level
CY2016
Customer NDA and operation application discussion
36% of engagements progressed to advanced discussion
OPT value proposition and technology discussion
75% of initial interest is in offshore oil and gas
CY2015
Initial customer contact and introduction
Progression
200 companies and organizations engaged across 5 markets
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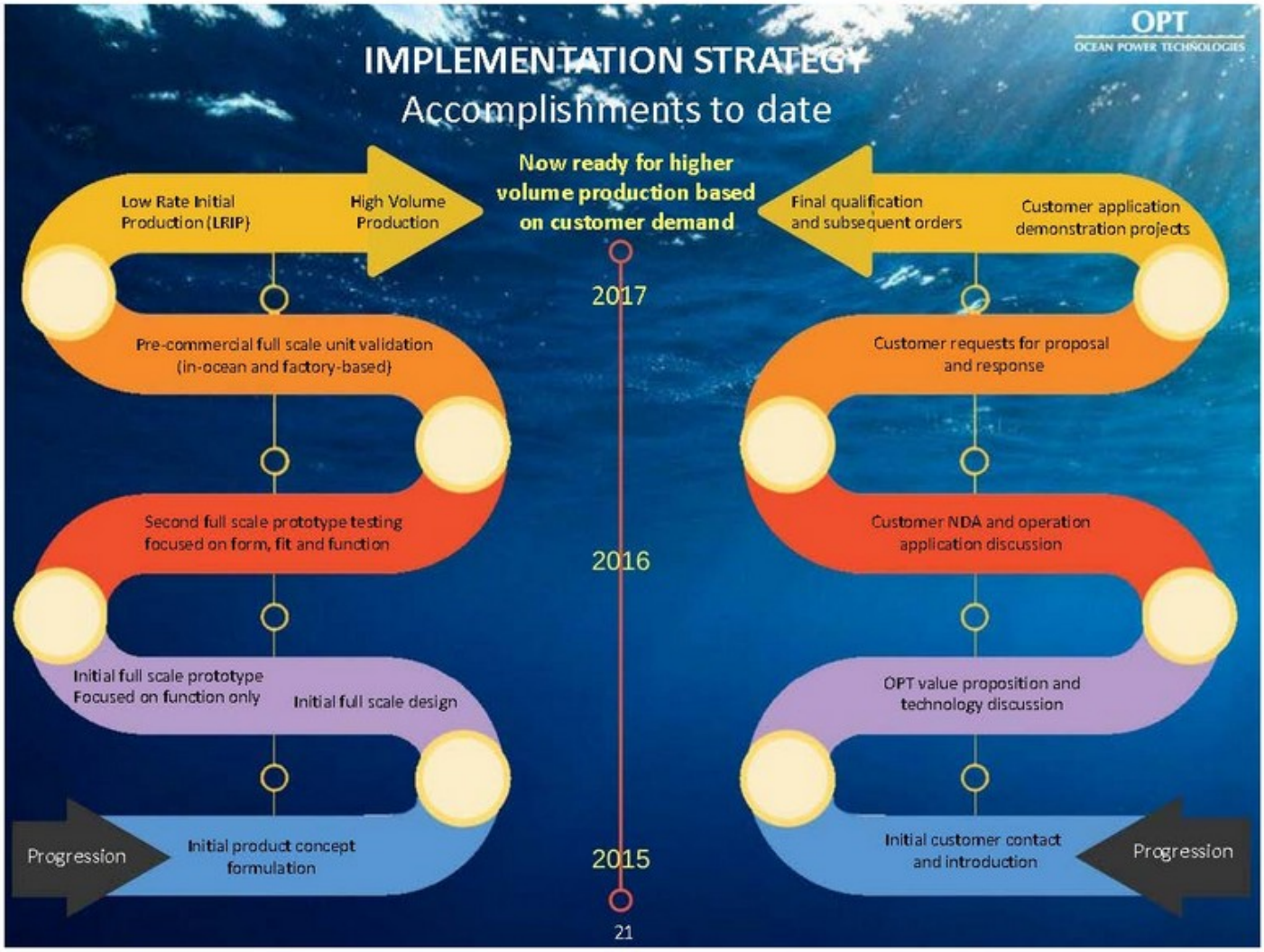
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IMPLEMENTATION STRATEGY
Accomplishments to date
Low Rate Initial Production (LRIP)
High Volume Production
Now ready for higher volume production based on customer demand
Final qualification and subsequent orders
Customer application demonstration projects
2017
Pre-commercial full scale unit validation (in-ocean and factory-based)
Customer requests for proposal and response
Second full scale prototype testing focused on form, fit and function
Customer NDA and operation application discussion
2016
Initial full scale prototype Focused on function only
Initial full scale design
OPT value proposition and technology discussion
Progression
Initial product concept formulation
2015
Initial customer contact and introduction
Progression
21

## IMPLEMENTATION STRATEGY

FY18 & 19 Objectives

- Expanding marketing and business development footprint across multiple geographies
- Secure multiple customer demonstration projects which lead to commercial revenues
- Secure strategic supply chain, manufacturing and field service partnerships
- Build additional PowerBuoys to address anticipated market demand

# IMPLEMENTATION STRATEGY

Use of proceeds:

- Expanding sales and marketing through new hires and target market experts
- Increase product manufacturing throughput and build additional PowerBuoys to meet anticipated market demand


## SUMMARY

- Innovative offshore power solution addresses real market needs
- Commercial ready product
- Strong IP portfolio
- Increasing market demand

How to Contact Us:

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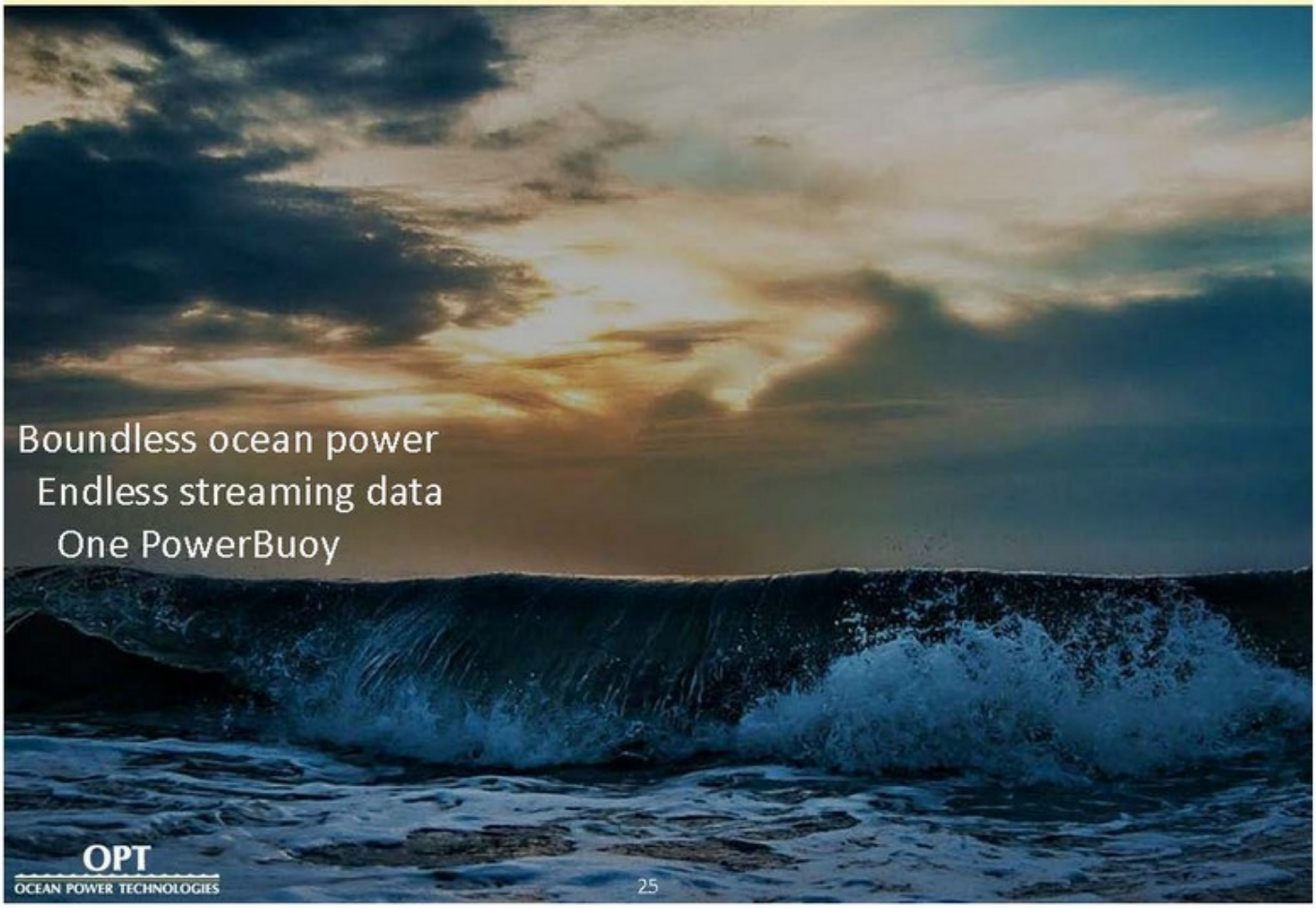
Boundless ocean power
Endless streaming data
One PowerBuoy
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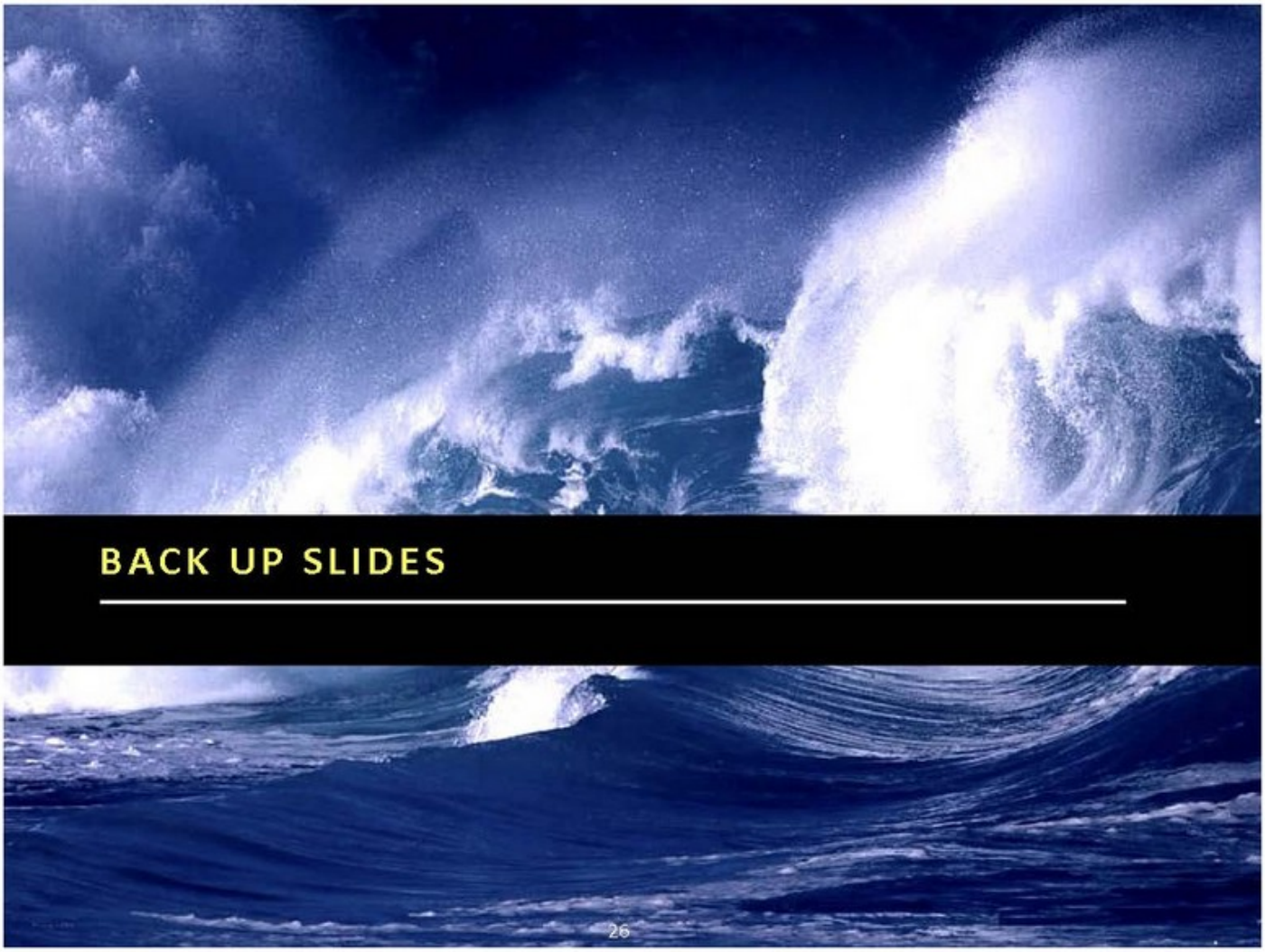
BACK UP SLIDES


## SOURCES

**Total Addressable Market**
The National Oceanographic and Atmospheric Administration ("NOAA") 2016 Ocean Enterprise Report

**Oil & Gas**
Source: U.S. Bureau of Safety and Environmental Enforcement

**Ocean Observing**
The National Oceanographic and Atmospheric Administration ("NOAA") 2016 Ocean Enterprise Report

**Defense & Security**
Global Border and Maritime Security Market Executive Summary, Frost and Sullivan report, February 2014

**Communications**
2015 Frost & Sullivan Oil & Gas Satellite Communications market report


# MARKETS - SUPPORTING INFORMATION

**Oil & Gas**
Greater than 10,000 sites are currently in operation or ready for decommissioning.

**Ocean Observing**
Estimated total addressable market is $2B for 5 fiscal years beginning 2017.
The market was refined for in-situ vs remote systems and also for the different types of in-situ systems such as fixed vs mobile; this was based on data from 2 publicly available reports.

**Defense & Security**
Estimated total addressable market is $3.5B based on whether applications are coastal, remote, or aerial systems.

**Communications**
The estimated total addressable market is $0.5B for 5 fiscal years beginning 2017.

## PB3 PowerBuoy Commercial Design

- Compact and easily transported
- Shippable using standard 40-foot ISO shipping containers
- Deployed using standard marine equipment and methods
- Designed for three-year maintenance cycle as compared to one-year or less for some incumbent solutions
- Survivable design for 100-year storm conditions


THANK YOU
OPT
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