

Kraken Robotics Inc.

Unleashing the Kraken: Riding the Waves of Autonomous Innovation

PNG (TSXV)	STOCK RATING	TARGET	DIVIDEND YIELD	MARKET CAP. (Mln)	EST. TOTAL RETURN
C\$2.17	Outperform	C\$3.00	0.0%	C\$577.3	38.2%

Highlights

We're initiating coverage on Kraken Robotics Inc. with an Outperform rating and a price target of C\$3.00 based on our multi-stage DCF. Key assumptions include 10-20% EBITDA growth over a 10-year horizon, 3% terminal growth rate and a 9-11% discount rate.

Our Outperform rating is based on our analysis that captures the following considerations:

- **Kraken Has Been Democratizing Cutting-Edge Technology.**
- **Kraken is One of the Few Providers of Advanced Subsea Batteries.**
- **Robotics as a Service (RaaS) - Military-Grade Technologies Trickling Down into Commercial Applications.**
- **Turning Cutting-Edge Technologies into Market Success.**
- **Macro Considerations - Riding Strong Market Tailwinds.**
- **The Innovation Doesn't Stop Here.**
- **Kraken Looks Like an Attractive Target of Industry Consolidation.**

We explore why we like this name in the following sections of this report. For our financial forecast and stock valuation, please refer to the Financial Model, Outlook and Valuation sections.

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All dollar amounts in C\$ unless otherwise noted. All pricing as of April 22, 2025

All NBF research mentioned in this document is available at <https://nbf-portal.bluematrix.com>

FINANCIAL & OPERATING SUMMARY TABLE

Kraken Robotics Inc.

(all figures in CAD\$ unless otherwise noted)

Fiscal year end 31-Dec	2023A	2024E	2025E	2026E	2027E
Financial Summary					
Revenue (\$000)					
Revenue (\$000)	69,581	90,771	127,157	160,479	194,567
Gross Profit (\$000)	33,956	44,866	61,768	78,635	95,338
Adj. EBITDA (\$000)	14,094	20,601	29,515	42,314	52,209
EPS (Basic)	0.03	0.04	0.05	0.09	0.12
EPS (FD)	0.03	0.04	0.05	0.09	0.12
Free Cash Flow (\$000)	870	(10,237)	2,853	14,603	17,472
BVPS	0.16	0.48	0.48	0.57	0.69
Valuation					
EV/Sales	7.9x	6.1x	4.3x	3.4x	2.8x
EV/ EBITDA	39.1x	26.7x	18.7x	13.0x	10.5x
P/Earnings (FD)	80.7x	50.7x	41.4x	24.7x	18.5x
P/FCF	NMF	NMF	NMF	39.5x	33.0x
P/BVPS	14.0x	4.5x	4.5x	3.8x	3.1x
FCF Yield (%)	0.2%	-1.8%	0.5%	2.5%	3.0%
Performance Metrics					
Sales growth (%)	70%	30%	40%	26%	21%
Gross Margin (%)	49%	49%	49%	49%	49%
EBITDA Margin (%)	20%	23%	23%	26%	27%
ROE (%)	17%	9%	11%	15%	17%
Wav Shares Out. (FD mln)	206	233	266	266	266
Segment Performance (\$000)					
Product Revenue	52,618	67,192	96,504	120,630	144,756
Service Revenue	16,963	23,579	30,653	39,849	49,811
Income Statement (\$000)					
Revenue	69,581	90,771	127,157	160,479	194,567
Gross Profit	33,956	44,866	61,768	78,635	95,338
Operating Income (loss)	7,644	14,127	20,642	32,895	42,961
Adj. EBITDA	14,094	20,601	29,515	42,314	52,209
Net Income	5,546	9,959	13,955	23,389	31,141
Balance Sheet (\$000)					
Cash and cash equivalents	5,173	65,561	38,791	47,772	59,620
Property, plant & equipment	22,948	22,794	30,101	30,082	30,067
Total assets	76,419	154,608	176,595	210,350	254,355
Debt	10,754	15,744	15,744	15,744	15,744
Total liabilities	44,360	42,264	49,329	58,606	70,176
Total shareholders' equity	32,059	112,343	127,266	151,744	184,179
Cash Flow Statement (\$000)					
Cash flow from operations	8,427	(5,766)	11,853	21,603	24,472
Net Capex	(7,557)	(4,471)	(9,000)	(7,000)	(7,000)
Share capital issued (repurchased)	-	67,941	-	-	-
FCF	870	(10,237)	2,853	14,603	17,472

Company Profile

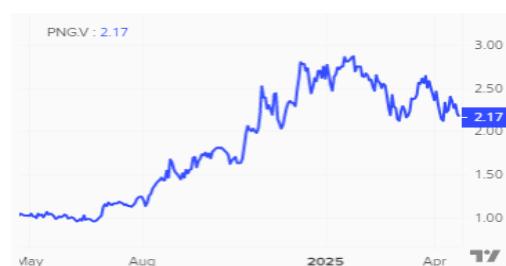
Kraken Robotics Inc. is a marine technology company providing complex subsea sensors, batteries, and robotic systems. The Company's high-resolution three-dimensional (3D) acoustic imaging solutions and services enable clients to overcome the challenges in oceans.

Source: NBF Technology Research, Company Documents, LSEG

Outperform
Target Price: CAD\$3.00

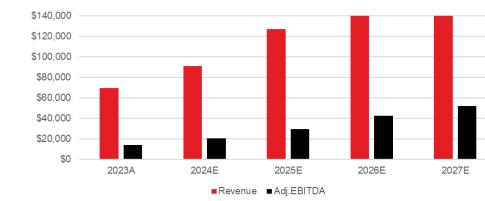
PNG (TSX)

Price Performance



Key Metrics

Price (22-Apr-25)	C\$2.17
Total Return To Target	38%
52 Week Range	\$3.01 - \$0.92
Shares outstanding-Diluted	266.0
Market Capitalization (\$mln)	\$577
Cash (\$mln)	\$42
Debt (\$mln)	\$16
Enterprise Value (\$mln)	\$551



Discounted Cash Flow

EBITDA Growth Rate [+/- from current, 2024-2034, Period]						
2024-2034	Terminal	-5%	0%	5%	10%	15%
8.0%	11.0%	\$2.46	\$3.06	\$3.81	\$4.71	\$5.80
9.0%	11.0%	\$2.40	\$3.00	\$3.73	\$4.62	\$5.69
10.0%	11.0%	\$2.35	\$2.94	\$3.66	\$4.53	\$5.59
11.0%	11.0%	\$2.30	\$2.88	\$3.59	\$4.45	\$5.50
12.0%	11.0%	\$2.26	\$2.83	\$3.53	\$4.38	\$5.41
13.0%	11.0%	\$2.22	\$2.78	\$3.47	\$4.32	\$5.34

Terminal Discount Rate: 9-11%

NBF Research

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OUTPERFORM WITH C\$3.00 PRICE TARGET

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Our Outperform rating is based on our analysis that captures the following considerations:

- ✓ Kraken Has Been Democratizing Cutting-Edge Technology

In the past decade, Synthetic Aperture Sonar (SAS) has been an emerging technology in both military and commercial markets. Although it was considered costly, Kraken's years of research efforts have effectively democratized this technology by lowering the entry barriers and broadening its use cases.

Our detailed benchmark analysis suggests Kraken's MINSAS is leading the market with exceptional performance metrics, while other considerations, such as pricing and ease of use, make this product a well-rounded one to be integrated with its own or partner platforms. Leveraging the same MINSAS technology, Kraken offers a towed SAS platform called KATFISH that combines accuracy and speed to replace traditional vehicles with limited flexibility. This platform has been trusted by customers such as the Royal Danish Navy and the Polish Navy.

- ✓ Kraken is one of the Few Providers of Advanced Subsea Batteries

Kraken's acquisition of Germany-based ENITECH Subsea GmbH (renamed to Kraken Power) in 2018 is a textbook example of a strategic acquisition that has greatly expanded the Company's total addressable market. The Company has bootstrapped this business to become a substantial revenue centre that accounts for more than 40% of publicly announced contract awards. Our benchmark analysis suggests Kraken's SeaPower subsea battery is another market-leading product that excels in energy density, scalability and ease of use.

- ✓ Robotics as a Service (RaaS) - Military-Grade Technologies Trickling Down into Commercial Applications

Based on a suite of market-leading technologies (KATFISH, acoustic corer, sub-bottom imager and LiDAR), Kraken's RaaS business has been a major growth driver that delivers high-quality underwater intelligence to commercial customers without incurring capital costs.

- ✓ Turning Cutting-Edge Technologies into Market Success

Technical superiority doesn't always translate into market success in the technology industry. However, we believe Kraken Robotics has demonstrated a solid track record of consistent execution in commercializing its market-leading products and services. That view is supported by an accelerated pace of contract awards, strong annual growth and a series of evidence of scaling capabilities and customer trust.

- ✓ Macro Considerations - Riding Strong Market Tailwinds

Multiple macro and geopolitical considerations, such as the imminent navy upgrade cycle, an increasing occurrence of unmanned equipment in modern warfare and Europe's shift towards large military spending, have created multi-year market tailwinds for the Company.

- ✓ The Innovation Doesn't Stop Here

As a product company, Kraken has a history of making select acquisitions to expand into adjacent verticals. That acquisition strategy, coupled with the Company's internal development of next-generation products, further entrenched Kraken's market leadership.

- ✓ Kraken Looks Like an Attractive Target of Industry Consolidation

Kraken exhibits a unique attribute with market-leading technologies on a relatively small but fast-growing platform. Its deep relationships with large players in the ecosystem make Kraken an ideal takeover candidate.

WHAT DOES KRAKEN DO? ITS BUSINESS MODEL EXPLAINED

Kraken Robotics Inc. is a marine technology company providing complex subsea sensors, batteries and robotic systems. Headquartered in Canada, the company maintains key operations in Germany, the UK and the U.S. to support its global reach.

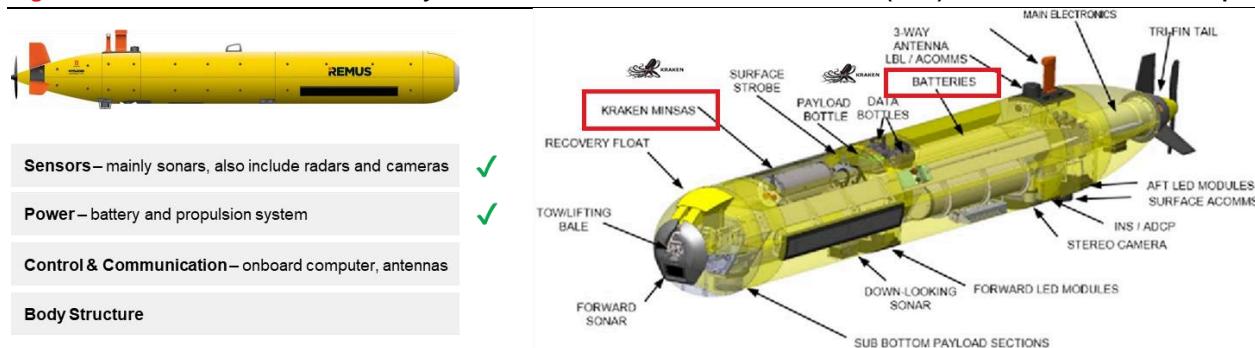
Through years of research and development, coupled with strategic M&A, Kraken's products can be broadly characterized in two categories:

(1) Sensors and platforms: The principal sensor product is its SAS (Synthetic Aperture Sonar) technology, which produces ultra-high-resolution images at ranges far superior to conventional sonars.

(2) Energy: Kraken also designs and manufactures unique pressure-tolerant batteries, battery management systems and electronics. These are specialized deep-sea power systems for underwater vehicles of various sizes.

Kraken's products are integrated into partners' underwater vehicles and power two out of four critical systems onboard, effectively becoming the "eyes" and "heart" of an Unmanned Underwater Vehicle (UUV).

Figure 1: Kraken Provides Two Critical Systems on an Unmanned Underwater Vehicle (UUV) – REMUS 6000 as an Example



Source: NBF Technology Research, Company Reports, semanticscholar.org

Kraken's product offering has evolved from "sensors to systems" to supply vertically integrated, turnkey seabed survey solutions (sensors and vehicles) into the global defense and commercial markets. Leveraging a strong background in developing sensors, Kraken has moved up the food chain, becoming an integrator of complex military systems and an underwater intelligence service provider by providing the following:

- **KATFISH Intelligent SAS Towfish:** KATFISH is an actively stabilized towed SAS for manned surface vessels or USVs. This platform is embedded with an advanced hydrodynamic control system that allows for bottom following, terrain referencing and obstacle avoidance. The full system includes cable, towbody and operator's console.
- **Tentacle - Winch and Launch and Recovery Systems (LARS):** Launch and recovery are some of the highest risk operations undertaken in the application of towed or autonomous underwater vehicles. The primary function of an autonomous LARS is to enable an unmanned vehicle and its payloads to be deployed and retrieved on a host ship safely, efficiently and without damage. Kraken's Tentacle contains an intelligent electric winch that can adjust cable scope through active feedback from underwater towed platforms.
- **Robotics as a Service (RaaS):** Kraken's RaaS model allows customers to gain exposure to next-generation technologies while minimizing the capital investment requirement. With the acquisition of PanGeo in July 2021, Kraken expanded its service offering to include 3D acoustic imaging solutions.

- LiDAR Imaging and Measurements:** Through its recent acquisition of “3D at Depth”, Kraken officially entered the underwater LiDAR market to provide highly accurate insights for the safe and cost-effective management of underwater assets and infrastructure.

Figure 2: Kraken's Products and Services at a Glance

Overview	Name	Revenue Model	Purpose
	Kraken Robotics MINSAS SAS	Product	<i>Seafloor imaging and bathymetry with ultra-high resolution.</i>
	SeaPower Deepsea Battery	Product	<i>Specialized deepsea power system for underwater vehicles of various sizes.</i>
	KATFISH SAS Towfish	Product/Service	<i>Actively stabilized towed SAS for manned surface vessels or USVs, sold to customers as a product or maintained by Kraken to perform survey services.</i>
	Tentacle Winch, Launch and Recovery Systems	Product/Service	<i>Enables an unmanned vehicle and its payloads to be deployed and retrieved efficiently.</i>
	SBI and Acoustic Corer	Service	<i>Robotics as a Service for commercial clients to capture imaging and bathymetry data without incurring capital investment.</i>
	LiDAR and Toolbox Hardware	Product/Service	<i>Underwater LiDAR technology and services leading to comprehensive and accurate data on underwater assets and infrastructure.</i>

Source: NBF Technology Research, Company Reports

Target Markets

The principal market for Kraken’s technology is the **maritime robotics market**, which consists of defense contractors, national defense agencies, research institutions, offshore wind customers, oil and gas customers, seabed mining companies, search and salvage companies and survey companies, both national and international.

While the underwater robotics industry has multiple market segments, the military is currently the largest in terms of annual spending and asset size. The main applications of underwater robotics for the military are mine countermeasures, intelligence, signals intelligence, reconnaissance and anti-submarine warfare.

In commercial markets, various segments use underwater robotics for data capture and data analysis. These include cable & pipeline survey, subsea infrastructure monitoring, inspection, repair & maintenance, hydrography and seabed mapping, search, locate and recovery, treasure hunting & salvage, offshore wind wave and tidal farms, seafloor mineral exploration, ocean science, environmental monitoring and marine archeology. In the oil and gas and offshore wind sectors, the build-out of new and the maintenance of existing infrastructure is a major driver for underwater sensors and robotics.

Competitive Landscape

Based on the offering type, Kraken has the following competitors:

Synthetic Aperture Sonar (SAS): Kraken's sonar technology competes with other manufacturers of SAS products, including Exail Technologies (France), Northrop Grumman (U.S.), the Thales Group (France), Atlas Elektronik (Germany) and Raytheon Company (U.S.).

Deep-sea batteries: Kraken competes with companies such as Southwest Electronic Energy Group, General Atomics, SubCtech, Icteneu and AUV OEMs who design and build their batteries in-house.

Towfish Underwater Vehicle: Competitor products in this segment include Exail T-SAS, Raytheon AQS-20A, Northrup AQS-24A and Thales T-SAS.

RaaS: Competitors include Fugro GeoSurvey (U.S. / Netherlands); DeepOcean (Norway); DOF Subsea (Norway). Depending on the scenario, the line between competitors and customers could be blurry, as some of them may rely on Kraken to perform specific services.

Customer Base

Kraken's customers (both defense and commercial) are summarized in *Figure 3* below.

Figure 3: Kraken's Customer Base (Upper Box – Defense Customers; Lower Box – Commercial Customers)

Source: NBF Technology Research, Company Reports

WHY DO WE LIKE THIS NAME?

Synthetic Aperture Sonar - Cutting-Edge Technology Made Simple & Affordable

Kraken Robotics has democratized the Synthetic Aperture Sonar (SAS) market by providing a cutting-edge product at a reasonable price.

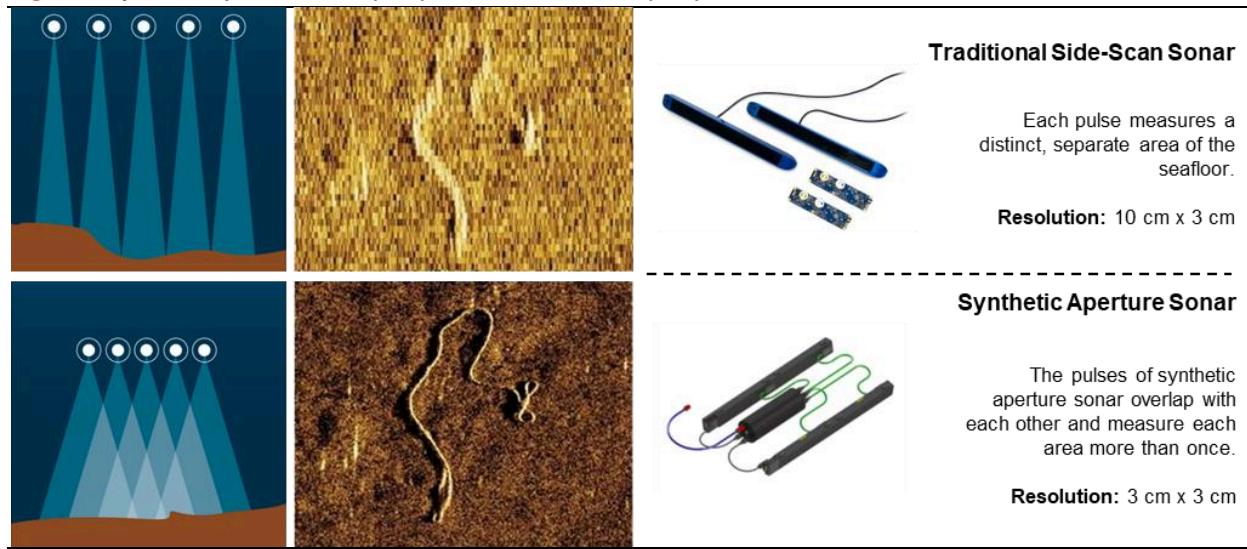
Synthetic Aperture Sonar in a Nutshell - Why is It Superior to Its Predecessor?

The traditional Side-Scan Sonar (SSS) is limited by the physical length of its transducer array. By contrast, SAS synthesizes a long aperture by moving a smaller sensor along a path and combining multiple echoes coherently. In plain language, SAS works similarly to taking a panoramic photo, where the camera stitches together multiple images to create one wide, detailed picture. Compared to its SSS predecessor, SAS is superior because of:

- Higher Resolution: Ideal for detecting small or low-contrast objects in operations such as mine countermeasures, offshore oil and gas infrastructure and underwater hazards.
- Greater Range-Resolution Performance: Produces high-resolution images without the need to be close to the target.
- Cost-Effective & Scalable: Achieves high performance with relatively small physical arrays, making it deployable on unmanned underwater vehicles.

However, cost considerations have been the primary hurdle in the commercialization of SAS, as it requires special hardware, advanced signal processing and significant computational power, making it expensive to develop, deploy and maintain.

Figure 4: Synthetic Aperture Sonar (SAS) vs. Side-Scan Sonar (SSS)



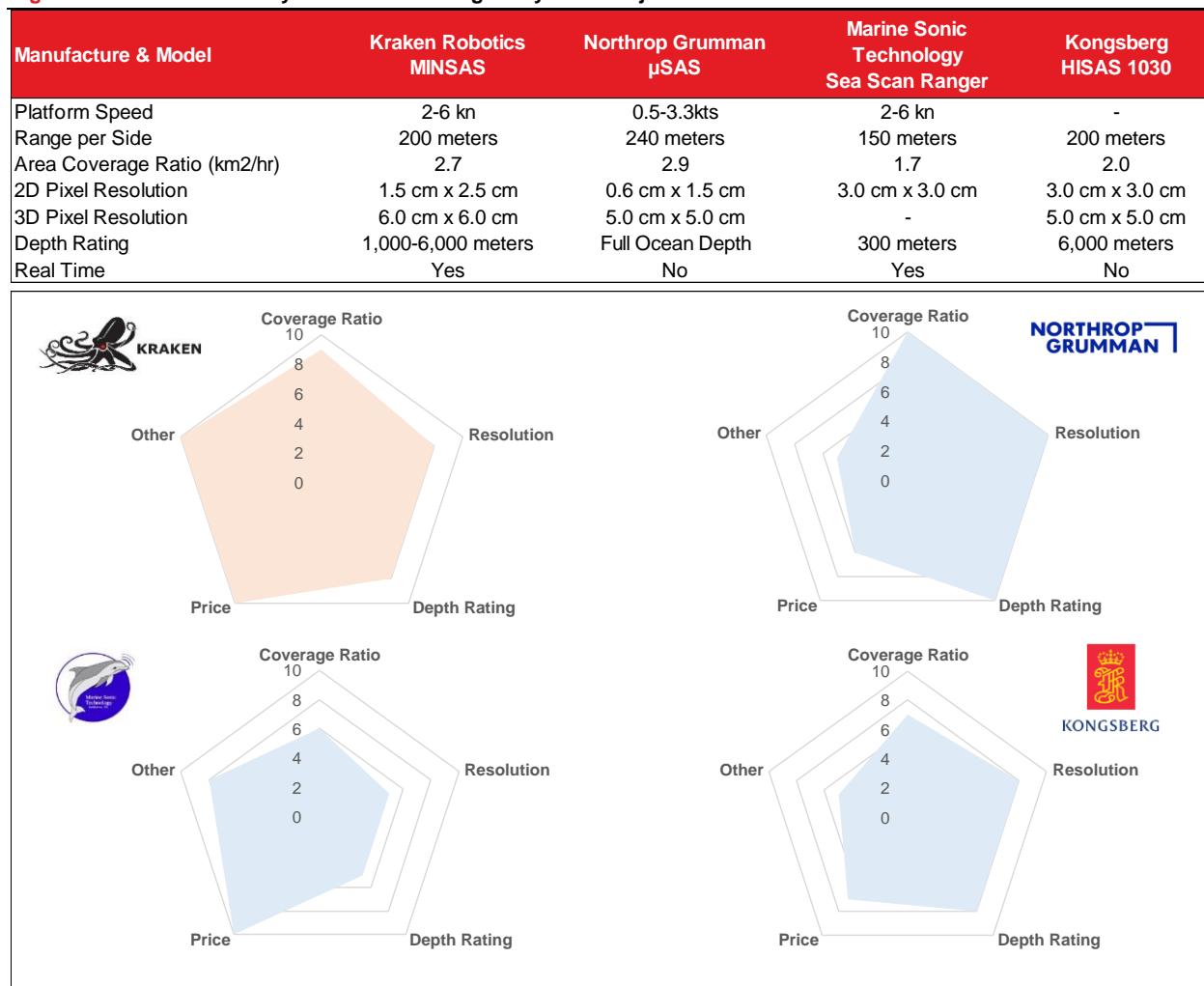
Source: NBF Technology Research, Company Reports

Kraken Robotics Has Democratized SAS Technology

Kraken Robotics (formerly known as Kraken Sonar Systems) was established in 2012 as a spin-out of Marport (an ocean sensor company) with eight employees to commercialize synthetic aperture sonar. The Company later became an independent organization and acquired the SAS IP rights from Marport. Since its establishment, Kraken has worked closely with several countries' research institutions and National Defense departments to refine its technologies. Its laser focus on SAS and years of research and development paid off, enabling Kraken to become one of the few manufacturers of advanced SAS systems. We conducted extensive market surveys across multiple SAS products from the existing manufacturers, and our

benchmark analysis suggests that Kraken's MINSAS is perhaps the most cost-efficient SAS product on the market, delivering comparable performance on key metrics such as image resolution and Area Coverage ratio while offering exceptional versatility and other important features such as real-time image transmission.

Figure 5: NBF Market Survey and Benchmarking Analysis on Major SAS Products



Source: NBF Technology Research, Company Reports, Technical Brochures from Companies Surveyed

While we have included the Kongsberg HISAS in our benchmarking analysis, we believe Kongsberg and Kraken rarely encounter each other as competitors because Kongsberg manufactures SAS for its Hugin AUVs and does not sell to 3rd parties as Kraken usually does.

Delivering Affordability and Scalability for Essentially Similar Performance.

We stick to the technical specifications listed in each of the product brochures. However, an important consideration is that Kraken's pixel resolution is a more practical specification in realistic ocean environments vs. the technical specifications of competitors. As such, while its resolution might appear to be slightly lower than Northrop Grumman's, the actual performance difference could be minimal.

Outside pixel resolution, Kraken's MINSAS excels in every other metric we track, especially cost-effectiveness. Of note, some of the large defense contractor competitors are charging 40-50% more for their SAS products. In a backdrop where UUVs and AUVs are expected to be deployed at scale, Kraken's affordability and scalability will likely play a decisive role in customer decision-making.

It's More than Just SAS - Other Supporting Systems & Functionalities Also Matter.

A SAS system is more than just the sonar hardware—its effectiveness relies on the seamless integration of high-resolution sonar sensors, advanced processing software, scalable deployment and efficient data storage. While superior sonar technology enhances imaging capability, it is ultimately the software that processes signals and reconstructs high-resolution images from raw acoustic data. Other than the advanced sonar system itself, what sets Kraken apart from competitors is its supporting solutions, such as Real Time Processing, INSIGHT (the complete toolbox for post-processing), DataPod (onboard hot-swappable data storage) and configurable array size for various types of underwater vehicles. These solutions have collectively made Kraken an ideal provider of comprehensive SAS hardware and services for both national defense and commercial clients.

What's in the R&D Pipeline

Kraken has continuous sonar development efforts for next-generation sonar sensors. These include longer-range SAS, circular SAS and multispectral SAS. In addition, Kraken has numerous R&D efforts associated with its sub-bottom imaging sensors as well as several R&D initiatives applying machine learning and AI to more rapidly identify and process seabed and sub-seabed objects of interest.

A Prominent Provider of Military-Grade Undersea Power Systems

Kraken Robotics also manufactures and sells lithium battery systems to power underwater vehicles of various sizes. Unlike the commercial battery market with intense competition, the military-grade, subsea battery market is relatively niche, with only a handful of players, among whom we believe Kraken Robotics is the most prominent with a highly advanced and scalable offering. The company's Germany division currently handles battery manufacturing, while a new facility in Nova Scotia, Canada, is under construction to add significant capacity and geographic coverage.

Based on our market research, we believe Kraken's secret to success lies in the following:

- Provides the best-in-class energy density compared to both legacy and competitive products.
- From man-portable UUV to XL UUV, modular design enables the best scalability.
- Bringing together the best of both worlds: military-grade ruggedness and the ease of use of commercial-grade technology.

Best-In-Class Energy Density

Energy density is by far the most important metric for any battery system as it directly impacts the range of the vehicle in a given mission. Energy density varies by battery materials, and in our analysis, we only look at lithium batteries for their market dominance.

When it comes to subsea lithium batteries, their most distinctive feature is their ability to withstand high water pressure. All of the batteries in our analysis have a Depth Rating of 6,000 metres or 60 Mpa pressure, essentially equivalent to having 430 fully loaded school buses pressing down on each square metre. Such an extreme environment requires special designs to balance the external pressure, and the type of design also impacts the energy density. As mentioned, there are only a handful of players in this market, so we scope in Southwest Energy and SubCtech as two peers in our evaluation, given that they supply battery systems to similar UUVs/AUVs.

Figure 6: NBF Subsea Battery Energy Density Analysis

Kraken Robotics SeaPower			
Pressure Balance Design	Silicone Polymer		
Target Capacity (Wh)	5,000	12,600	22,800
Battery Model	SeaPower Small	SeaPower Medium	SeaPower Large
Number of Battery Required	1	1	1
Weight (kg)	42	95	158
Volume (L)	28	63	94
Energy Density (Wh/kg)	119	133	144

SWE SeaSafe			
Pressure Balance Design	Oil Filled		
Target Capacity (Wh)	5,000	12,600	22,800
Battery Model	SeaSafe II	SeaSafe II	SeaSafe II
Number of Battery Required	6	14	26
Weight (kg)	54	126	234
Volume (L)	27	64	119
Energy Density (Wh/kg)	93	100	97

SubCtech PowerPack			
Pressure Balance Design	Titanium Casing		
Target Capacity (Wh)	5,000	14,000	21,000
Battery Model	PowerPack S260	PowerPack S310	PowerPack S416
Number of Battery Required	2	4	3
-Battery Weight (kg)	28	72	96
-Casing Weight (kg) *	23	56	81
-BMS Weight (kg) **	8	9	10
Total Weight (kg)	59	137	187
Total Volume (L)	24	57	82
Energy Density (Wh/kg)	85	102	112

Source: NBF Technology Research, Company Reports, Product Brochures; * Based on specification of subCtech Big-Jim XL Li-ion battery with casing weight estimated at 1kg/litre; **BMS weight includes casing weight, seal weight and electronics weight.

Kraken Robotics vs. SWE: Kraken Robotics' SeaPower has demonstrated exceptional energy density at an average of 132 Wh/kg, which is 36% higher than SWE's SeaSafe II. The sharp difference is the direct result of the engineering difference, as SWE's SeaSafe II still adopts the legacy oil-filled battery housing while SeaPower adopts silicone polymer to create an integrated pressure-neutral design.

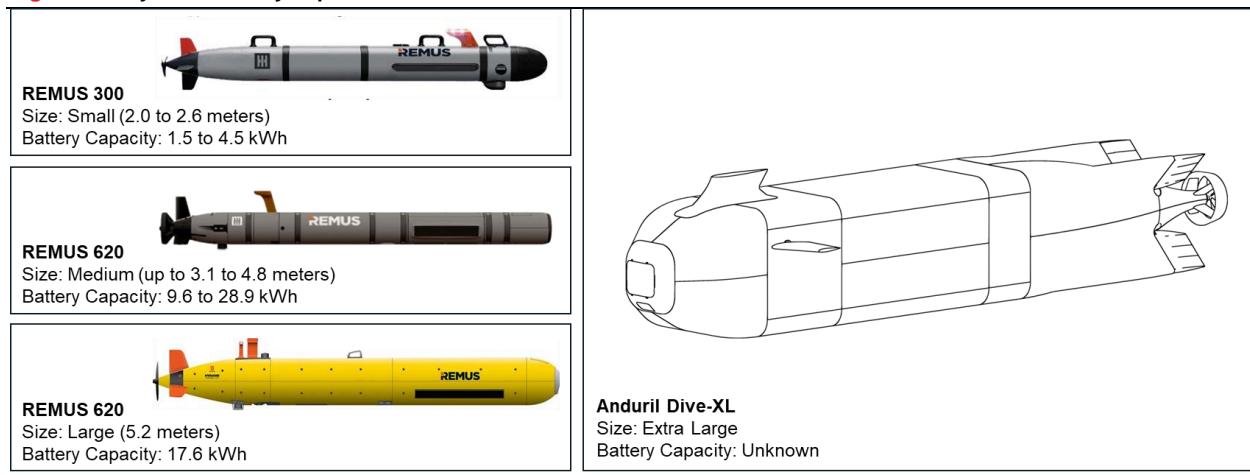
Kraken Robotics vs. SubCtech: Kraken again excels with a 32% higher energy density than this competitive product. Of note, SubCtech achieves pressure neutral by encasing the battery inside a round titanium container and thus increasing the weight and cost of the overall battery system. According to industry sources, the per-unit price of titanium could be 5 to 20 times more expensive compared to more common metals such as aluminum alloy, if both material and processing costs are considered.

The Ability to Scale and Support Underwater Vehicles of Various Sizes

Underwater vehicles come in different sizes and require different battery capacities to power their operations. The smaller, man-portal vehicle requires as little as 1.5 kWh, while large ones such as REMUS 6000 require 17.6 kWh. The emergence of "extra-large" models such as Anduril's Dive-XL in recent years requires a battery capacity as large as 1 MWh.

Scalability is another important attribute of subsea batteries. A scalable battery system allows manufacturers to customize power capacity, energy density and form factors to fit different UUV/AUV designs without redesigning the entire power system. This flexibility is essential for optimizing weight distribution, buoyancy and endurance, ensuring that each equipment has the right balance of power and efficiency for its intended depth, mission duration and payload requirements. Additionally, scalable battery technology simplifies logistics and maintenance, reducing costs and enabling easier upgrades as energy storage technology advances.

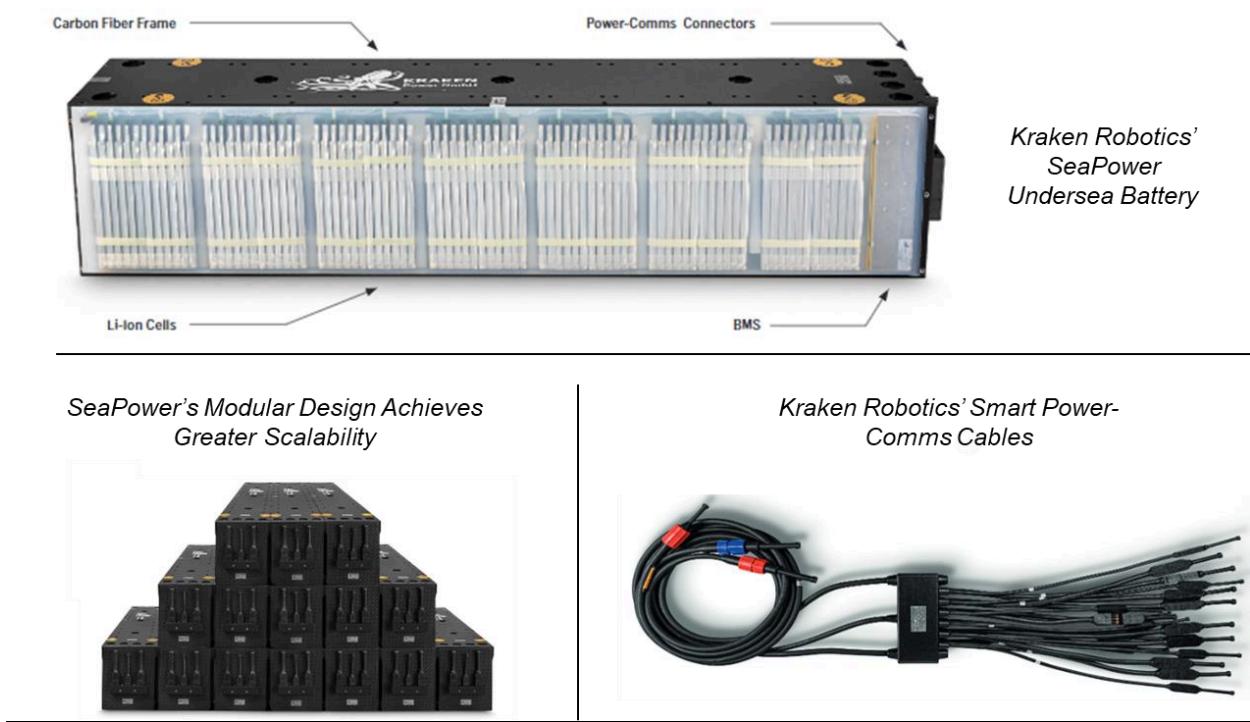
Figure 7: Why is Scalability Important? – UUV/AUVs Come in Various Sizes



Source: NBF Technology Research, Company Reports, hii.com, anduril.com

Based on our market analysis, we believe Kraken Robotics' SeaPower demonstrates the best scalability thanks to its highly modular design. Unlike competitors who achieve higher capacity by simply stacking up the same battery cells during manufacturing, Kraken's SeaPower could be assembled by customers post-manufacturing the same way as building LEGO. As a starting point, a single unit of SeaPower is enough to support UUV of various sizes (5 kWh to 22.8 kWh, based on their size and voltage). To support extra-large UUVs, up to 64 batteries could be connected together by Kraken Robotics' "Smart Power-Comms Cables" into a single power bank with a capacity of up to 1 MWh.

Figure 8: SeaPower's Modular Design Achieves Greater Scalability



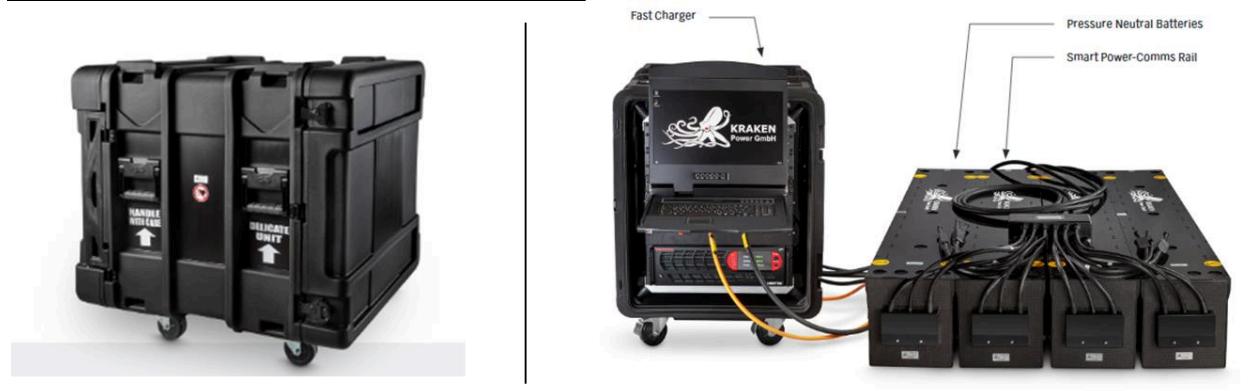
Source: NBF Technology Research, Company Reports

Bringing Together the Best of Both Worlds

Defense products have long been considered tough and reliable because they are designed to perform in extreme environments, from deep-sea pressures to combat zones. However, this durability often comes at a trade-off, as military-grade systems can be more complex and less user-friendly than their commercial counterparts. Kraken Robotics overcomes this challenge by delivering battery systems with the same level of military ruggedness while maintaining exceptional functionality and ease of use.

A key example is the fast-charging ability, which allows a 23-kWh battery to be fully charged in just 4 hours, a ~50% reduction compared to competitive products. This ability represents a significant advantage in operational readiness and reduces turnaround time. From a design perspective, the charger is housed in a durable, portable enclosure with a retractable keyboard and monitor and has charger control software with a user-friendly interface to enable both charge profile customization and intelligent battery monitoring.

Figure 9: Critical Accessories Enabling Ease of Use as in a Commercial Product

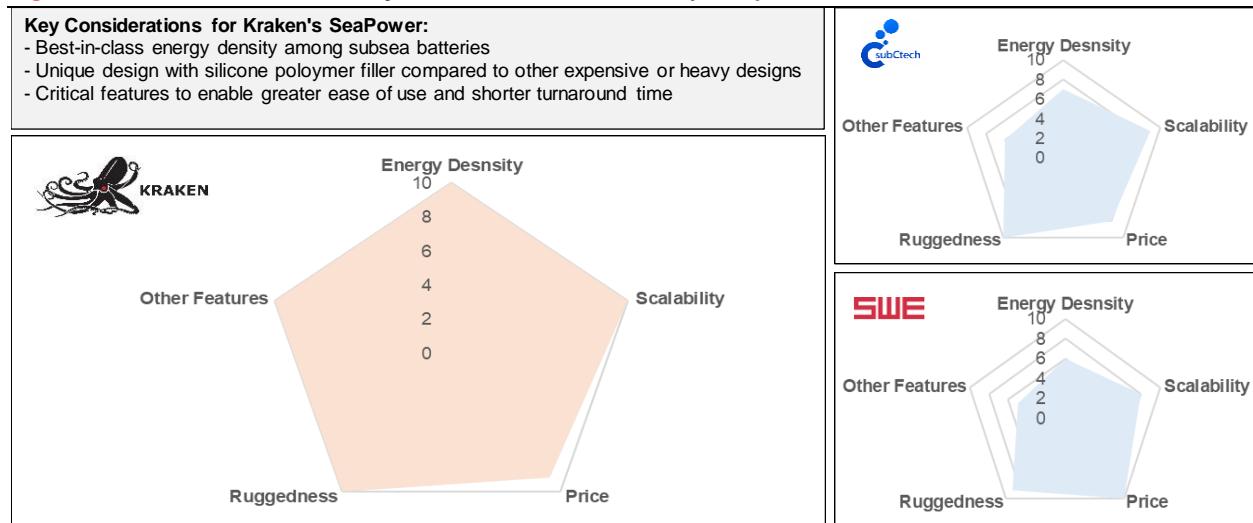


Source: NBF Technology Research, Company Reports

Kraken's SeaPower Scores the Highest in our Benchmarking Analysis

Summarizing all the considerations above, we believe Kraken's SeaPower delivers the best performance while offering valuable features unmatched by competitors. The strong product competitiveness is also supported by recent announcements where the Company secured more than \$45 million in battery orders from several customers.

Figure 10: Kraken's SeaPower Battery is a Well-Rounded, Extremely Competitive Product



Source: NBF Technology Research, Company Reports, Technical Brochures from Companies Surveyed

What's in the R&D Pipeline

Kraken's technology roadmap for Subsea Power is focused on enhancements designed to elevate performance, reliability and overall efficiency, ensuring that their product continues to meet and exceed the market expectations. Key areas of focus are:

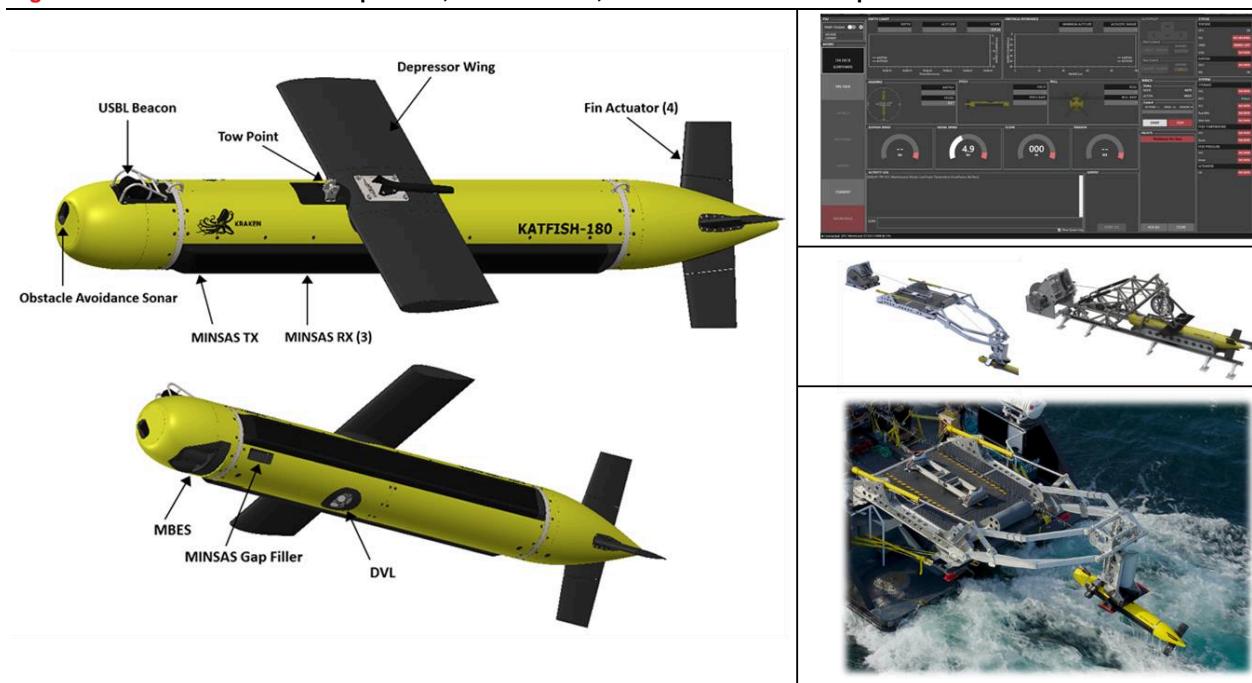
- **Next-Generation Battery Cells:** Kraken will introduce newer generation battery cells which provide a substantial increase in energy density and a significant overall increase in battery power throughput.
- **Smaller Battery Form Factors** - The objective is to engineer a new, smaller-sized battery model that leverages newer generation cells with a smaller form factor.
- **Electronics Improvement:** The next generation of Kraken's Battery Management System will significantly decrease standby power load by a factor of 10 and will incorporate support for smart charging and fast charging functionalities.
- **Modularity:** By increasing modularity, Kraken aims to make SeaPower batteries more field-serviceable to minimize downtime.
- **1MW Subsea Power:** Development of a 1MW subsea power product specifically designed for the offshore wind and offshore oil and gas sectors.

KATFISH - A Complicated Military System That Elevates Kraken's Profile

KATFISH is an actively stabilized towed SAS for manned surface vessels. It resulted from Kraken's "sensors-to-systems" strategy, where the Company created a comprehensive ocean monitoring and surveillance platform through the integration of advanced technologies such as:

- (1) Kraken's market-leading MINSAS;
- (2) Advanced hydrodynamic control system for bottom following, terrain referencing and obstacle avoidance;
- (3) Real-time 3D seabed mapping;
- (4) Automatic Launch and Recovery Systems (LARS) through its electric winch system - the Tentacle.

Figure 11: KATFISH – Critical Components, User Interface, LARS and KATFISH in Operations



Source: NBF Technology Research, Company Reports

Based on our analysis, we believe Kraken's KATFISH is a competitive product based on the following considerations:

- **The Inherent Advantage of Kraken's Market-Leading MINSAS:** The sonar system is the most important component of any non-battle underwater vehicle and essentially represents their "eyes". As such, Kraken's market-leading MINSAS technology fully translates into KATFISH's advantage in terms of area coverage, accuracy and cost.
- **KATFISH has a Much Higher Operating Speed:** Traditional UUVs powered by batteries need to balance between speed and power consumption, and thus they tend to operate at a speed of 2 to 6 Kn. At the midpoint, Kraken's KATFISH has a significant speed advantage at 4 to 10 Kn, or 75% faster. In real-world applications, the speed advantage translates into greater area coverage and shorter mission duration.
- **Getting Intelligence in Real Time:** KATFISH is connected by cables and towed by the surface vehicle. As such, operators could monitor and control the underwater vehicle while collecting data

in real time on Kraken's proprietary operating interface. This further improves efficiency and mission effectiveness.

We believe KATFISH elevates Kraken's profile from being a system component provider to an integrator of complex military systems. That profile elevation has also been reflected in the pricing: a single KATFISH unit is priced at \$3 million or \$8 to \$9 million if topside equipment, cables, launch and recovery equipment, spares and training are included. Since its release in 2018, KATFISH has secured multiple military users, including the Royal Danish Navy, the Polish Navy, as well as a group of commercial users.

Later in this report, we highlight a \$5 billion opportunity from NATO nations upgrading their mine hunting capabilities. That number further scales to \$12 billion if a broader global market is considered. In our view, the KATFISH product line directly addresses those incremental demands and thus positions the Company well ahead of the Naval equipment upgrade cycle.

Robotics as a Service - Superior Military-Grade Technologies Trickling Down into Commercial Applications

Outside the military space, Robotics as a Service (RaaS) represents another opportunity that we believe is currently underestimated. Kraken's RaaS business originated from its technical advantages in MINSAS and KATFISH, coupled with select acquisitions in recent years to create a suite of compelling services for commercial customers. Kraken's RaaS business consists of the following:

- **Towed SAS Surveys:** Kraken is contracted to perform underwater surveys using its market-leading KATFISH towed SAS. Commercial customers receive survey results at the same level of quality as military users.
- **Acoustic Coring:** Relates to a much deeper seabed scan by deploying Kraken's acoustic corer, which penetrates the sub-seabed to depths exceeding 50 metres. A typical use case is to identify geohazards in the pre-installation phase of any underwater infrastructure.
- **Sub-Bottom Imaging:** Kraken's Sub-Bottom Imager (SBI) uses advanced acoustic technology to create seabed underneath images of up to five metres in depth. In this case, the SBI identifies buried objects, anomalies, geohazards and stratigraphy to a 10 cm resolution.
- **LiDAR Solutions:** Through its recent acquisition of 3D at Depth, Kraken expanded into LiDAR solutions and related survey services. This includes high-resolution 3D point cloud collection, processing, visualization, measurement, modelling and analysis of underwater and terrestrial environments.

A Much Bigger Market Opportunity Paired with Lower Volatilities

We believe Kraken's RaaS business significantly expands its customer base with notable additions such as offshore oil and gas companies, offshore wind farm operators, commercial harbor managers and underwater infrastructure constructors/managers (cables, pipelines, etc). As of the most recent quarter, RaaS accounts for 30% of Kraken's total revenue - if anything, we believe the broader client base combined with a shorter project turnaround effectively reduces Kraken's exposure to the traditional military users, whose spending could be volatile.

Kraken's RaaS Business Could Resemble Software's SaaS Moment

In the software space, the SaaS operating model creates the ideal "win-win" situation where users have access to powerful software without the burden of upfront costs while SaaS operators gain predictable, recurring revenue.

Similar operating models have been replicated elsewhere, and we believe Kraken is among the pioneers. In this case, a similar "win-win" situation is created with non-defense customers gaining access to cutting-edge

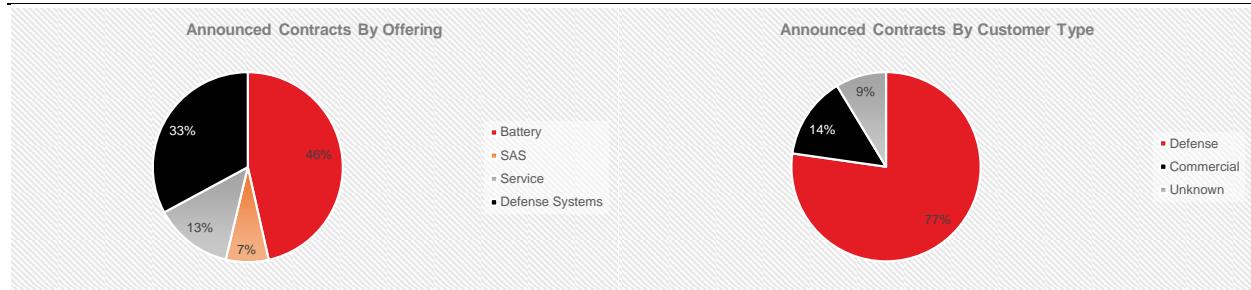
technologies and project flexibility without incurring related capital expenditure. As more end users shift to this model, Kraken is set to meaningfully benefit from this ongoing trend.

Combining Exceptional Products and Services with Execution to Deliver a Consistent Track Record

Technical superiority doesn't always translate into commercial success in the technology industry. Other factors, such as production, go-to-market strategy, budgeting, capital allocation and customer relationship management are critical in converting technical advantages to consistent revenue and earnings growth. In that regard, we believe Kraken Robotics has demonstrated a solid track record of consistent execution in commercializing its market-leading products and services. That view is supported by an accelerated pace of contract awards, strong annual growth, and a series of evidence of scaling capabilities and customer trust.

Figure 12 below summarizes Kraken Robotics' contract announcements in the past three years, and the contract mix (%) by offering and customer type.

Figure 12: Historical Contract Awards Based on Public Filings



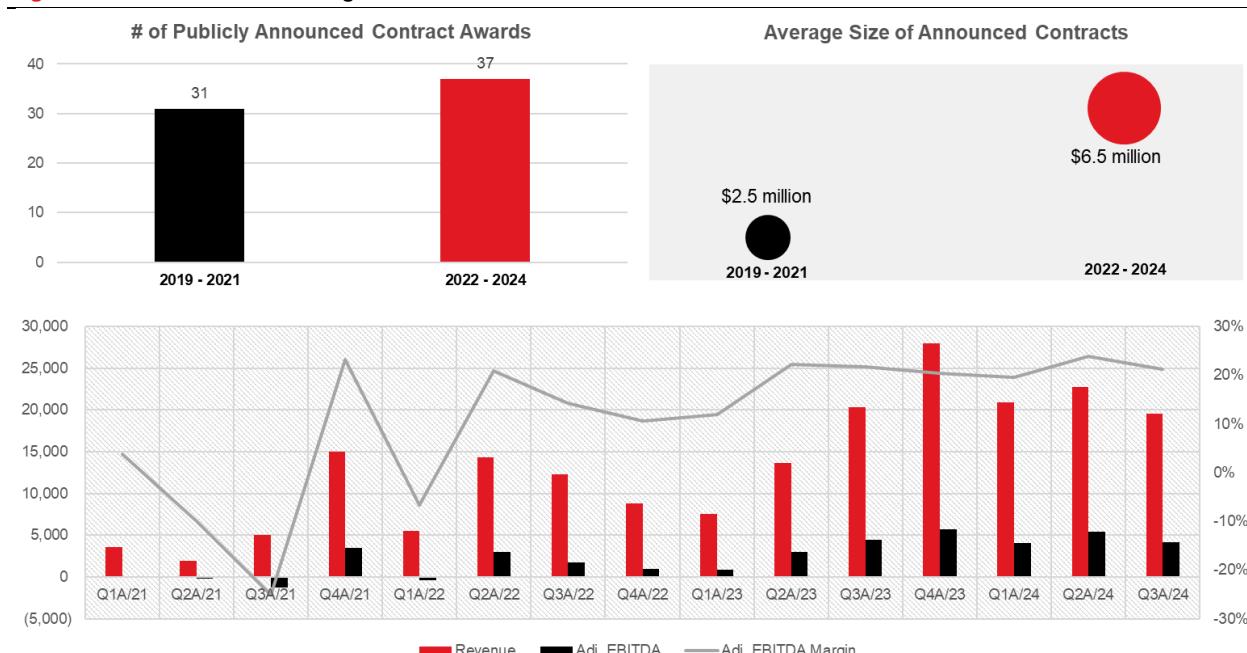
Announcement Date	Contract Value (\$ mln)	Contract Description	Type	Client Type
4/10/2025	\$11.0	SeaPower batteries order from a defense client	Battery	Defense
2/26/2025	\$31.0	SeaPower batteries order from a defense client	Battery	Defense
2/26/2025	\$3.0	SeaPower batteries orders from two commercial clients	Battery	Commercial
10/16/2024	\$13.0	SeaPower subsea batteries from existing clients	Battery	Defense
9/23/2024	\$3.0	Synthetic Aperture Sonar Systems from 3 separate customers	SAS	Defense
6/20/2024	\$2.2	Repeat orders totalling \$2.2 million for subsea batteries from existing Naval clients	Battery	Defense
5/8/2024	\$3.7	KATFISH Mine Counter Measures (\$2.2 mln) and MINSAS (\$1.5 mln)	Defense Systems	Defense
4/30/2024	\$8.0	Sub-Seabed Imaging Services with Acoustic Corer	Service	Commercial
4/18/2024	\$6.0	Subsea batteries	Battery	Defense
3/19/2024	\$2.4	Subsea batteries and synthetic aperture sonar systems (SAS)	Battery; SAS	Defense
12/21/2023	n/a	Synthetic Aperture Sonar Order from NATO CMRE	SAS	Defense
11/29/2023	\$3.0	Contract to supply high-resolution seabed mapping sonar service	Service	Defense
11/28/2023	\$1.0	Sub-seabed survey to map the exact location and integrity of buried pipelines	Service	Commercial
11/6/2023	n/a	Supplied high-resolution seabed mapping sonar equipment to the Royal Australian Navy	Defense Systems	Defense
11/1/2023	\$1.0	MINSAS System for HII's new REMUS 620 Medium Class UUV - End customer is NOAA's NCCOS	SAS	Commercial
10/19/2023	\$3.0	Boulder detection subsea survey services as part of an Offshore Wind Farm Project in Europe	Service	Commercial
8/31/2023	\$2.7	Subsea batteries and synthetic aperture sonar systems (SAS) - New customer	Battery; SAS	Defense
5/31/2023	\$9.5	High-resolution seabed mapping sonar equipment - KATFISH minehunting	Defense Systems	Defense
5/15/2023	\$1.1	MINSAS for minehunting	SAS	Defense
5/9/2023	\$16.0	SeaPower Batteries	Battery	n/a
4/20/2023	\$3.0	SeaPower Batteries	Battery	n/a
4/18/2023	\$4.0	Follow on order from a NATO Navy customer for KATFISH spares	Defense Systems	Defense
3/9/2023	\$1.5	MINSAS	SAS	Defense
3/9/2023	\$1.3	MINSAS for minehunting	SAS	Defense
3/7/2023	n/a	Support subsea solutions provider N-Sea with cable burial survey services	Service	Commercial
12/7/2022	\$50.0	Royal Canadian Navy Minehunting Program	Defense Systems	Defense
11/28/2022	\$14.0	Subsea batteries	Battery	Defense
11/4/2022	\$8.0	3-Year R&D project on AI, ML and subsea autonomy solutions	Service	Commercial
10/31/2022	\$1.1	MINSAS with NATO AUVs	SAS	Defense
10/27/2022	\$0.6	MINSAS for AUV - ghost gear detection operation	SAS	Commercial
10/14/2022	\$1.1	Follow-On Battery Order from AUV Manufacturer	Battery	n/a
10/5/2022	\$1.1	MINSAS	SAS	Defense
9/6/2022	\$9.0	A follow-on contract to provide additional KATFISH and ALARS systems	Defense Systems	Defense
7/12/2022	\$2.0	MINSAS for AUV	SAS	Defense
5/30/2022	\$1.6	MINSAS	SAS	Defense
5/4/2022	\$3.0	Several cable depth of burial campaigns in Europe	Service	Commercial
3/30/2022	\$5.0	Acoustic Corer contract in the US Gulf of Mexico.	Service	Commercial
2/23/2022	\$4.8	Subsea batteries from a US defense industry customer,	Battery	Defense

Source: NBF Technology Research, Company Reports

If we compare contract awards during this period to the preceding 3 years, **we'd note a significant increase in both contract size and award frequency**. For example, the average contract size has more than doubled to \$6.5 million from 2022 to 2024. The combined contract value also increased by 180% to \$221 million. We'd also note a significant reduction in research funding as compared to early years, another validation of the technical and commercial readiness of Kraken's products.

This winning streak has been directly reflected in the Company's revenue and Adj. EBITDA. During the same period, Kraken's revenue and Adj. EBITDA were up 120% and 76% respectively to \$91 million and \$21 million, while its adj. EBITDA margin expanded by 1,000bps to 23%.

Figure 13: Quantitative Measuring of Kraken's Execution – Contract Awards and Financial Performance



Source: NBF Technology Research, Company Reports

It's More than Just Numbers - Consistent Execution Also Reflected Elsewhere

Other than contract awards, we also picked up evidence from our extensive analysis of the Company's past press releases, which suggest that Kraken Robotics has developed a competitive skillset to further commercialize its leading technologies.

Fact: Kraken has signed a lease to open a new battery production facility in Nova Scotia, Canada.

Key Words: New battery facility

Implication: Underscores the importance of the subsea battery business to Kraken's overall growth. This is a critical step in scaling that business to meet the growing demands in North America.

Fact: Kraken Robotics Demonstrates New KATFISH Autonomous Launch and Recovery System to Navy Customers.

Key Words: ALRS, Product Demo

Implication: Kraken has already been making inroads into adjacent verticals to complement its existing products. Its ALRS solution essentially fills the gap in UUV operations by providing autonomous launch and recovery. Additionally, our analysis of past releases suggests product demos (especially with defense customers) usually lead to future contracts.

Fact: SeeByte and Kraken Robotics Sign MOU.

Key Words: Memorandum of Understanding (MOU) with Partners

Implication: Similar MOUs were signed with multiple partners in the past (e.g., with leading national defense contractors). Those agreements enable Kraken to combine partner technologies with its products to further improve its offerings, paving the way for joint bidding in the future.

Fact: Kraken Robotics Completes High-Resolution Route Survey Contract in Australia.

Key Words: Robotics as a Service (RaaS)

Implication: High product reliability as it was reported the KATFISH system performed the entire survey without downtime.

Fact: Kraken Robotics Minehunting Systems Operational with the Royal Danish Navy.

Key Words: High Customer Satisfaction

Implication: The Danish Navy was extremely pleased with the performance of the KATFISH system, and we believe the strong word of mouth will increase the Company's win rate in future bidding.

Fact: Kraken Awarded \$50+ Million Navy Contract for Royal Canadian Navy Minehunting Program.

Key Words: Prime Contractor for National Defense Project

Implication: Strong evidence of the Company's ability to unite a group of partners (Kongsberg Maritime, HII, tkMS and SH Defence) in bidding on a large national defense project. It also signifies the Company's transition from a component supplier to a prime contractor to lead the entire project.

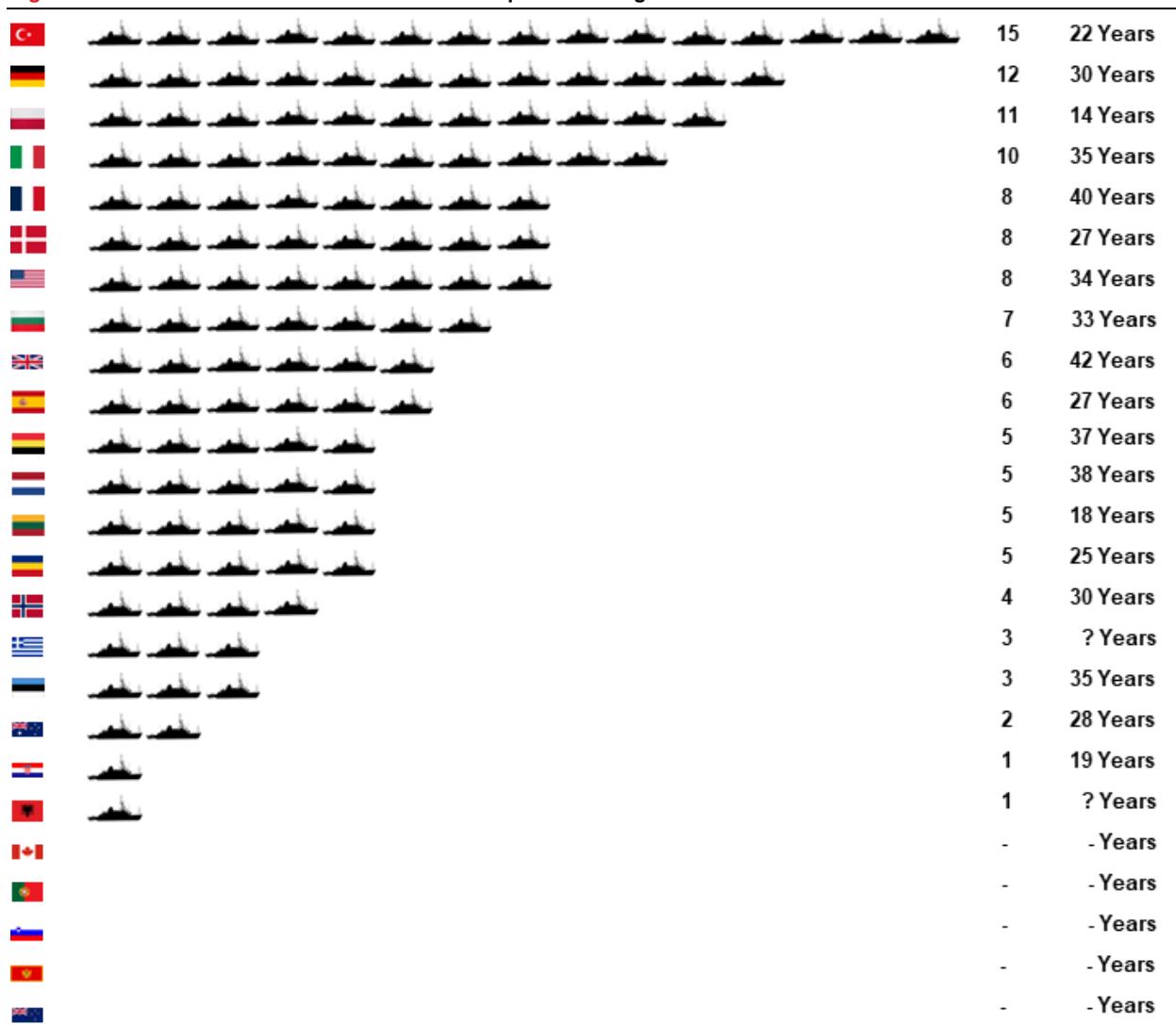
MEANINGFUL MACRO CATALYSTS AHEAD

Macroeconomic and policy considerations are critical for defense names because their revenues are heavily dependent on government budgets, geopolitical stability and regulatory frameworks. Defense spending is driven by national security priorities, which fluctuate based on political leadership, global conflicts and economic conditions. In this section, we identify several macro tailwinds that benefit Kraken Robotics both in the near and long term.

The Aging Mine Countermeasure Vessels - Upgrade Demands Are Imminent

Underwater mines have long been considered an effective way to immobilize enemy ships and block critical waterways. Similarly, countermeasures (minehunters, minesweepers and AUVs/UUVs) are also important elements of a modern navy.

Figure 14: The Number of Mine Countermeasure Ships and Average In-Service Life*



Source: NBF Technology Research, Wikipedia, Various National Defense Sources; *NATO Nations, Australia and New Zealand

However, our extensive survey based on publicly available data sources suggests those vessels are approaching their service limit. On average, we estimate a 29-year service life of the mine countermeasure vessels across 19 NATO navies (excluding those without such capabilities). Those traditional minehunters tend to be less flexible with limited detection capabilities and higher operational costs. Given these

disadvantages and the long service life, we see a major upgrade cycle coming with navies to either replace those manned vehicles with AUVs/UUVs or repurpose them to adapt to unmanned missions. Certain nations, such as the UK, Netherlands and Belgium have already pivoted.

To quantify this equipment upgrade cycle, based on a ratio of 1:2 (each manned vessel to be replaced by 2 sets of RMDS) and a recent procurement by the Government of Canada, we estimate this upgrade cycle among NATO nations alone represents a \$5 billion+ opportunity for Kraken. If we expand to a global scope and consider all the 300+ vessels (excluding unfriendly or sanctioned nations), this opportunity further increases to \$12 billion. We'd note this calculation only includes the immediate procurement demand based on a current fleet size, and does not include incremental opportunities discussed in later sections.

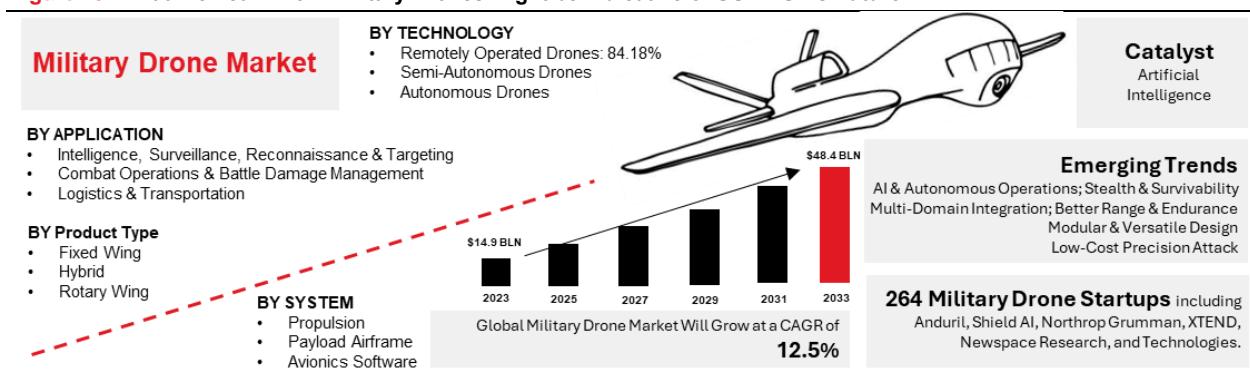
An Increasing Portion of Unmanned Equipment in Modern Military Procurement

The widespread success of military drones in recent conflicts has underscored the transformative power of unmanned systems in modern warfare. As aerial drones have reshaped battlefield tactics with their precision, adaptability and cost-effectiveness, we believe they serve as an important leading indicator of the next evolution in underwater warfare: Unmanned Underwater Vehicles (UUVs).

The growing reliance on unmanned aerial systems signals an inevitable shift toward fully autonomous military assets across all domains (land, sea and air). Just as drones have revolutionized aerial combat, surveillance and strike capabilities, UUVs are poised to redefine naval warfare by enabling stealthy reconnaissance, mine clearance and autonomous attack operations in contested waters.

Multiple market agencies have predicted that the military drone market will more than double its size in the next 10 years. While the exact growth data for the UUV market is unclear, we believe it will very likely follow a similar growth trajectory.

Figure 15: What We Learn from Military Drones Might be Indicative of UUV/AUV's Future



Source: NBF Technology Research, Wikipedia, Various National Defense Sources

Europe is Awakening - Robust Growth Outlook in that Market

In response to recent geopolitical concerns, European nations have initiated several measures to bolster their military independence.

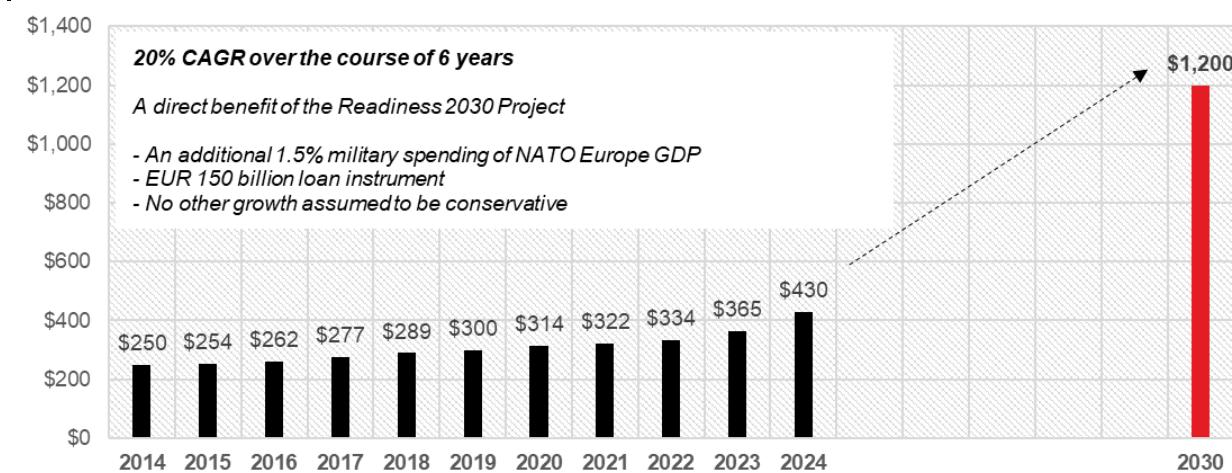
- ReArm Europe Initiative (Readiness 2030):** Aiming to mobilize up to €800 billion to enhance the EU's defense capabilities.
- Increased National Defense Budgets:** Several European countries have announced significant boosts to their defense spending. Germany is debating changes to state borrowing rules to fund defense enhancements, including a €500-billion infrastructure fund.
- Permanent Structured Cooperation (PESCO):** The EU has activated PESCO, allowing member states to jointly develop defense capabilities and invest in shared projects

4. **Establishment of a European Defense Bank:** Discussions are underway to create a Rearmament Bank, modeled after the European Bank for Reconstruction and Development, to finance military enhancements.

Altogether, those government initiatives coupled with private capital will mobilize hundreds of billions or even trillions of euros to be poured into the military space in Europe, which was once considered a severe laggard following decades of peace.

We estimate the ReArm Europe/Readiness 2030 initiative alone could boost NATO Europe's military spending growth to over 20%, a significant increase from the historical 5%.

Figure 16: NATO Europe and Canada Defense Expenditure (billion USD) – Now and 2030 Projection



Source: NBF Technology Research, NATO Public Diplomacy Division

Assessing the “DOGE” Risk.

The Department of Government Efficiency (DOGE) has been a major overhang on the U.S. defense names since the beginning of the year, while their European peers have soared on top of recent news. Kraken does have exposure (direct revenue exposure is less than 10%) to the U.S. market, as such, the DOGE risk cannot be fully eliminated. That said, more than a third of its revenue is generated in Europe, and the Company has already established close relationships with multiple navies in Europe. If anything, we see a moderate DOGE risk in the case of Kraken Robotics.

FINANCIAL MODEL, OUTLOOK AND VALUATION

Kraken Robotics' Revenue Streams Explained

Kraken has two primary business lines - Products and Services.

The Product Segment

The Company's products can be broadly characterized in two categories: (1) sensors and platforms; and (2) energy. The Company's principal sensor product is its SAS technology, which produces ultra-high resolution images at longer ranges compared to conventional sonar technology. Its SAS systems are commercially available and customized to seamlessly integrate into each customer's underwater vehicle. These products are primarily designed for use onboard AUVs, remotely operated tow vehicles, ROVs and tow bodies.

Kraken also manufactures unique pressure-tolerant batteries, battery management systems and electronics. These are specialized deep-sea components for AUVs and ROVs. KPG's unique pressure-tolerant gel encapsulation technology for lithium polymer batteries provides an attractively priced, eco-friendly and superior alternative to oil-compensated batteries currently used for subsea battery applications.

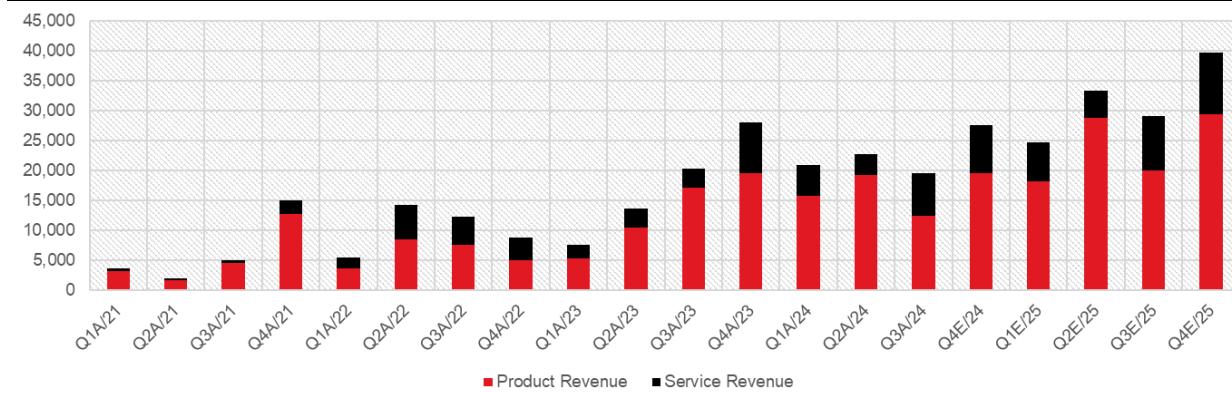
The Service Segment

Non-defense customers would typically prefer to hire companies like Kraken to provide product output (i.e., imaging and bathymetry data) as compared to purchasing and then operating and maintaining subsea survey and inspection equipment. For this market segment, Kraken's RaaS (Robotics as a Service) model will allow customers to gain exposure to next-generation technologies while minimizing the capital investment requirement. With the acquisition of PanGeo in July 2021 and 3D at Depth in April 2025, Kraken expanded its service offering to include specialized high-resolution 3D acoustic imaging and LiDAR technologies.

Revenue Recognition Rules

Revenue is recognized as performance obligations are satisfied and the Company transfers control of a product or service to a customer. The Company has multi-year contracts with its customers and must make judgments about when the Company has satisfied the performance obligations to its customers, either over a period of time or at a point in time. Revenue from some contracts is recognized over time using the input cost method, measured by the percentage of costs incurred to date of the estimated total costs for each contract.

Figure 17: Kraken Robotics' Revenue by Segment – in C\$ '000



Source: NBF Technology Research, Company Reports

Revenue By Geographies

Revenues by geography are categorized into North America, Europe, Middle East and Africa and Asia Pacific. As of Q3/F24, these geographies represent 53%, 36% and 12% of total revenue, respectively.

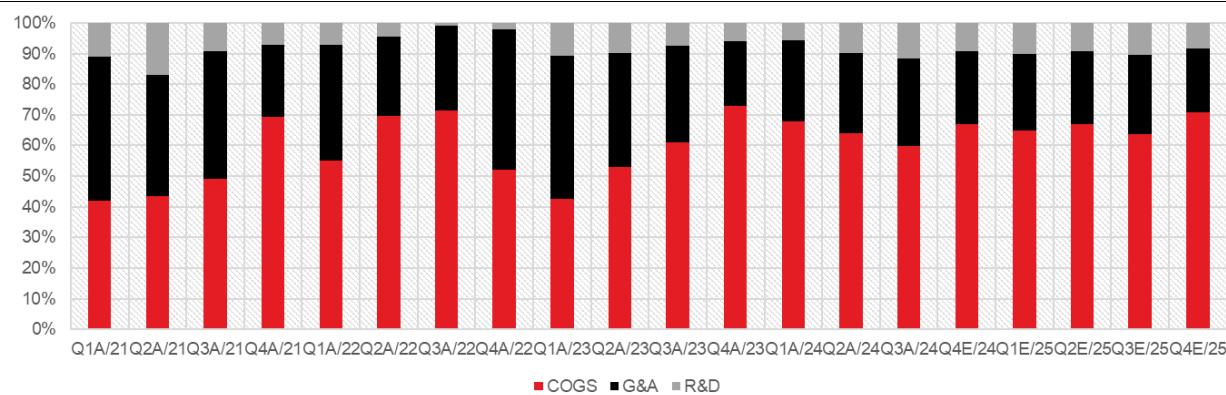
Cost of Revenue and Operating Expenditure

Cost of sales reflects the recognition of the costs of material as well as the allocation of wages of employees primarily engaged in product and service activities.

Notable items in the **administration expenses** include salaries and benefits expenses, travel-related costs, software subscriptions, accounting and legal and office and shop supplies.

R&D expense: Kraken has a significant team of scientists, engineers, software developers and technologists focused on R&D. In Canada, the Company operates three design and manufacturing facilities: two in Newfoundland and one in Nova Scotia. The Company's R&D costs mostly consist of related personnel expenses, net of any government grants received.

Figure 18: Kraken Robotics' Cost Structure (% of Total Revenue)



Source: NBF Technology Research, Company Reports

Kraken's Balance Sheet and Cash Flow Profile

In the latest period of FQ3/24, Kraken reported \$15 million in cash with approximately the same debt balance. The Company has access to up to \$85 million in credit capital from existing facilities.

On October 22, 2024, the Company announced that it had closed its bought deal offering of common shares. A total of 32,343,750 Common Shares were sold for \$1.60 per Common Share for gross proceeds of \$52 million. The net proceeds of the Offering are expected to be used to advance its long-term strategy, including investing in expanded facilities and increased manufacturing capacity, providing flexibility to take advantage of opportunities for accretive acquisitions, increasing the Company's attractiveness as a stable and reliable long-term supplier and strengthening the Company's balance sheet to provide additional working capital to meet customer requirements.

This equity offering brings the cash balance to more than \$60 million based on our estimate.

All in, considering the existing cash balance and proceeds from the recent offering, we believe Kraken has a healthy balance sheet with ample financial flexibility to pursue its growth opportunities.

PULLING IT ALL TOGETHER - OUR FINANCIAL FORECAST

Figure 19: NBF Financial Forecast & Key Assumption

	Actual			NBF Estimates			
	F2021A	F2022A	F2023A	F2024E	F2025E	F2026E	F2027E
Consolidated Outlook / Forecast							
Product Revenue (\$000s)	22,151	24,900	52,618	67,192	96,504	120,630	144,756
Service Revenue (\$000s)	3,478	16,008	16,963	23,579	30,653	39,849	49,811
Total Revenue (\$000s)	25,629	40,908	69,581	90,771	127,157	160,479	194,567
YY (%)	n/a	60%	70%	30%	40%	26%	21%
Cost of Revenue (\$000s)	14,310	23,871	35,625	45,905	65,389	81,844	99,229
Gross Profit (\$000s)	11,319	17,037	33,956	44,866	61,768	78,635	95,338
Gross Profit Margin (%)	44%	42%	49%	49%	49%	49%	49%
Share-based compensation (\$000s)	433	797	378	708	968	1,090	1,294
Administrative expenses (\$000s)	8,271	12,364	17,528	18,571	23,065	26,010	30,072
Research and development costs (\$000s)	2,310	1,262	4,487	6,359	9,188	10,311	13,057
Depreciation and Amortization (\$000s)	2,914	4,781	4,940	5,697	7,905	8,330	7,954
Total Operating Cost (\$000s)	13,334	18,570	26,312	30,739	41,126	45,740	52,376
Adj. EBITDA (\$000s)	2,148	5,290	14,094	20,601	29,515	42,314	52,209
Adj. EBITDA Margin (%)	8%	13%	20%	23%	23%	26%	27%
Operating Cash Flow (\$000s)	(11,006)	5,237	8,427	(5,766)	11,853	21,603	24,472
Capital Expenditure (\$000s)	(5,533)	(5,144)	(7,557)	(4,471)	(9,000)	(7,000)	(7,000)
Free Cash Flow (\$000s)	(16,539)	93	870	(10,237)	2,853	14,603	17,472
FCF/Share (\$)	(0.06)	0.00	0.00	(0.04)	0.01	0.05	0.07

Our Assumptions:

- Continued growth momentum with accelerated pipeline conversion and market share gains to sustain a robust organic growth.
- Future growth fully accredited to organic drivers; only announced M&A is considered in our forecast.
- Future gross margin to resemble the current level with no immediate margin expansion to be conservative.
- Operating expenses increase at a smaller scale to reflect Kraken's positive operating leverage.
- Modest Adj. EBITDA margin expansion paired with a scaling amount care of size increase.

Source: NBF Technology Research, Company Reports

NBF Target Price, Assumptions and Sensitivity

Our Outperform rating and C\$3.00 target price (which implies a 38% return to target as of April 22, 2025) are based on our multi-stage DCF model with the following assumptions:

- 2024-2027 based on our financial model
- 2028-2031 EBITDA growth of 18%
- 2032-2033 EBITDA growth of 10%
- Terminal growth of 3%
- Discount rate of 9%-11% using its beta (0.94), risk-free rate (3.3%) and S&P 500 premium (5.1%)

That target implies an EV/Sales multiple of 8.5x and 6.1x on our F2024E and F2025E forecasts, respectively.

Figure 20: NBF Price Target: Horizontal – EBITDA Growth +/-; Vertical – Discount Rate +/-

EBITDA Growth Rate [+/- from current, 2024-2034. Period]

2024-2034	Terminal	-5%	0%	5%	10%	15%
8.0%	11.0%	\$2.46	\$3.06	\$3.81	\$4.71	\$5.80
9.0%	11.0%	\$2.40	\$3.00	\$3.73	\$4.62	\$5.69
10.0%	11.0%	\$2.35	\$2.94	\$3.66	\$4.53	\$5.59
11.0%	11.0%	\$2.30	\$2.88	\$3.59	\$4.45	\$5.50
12.0%	11.0%	\$2.26	\$2.83	\$3.53	\$4.38	\$5.41
13.0%	11.0%	\$2.22	\$2.78	\$3.47	\$4.32	\$5.34

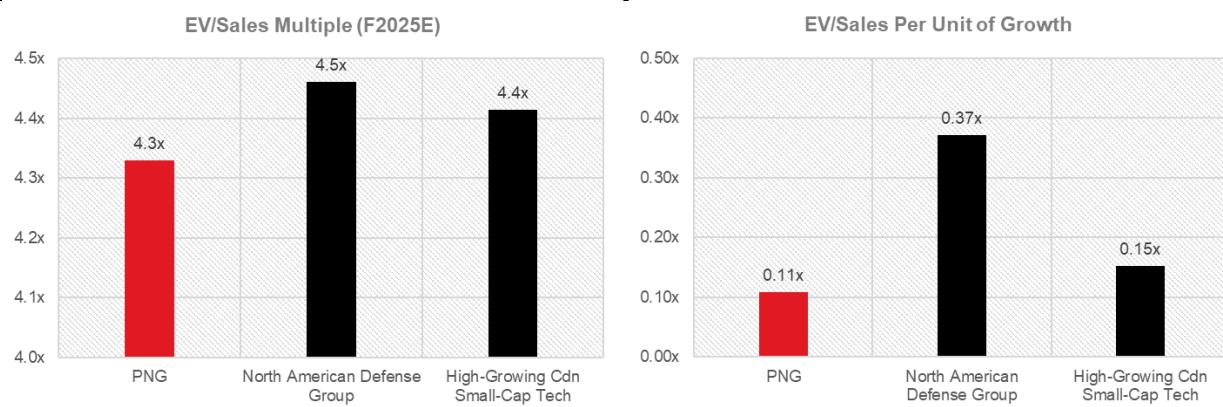
Source: NBF Technology Research, Company Reports

Relative Valuation Analysis

Based on our comp sheet in Appendix 4 with F2025E as the benchmark year, we have the following observations:

- The broad North American Aerospace & Defense Electronics names are collectively trading at an EV/Sales multiple of 4.5x, vs. Kraken's 4.3x.
- That peer group has an average revenue growth of 12%, lower than the projected 40% growth by Kraken.
- Comparing Kraken to the Canadian High-Growth Small-Cap Techs, that group has an average EV/Sales multiple of 4.4x with a projected growth of 29%, vs. Kraken's 4.3x and 40%.
- In either case, Kraken has exhibited a similar multiple yet paired with a much higher growth outlook, translating into the lowest valuation multiple per unit of growth (*Figure 21*)

Figure 21: Visualizing the Relative Valuation – on F2025E EV/Sales Multiple and Growth Outlook



Source: NBF Technology Research, Company Reports, LSEG

Altogether, if we consider Kraken's robust growth outlook, the relative valuation based on a group of peers supports the base case scenario established in our DCF analysis.

INVESTMENT RISKS

Growth Risk. If the Company fails to manage its growth effectively, its business and operating results could be adversely affected. The Company expects to continue to grow its operations domestically and internationally, and to hire additional employees. Any growth in its operations and staff will place a significant strain on its management systems and resources. If the Company fails to manage its future anticipated growth, it may experience higher operating expenses and may be unable to meet the expectations of investors with respect to future operating results.

Macroeconomic Risks. Global financial and economic conditions can be volatile. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange markets and a lack of market liquidity. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all.

Government Contracts. The Company will depend, in part, on government contracts, which may only be partially funded, subject to termination, heavily regulated or audited. The termination of one or more of these contracts could have a negative impact on the operations of the Company. The termination of funding for a government program would result in a loss of anticipated future revenues attributable to that program that could have a negative impact on the operations of the Company.

Competitive Bidding. The Company will derive significant revenue from contracts awarded through a competitive bidding process, which can impose substantial costs upon it, and the Company could fail to maintain its current and projected revenue if it fails to compete effectively. The Company expects that much of the business it will seek in the foreseeable future will be awarded through competitive bidding. Competitive bidding imposes substantial costs and presents a number of risks.

Competition. The industry in which the Company operates is competitive. Many of the competitors of the Company are large, diversified corporations in the sensor and marine robotics products and services industry. Some of the competitors of the Company may have more extensive or more specialized engineering, manufacturing and marketing capabilities. There can be no assurance that the Company can continue to compete effectively with these companies.

Technology Risk. The future success of the Company will depend on its ability to develop new technologies that achieve market acceptance. The marine sensor and robotics market is characterized by rapidly changing technologies and evolving industry standards. In order to remain competitive in the future, the Company will need to continue to develop new products and services, which will require the investment of significant financial resources in new product development.

M&A Risk. The Company may pursue strategic relationships, investments and acquisitions and may not be able to successfully manage its operations if it fails to successfully integrate the acquired technologies and/or businesses.

Legal Risk. As the number of products in the marine sensor and robotics industry increases and the functionality of these products further overlap, the Company may become increasingly subject to infringement claims, including patent, trademark and copyright infringement claims. Additionally, The Company may be unable to adequately protect its intellectual property rights, which could affect its ability to compete.

APPENDIX 1: PNG FINANCIAL STATEMENTS & NBF FORECASTS

Income Statement

Income Statement <i>In thousands of Canadian Dollars</i>	F2021A	F2022A	F2023A	Mar-24 Q1A	Jun-24 Q2A	Sep-24 Q3A	Dec-24 Q4E	F2024E	F2025E	F2026E	F2027E
Product Revenue	22,151	24,900	52,618	15,809	19,245	12,492	19,646	67,192	96,504	120,630	144,756
Service Revenue	3,478	16,008	16,963	5,066	3,513	7,058	7,942	23,579	30,653	39,849	49,811
Total Revenue	25,629	40,908	69,581	20,875	22,758	19,550	27,588	90,771	127,157	160,479	194,567
Cost of sales	14,310	23,871	35,625	11,529	11,151	9,293	13,932	45,905	65,389	81,844	99,229
Gross Profit	11,319	17,037	33,956	9,346	11,607	10,257	13,656	44,866	61,768	78,635	95,338
Investment tax credits recoverable	(594)	(634)	(1,021)	(149)	(149)	(149)	(149)	(596)	0	0	0
Share-based compensation	433	797	378	57	30	414	207	708	968	1,090	1,294
Administrative expenses	8,271	12,364	17,528	4,524	4,617	4,464	4,966	18,571	23,065	26,010	30,072
Research and development costs	2,310	1,262	4,487	939	1,695	1,794	1,931	6,359	9,188	10,311	13,057
Depreciation and Amortization	2,914	4,781	4,940	1,425	1,373	1,430	1,469	5,697	7,905	8,330	7,954
Operating Expense	13,334	18,570	26,312	6,796	7,566	7,953	8,424	30,739	41,126	45,740	52,376
Operating Income	(2,015)	(1,533)	7,644	2,550	4,041	2,304	5,232	14,127	20,642	32,895	42,961
Financing costs	(1,657)	(3,261)	(1,631)	(388)	(559)	(636)	(630)	(2,213)	(2,519)	(2,519)	(2,519)
Foreign exchange loss (gain)	29	(301)	(975)	69	(138)	(343)	0	(412)	0	0	0
Loss (gain) on sale of property and equipment	0	(207)	(3)	0	0	3	0	3	0	0	0
Impairment of goodwill	0	0	(2,757)	0	0	0	0	0	0	0	0
Gain on extinguishment of contingent consideration	0	0	4,044	0	0	0	0	0	0	0	0
Net income before taxes	(3,643)	(5,302)	6,322	2,231	3,344	1,328	4,602	11,505	18,123	30,376	40,442
Income tax expense	(106)	(1,059)	776	56	735	(303)	1,058	1,546	4,168	6,986	9,302
Net income (loss)	(3,537)	(4,243)	5,546	2,175	2,609	1,631	3,544	9,959	13,955	23,389	31,141
Number of Shares O/S - Basic	182,395	201,215	205,865	206,954	217,196	230,139	262,482	229,193	262,482	262,482	262,482
Number of Shares O/S - FD	182,395	201,215	206,292	210,316	220,639	233,704	266,047	232,677	266,047	266,047	266,047
EPS - Basic	(0.02)	(0.02)	0.03	0.01	0.01	0.01	0.01	0.04	0.05	0.09	0.12
EPS - FD	(0.02)	(0.02)	0.03	0.01	0.01	0.01	0.01	0.04	0.05	0.09	0.12
Income Tax	(106)	(1,059)	777	56	735	(303)	1,058	1,546	4,168	6,986	9,302
Financing Cost	1,657	3,261	1,631	388	559	636	630	2,213	2,519	2,519	2,519
Foreign Exchange Loss (Gain)	(29)	301	975	(69)	138	343	0	412	0	0	0
Share-Based Compensation	433	797	378	57	30	414	207	708	968	1,090	1,294
Loss on Disposal of Assets	0	207	3	0	0	(3)	0	(3)	0	0	0
Impairment of Goodwill	0	0	2,757	0	0	0	0	0	0	0	0
Gain on Extinguishment of Contingent Consideration	0	0	(4,044)	0	0	0	0	0	0	0	0
Depreciation and Amortization	2,914	4,781	4,940	1,425	1,373	1,430	1,469	5,697	7,905	8,330	7,954
EBITDA – excluding restructuring and other costs	1,332	4,045	12,963	4,032	5,444	4,148	6,908	20,532	29,515	42,314	52,209
Restructuring and Acquisition Costs	816	848	1,131	69	0	0	0	69	0	0	0
Impairment charge on inventory	0	397	0	0	0	0	0	0	0	0	0
Adjusted EBITDA	2,148	5,290	14,094	4,101	5,444	4,148	6,908	20,601	29,515	42,314	52,209
%	8%	13%	20%	20%	24%	21%	25%	23%	23%	26%	27%

Source: NBF Technology Research, Company Reports

Balance Sheet

Balance Sheet <i>In thousands of Canadian Dollars</i>	F2021A	F2022A	F2023A	Mar-24 Q1A	Jun-24 Q2A	Sep-24 Q3A	Dec-24 Q4E	F2024E	F2025E	F2026E	F2027E
Cash and cash equivalents	6,754	8,265	5,173	1,527	20,393	14,936	65,561	65,561	38,791	47,772	59,620
Investment tax credits recoverable	0	0	522	671	820	969	969	969	969	969	969
Prepayments	1,123	1,556	1,417	1,827	3,316	2,420	2,420	2,420	2,420	2,420	2,420
Inventory	14,977	11,367	16,520	16,778	17,815	20,522	21,375	21,375	31,137	39,325	47,716
Contract assets	2,699	4,347	9,880	10,191	15,135	19,368	21,305	21,305	31,192	45,669	66,864
Trade and other receivables	6,095	12,221	10,382	10,741	7,394	9,432	9,070	9,070	13,083	16,523	20,049
Current tax receivable	75	71	181	0	0	0	0	0	0	0	0
Restricted cash	0	0	0	0	0	0	0	0	0	0	0
Current Assets	31,724	37,827	44,075	41,735	64,873	67,647	120,700	120,700	117,593	152,678	197,637
Property and equipment	18,679	19,303	22,948	22,458	22,548	22,415	22,794	22,794	30,101	30,082	30,067
Intangible assets	7,519	5,972	4,473	4,400	4,388	4,358	4,359	4,359	7,747	6,436	5,497
Goodwill	7,255	7,258	4,504	4,502	4,504	4,515	4,515	4,515	18,915	18,915	18,915
Prepayment	288	23	0	0	1,727	1,727	1,727	1,727	1,727	1,727	1,727
Deferred taxes	0	982	419	372	426	512	512	512	512	512	512
Restricted cash	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	33,742	33,538	32,344	31,732	33,593	33,527	33,908	33,908	59,002	57,673	56,718
Total Assets	65,465	71,365	76,419	73,467	98,466	101,174	154,608	154,608	176,595	210,350	254,355
Bank indebtedness	4,943	6,366	9,651	9,502	469	518	518	518	518	518	518
Contract Liabilities	4,639	11,817	10,848	6,717	5,051	5,041	5,041	5,041	5,041	5,041	5,041
Trade and other payables	10,667	11,220	17,161	16,345	15,008	16,258	15,978	15,978	21,979	27,374	32,746
Current portion of lease liabilities	991	853	1,840	1,622	1,625	1,047	271	271	(2,833)	(5,937)	(9,041)
Current tax payable	51	20	148	205	962	742	1,800	1,800	5,969	12,955	22,257
Current portion of long-term obligations	231	5,086	813	792	779	771	771	771	771	771	771
Current portion of contingent consideration	3,837	4,500	0	0	0	0	0	0	0	0	0
Total Current Liabilities	25,360	39,862	40,461	35,183	23,894	24,377	24,380	24,380	31,445	40,722	52,292
Long-term obligations	5,514	938	1,103	915	15,408	15,226	15,226	15,226	15,226	15,226	15,226
Deferred taxes	135	0	0	0	0	0	0	0	0	0	0
Lease liabilities	3,586	3,022	2,796	2,578	2,797	2,658	2,658	2,658	2,658	2,658	2,658
Contingent consideration	3,270	3,888	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	12,504	7,848	3,899	3,493	18,205	17,884	17,884	17,884	17,884	17,884	17,884
Total Liabilities	37,863	47,710	44,360	38,676	42,099	42,261	42,264	42,264	49,329	56,606	70,176
Share Capital	47,416	48,839	52,684	53,491	72,994	73,060	122,947	122,947	123,914	125,004	126,298
Deficit	(23,089)	(27,332)	(21,786)	(19,611)	(17,002)	(15,371)	(11,827)	(11,827)	2,127	25,516	56,657
Contributed Surplus	3,191	2,700	1,671	1,505	1,003	1,391	1,391	1,391	1,391	1,391	1,391
Accumulated other comprehensive loss	85	(552)	(510)	(594)	(628)	(167)	(167)	(167)	(167)	(167)	(167)
Shareholders equity	27,602	23,655	32,059	34,791	56,367	58,913	112,343	112,343	127,266	151,744	184,179
Total Liabilities and shareholders equity	65,465	71,365	76,419	73,467	98,466	101,174	154,607	154,607	176,594	210,350	254,355

Source: NBF Technology Research, Company Reports

Cash Flow Statement

Cash Flow Statement	F2021A	F2022A	F2023A	Mar-24 Q1A	Jun-24 Q2A	Sep-24 Q3A	Dec-24 Q4E	F2024E	F2025E	F2026E	F2027E
Net income	(3,537)	(4,243)	5,546	2,175	2,609	1,631	3,544	9,959	13,955	23,389	31,141
Depreciation	2,111	3,236	3,518	1,103	1,013	1,085	1,121	4,322	5,493	6,019	6,015
Share-based compensation	433	797	378	57	30	414	207	708	968	1,090	1,294
Investment Tax Credit	0	0	(522)	(149)	(149)	(149)	0	(447)	0	0	0
Changes in non-cash working capital	(11,682)	2,645	(2,598)	(6,285)	(8,853)	(6,842)	(2,707)	(24,687)	(17,662)	(20,711)	(27,738)
Unrealized foreign exchange loss (gain)	0	0	0	0	0	0	0	0	0	0	0
Loss (gain) on sale of property and equipment	(0)	0	0	0	0	0	0	0	0	0	0
Income tax expense	(106)	(1,059)	776	56	735	(303)	1,058	1,546	4,168	6,986	9,302
Amortization of intangible assets	803	1,545	1,422	322	360	345	349	1,376	2,412	2,311	1,939
Interest on lease liabilities	357	327	303	75	86	105	126	392	504	504	504
Accretion of long-term obligations	196	436	207	0	0	0	0	0	0	0	0
Interest on long-term obligations	63	64	525	19	232	311	504	1,066	2,015	2,015	2,015
Fair value adjustment on contingent consideration	357	1,282	(3,888)	0	0	0	0	0	0	0	0
Loss on disposal of property and equipment	0	207	3	0	0	0	0	0	0	0	0
Impairment of Goodwill	0	0	2,757	0	0	0	0	0	0	0	0
Net cash flows from (used in) operating activities	(11,006)	5,237	8,427	(2,627)	(3,937)	(3,403)	4,201	(5,766)	11,853	21,603	24,472
Purchase of property and equipment	(5,498)	(5,144)	(7,557)	(600)	(368)	(749)	(1,500)	(3,217)	(8,000)	(6,000)	(6,000)
Business Acquisitions	(2,769)	0	0	0	0	0	0	0	(24,000)	0	0
Proceeds on disposal of property and equipment	0	1,778	0	0	0	0	0	0	0	0	0
Cash paid on acquisition of non-controlling interest	0	0	0	0	0	0	0	0	0	0	0
Purchase of intangible assets	(35)	0	0	(249)	(343)	(312)	(350)	(1,254)	(1,000)	(1,000)	(1,000)
Increase in restricted cash	1,058	0	0	0	0	0	0	0	0	0	0
Payment of contingent consideration	0	0	(2,250)	0	0	0	0	0	0	0	0
Net cash flows used in investing activities	(7,244)	(3,366)	(9,807)	(849)	(711)	(1,061)	(1,850)	(4,471)	(33,000)	(7,000)	(7,000)
Proceeds from option exercise	304	0	0	0	1,281	53	0	1,334	0	0	0
Increase (decrease) in loans to (from) a director	0	(726)	0	0	0	0	0	0	0	0	0
Proceeds from exercise of warrants and options	0	135	188	584	(584)	0	0	0	0	0	0
Bank indebtedness	4,602	1,168	0	0	0	0	0	0	0	0	0
Decrease in bank indebtedness	(368)	0	0	0	0	0	0	0	0	0	0
Share issue costs	(1,090)	0	0	0	0	0	0	0	0	0	0
Gross proceeds from common shares	10,000	0	0	0	0	0	0	0	0	0	0
Decrease in bank indebtedness	(250)	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in bank indebtedness	250	0	0	0	0	0	0	0	0	0	0
Payment of principal on leases	(737)	(1,032)	(979)	(439)	(579)	(776)	(776)	(2,570)	(3,104)	(3,104)	(3,104)
Proceeds from long-term obligations	1,137	112	1,329	0	14,684	0	0	14,684	0	0	0
Payment of interest on long-term obligations	(63)	(64)	(525)	(19)	(232)	(311)	(504)	(1,066)	(2,015)	(2,015)	(2,015)
Payment of principal long-term obligations	(55)	(277)	(5,150)	(202)	(207)	(215)	0	(624)	0	0	0
Payment of interest on leases	(357)	(327)	(303)	(75)	(86)	(105)	(126)	(392)	(504)	(504)	(504)
Payment of bank indebtedness	(1,450)	0	0	0	0	0	0	0	0	0	0
Payment of bank indebtedness	0	970	3,285	(141)	(9,041)	49	0	(9,133)	0	0	0
Proceeds from equity offerings	0	0	0	0	18,274	(13)	49,680	67,941	0	0	0
Net cash flows from (used in) financing activities	11,923	(41)	(2,155)	(292)	23,510	(1,318)	48,274	70,174	(5,623)	(5,623)	(5,623)
Effect of foreign exchange on cash	156	(319)	443	122	4	325	0	451	0	0	0
Net increase (decrease) in cash	(6,170)	1,511	(3,092)	(3,646)	18,866	(5,457)	50,625	60,388	(26,770)	8,980	11,849
Cash at beginning of period	12,925	6,754	8,265	5,173	1,527	20,393	14,936	5,173	65,561	38,791	47,772
Cash at end of period	6,754	8,265	5,173	1,527	20,393	14,936	65,561	65,561	38,791	47,772	59,620
FCF	(16,539)	93	870	(3,476)	(4,648)	(4,464)	2,351	(10,237)	2,853	14,603	17,472

Source: NBF Technology Research, Company Reports

APPENDIX 2: KRAKEN'S MANAGEMENT TEAM

Name	Position	Personal Bio
Greg Reid	<i>President & Chief Executive Officer</i>	Mr. Reid was Kraken's CFO from June 2015 to July 2019. Mr. Reid is a seasoned executive with over twenty years of finance, investment, and business development experience, predominantly focused on the technology sector. Mr. Reid was a founding partner of Wellington West Capital Markets Inc. and led the technology and clean technology research and then investment banking efforts until the sale of Wellington West Capital Inc. to National Bank Financial in 2011. Mr. Reid is a Chartered Professional Accountant, Chartered Accountant, (CPA, CA) and Chartered Financial Analyst (CFA).
David Shea	<i>Executive Vice President & Chief Technology Officer</i>	David Shea is the Executive Vice President & Chief Technology Officer for Kraken Robotics, based in Mount Pearl, NL. Mr. Shea has been managing the design, production and operation of underwater robots in the United States and Canada for over 12 years. He has led field teams on sea trials all over the world, and was deploying Kraken's sonar technologies for the discovery of the HMS Erebus from the 2014 Franklin Expedition and the Raise of the Arrow Expedition in 2017 (resulting in the discover of 2 of 9 Avro Arrow models). Previously, he was the Engineering Manager at Marine Robotics Inc, as well as being the lead design engineer for the SQX-500 AUV. Mr. Shea holds a B.Eng. in Electrical Engineering from the University of Victoria.
Nat Spencer	<i>Executive Vice President & Chief Operational Officer</i>	Nat Spencer has over 15 years of experience in the offshore energy markets and joined Kraken in July 2021, when Kraken Acquired PanGeo Subsea. Prior to Pangeo, he led Oceaneering's diversification strategy from oil and gas to renewables. He was also a co-founder of Meridian which was acquired by Oceaneering in 2016. Nat has also served as a director of the Oceanic Network since 2019. He holds a Bachelor of Science in Biology from the University of Vermont, and a JD from Roger Williams University Law School.
Lynne Adu	<i>Executive Vice President & Chief Commercial Officer</i>	Lynne Adu is the Executive Vice President & Chief Commercial Officer, Lynne is responsible for all Commercial activities overseeing business development, marketing, and tendering, as well as leading Field Operations activities for customer support and service execution. Lynne joined Kraken in 2021 through the acquisition of PanGeo Subsea, she has more than 25 years industry experience in the marine technology sector, having led the commercial side of business globally, she has an MBA and is a Chartered Fellow Member of the Chartered Management Institute (CMGR FCM) and is also a member of the Chartered Institute of Purchasing & Supply (MCIPS).
D. Joseph Mackay	<i>Executive Vice President & Chief Financial Officer</i>	Mr. MacKay joined Kraken as CFO in July 2019. Mr. MacKay has over twenty five years of finance, investment, and research experience, targeted primarily toward the technology, telecommunications and media sectors. Mr. Mackay is a Chartered Professional Accountant (CPA, CA) with experience in audit, accounting and management consulting. Mr. MacKay's capital markets experience included working as a equity research analyst at Scotia Capital, Desjardins Securities and Clarus Securities. Mr. MacKay is a Chartered Financial Analyst (CFA).

Source: NBF Technology Research, Company Reports

APPENDIX 3: KRAKEN'S MEMBERS OF THE BOARD

Name	Position	Personal Bio
Peter Hunter	Director and Chair	Mr. Hunter is founder, Chairman, and Managing Partner of Artemis Capital Partners, L.P., a Boston-based private equity firm. An attorney and CPA, Mr. Hunter brings over 30 years of experience as an investor and operator. Mr. Hunter also brings subsea technology expertise to Kraken's Board, having served 3 years as the Chairman of Hydroid, LLC, an industry leader in unmanned underwater vehicles (UUVs) with its REMUS UUV brand. Mr. Hunter was Chairman of Hydroid from its early days to its eventual acquisition by Kongsberg Maritime, AS in 2008. Hydroid was subsequently acquired from Kongsberg in 2020 by Huntington Ingalls, the US Navy's largest shipbuilder and UUV provider (now known as HII).
Greg Reid	Director	See above.
Vice Admiral Michael J. Connor	Director	In a 35-year career in which he rose to the rank of Vice Admiral in the United States Navy, Mike Connor commanded at the ship, squadron and task force levels. His assignments included command of USS SEAWOLF, a nuclear-powered attack submarine, Submarine Squadron Eight, Undersea Forces in the Western Pacific and the Arabian Gulf. He held several concurrent titles during his last assignment; including Commander, United States Submarine Forces, Commander, Submarine Forces Atlantic and Commander, Allied Submarine Command. He served as commander of U.S. submarine forces from September 2012 until September 2015. Vice Admiral Connor led the US Navy Submarine Force into robotic undersea systems, achieving key milestones including the first operational deployment and recovery of an unmanned underwater vehicle from a submarine. He also led innovation efforts that began the shift away from undersea search operations based on expensive platforms and moved toward operations based on large numbers of inexpensive vehicles. He has written extensively on the future of undersea warfare and is a sought-after speaker on undersea warfare topics. His education includes a B.A. in Physics from Bowdoin College and an M.A. in National Security Studies from the United States Naval War College. Vice Admiral Connor is currently the CEO of ThayerMahan Inc., a company he founded to accelerate the United States' ability to effectively and efficiently monitor ocean activity using autonomous systems.
Shaun McEwan	Director; Chair of the Audit Committee	Mr. McEwan is President of ADGA, a professional services firm focused on the defence and security market in Canada. Mr. McEwan has more than 25 years of experience in finance and executive leadership in public and private high tech companies. These include CEO and CFO for Quarterhill Inc. (TSX: QTRH), a growth-oriented, diversified holding company focused on the Industrial Internet of Things; the Chief Financial Officer of WiLAN, an publicly traded industry leading intellectual property (IP) licensing company; CFO of Breconridge Manufacturing Solutions, and CFO of Calian Technologies Ltd. before being promoted to President and CEO. He led the IPO of Microstar Software on the TSX in 1993 and has extensive experience with corporate financings and M&A transactions.
Bernard Mills	Director	Mr. Mills is CEO and Managing Director at Stelia North America, part of the Airbus Group and a leading manufacturer of composites and metallic structures for the aerospace industry. An internationally experienced executive specializing in defense and critical infrastructure sectors, he was previously President of Ultra Sonar Systems, leading an international business unit of over 850 staff delivering underwater sensing technologies to the world's most advanced navies. Earlier in his career, Mr. Mills worked for another underwater systems major in Thales, with roles in both France and Australia. He is Chairman of the Board of CADSI, Canada's leading defense industry association.

Source: NBF Technology Research, Company Reports

APPENDIX 4: COMPARABLE VALUATION

Kraken Robotics Inc.															
	Ticker	Rec.	Price	Market Cap (MLN)	Frwd Growth Rev	EPS	Last Q EBITDA %	Calendar EV/Sales			Calendar EV/EBITDA				
Kraken Robotics Inc.	PNG	OP	C\$2.17	C\$577	30%	59%	25%	2023A	2024E	2025E	2023A	2024E	2025E	2023A	2024E
Aerospace & Defense Electronics															
General Electric Co	GE	NR	\$189.18	\$201,775	13%	-18.5%	nmf	5.8x	5.9x	5.2x	42.3x	25.4x	22.3x		
RTX Corp	RTX	NR	\$113.75	\$151,866	6%	56.4%	nmf	2.7x	2.4x	2.2x	14.4x	15.4x	13.4x		
Boeing Co	BA	NR	\$162.52	\$122,281	25%	284.5%	-16.5%	1.9x	2.2x	1.8x	nmf	nmf	38.3x		
Lockheed Martin Corp	LMT	NR	\$462.08	\$108,392	4%	-2.1%	3.4%	1.9x	1.8x	1.7x	12.6x	12.8x	12.0x		
TransDigm Group Inc	TDG	NR	\$1,307.90	\$73,353	12%	32.3%	49.4%	13.3x	11.3x	10.1x	27.1x	21.5x	19.1x		
General Dynamics Corp	GD	NR	\$274.80	\$73,751	6%	12.7%	10.7%	1.9x	1.7x	1.6x	15.9x	14.1x	13.3x		
Northrop Grumman Corp	NOC	NR	\$464.08	\$66,892	2%	13.6%	nmf	2.0x	1.9x	1.9x	14.5x	13.7x	12.7x		
Howmet Aerospace Inc	HWM	NR	\$124.30	\$50,275	9%	58.7%	23.5%	8.0x	7.1x	6.6x	35.4x	27.9x	24.5x		
L3Harris Technologies Inc	LHX	NR	\$215.08	\$40,374	3%	-0.3%	11.3%	2.7x	2.4x	2.4x	15.7x	12.9x	13.0x		
Axon Enterprise Inc	AXON.O	NR	\$555.52	\$43,246	26%	70.5%	-1.9%	27.5x	20.7x	16.4x	nmf	nmf	nmf		
HEICO Corp	HEI	NR	\$240.98	\$33,484	10%	26.8%	22.0%	11.4x	8.9x	8.2x	44.6x	34.5x	30.6x		
Textron Inc	TXT	NR	\$65.45	\$11,887	5%	-4.9%	5.1%	1.0x	1.0x	1.0x	9.7x	8.9x	8.2x		
Curtiss-Wright Corp	CW	NR	\$322.64	\$12,161	9%	16.9%	19.8%	4.5x	4.2x	3.8x	21.3x	19.7x	17.8x		
Woodward Inc	WW.D.O	NR	\$167.81	\$9,961	4%	55.8%	11.3%	3.5x	3.2x	3.0x	22.3x	17.2x	16.0x		
BWX Technologies Inc	BWXT.K	NR	\$102.31	\$9,351	13%	8.2%	10.9%	4.1x	3.9x	3.4x	25.1x	20.6x	18.6x		
StandardAero, Inc.	SARO.K	NR	\$24.87	\$8,318	13%	nmf	-0.9%	2.3x	2.0x	1.8x	18.7x	15.4x	13.3x		
Rocket Lab USA Inc	RKLB.O	NR	\$19.04	\$8,635	33%	-3.2%	-38.9%	35.3x	19.9x	14.9x	nmf	nmf	nmf		
Leonardo DRS Inc	DRS.O	NR	\$35.14	\$9,318	9%	24.1%	12.5%	3.2x	2.8x	2.6x	27.8x	23.1x	20.2x		
CAE Inc	CAE.TO	SP	\$32.46	\$10,377	4%	35.9%	14.0%	3.2x	2.8x	2.7x	16.1x	11.9x	10.8x		
ATI Inc	ATI	NR	\$45.61	\$6,434	8%	2.5%	16.1%	1.8x	1.8x	1.6x	10.9x	10.8x	9.2x		
Huntington Ingalls Industries Inc	HII	NR	\$217.22	\$8,523	3%	-2.0%	3.2%	1.0x	0.9x	0.9x	9.9x	11.7x	11.3x		
Parsons Corp	PSN	NR	\$64.08	\$6,842	6%	-37.6%	6.4%	1.4x	1.1x	1.1x	16.2x	12.4x	11.5x		
Loar Holdings Inc	LOAR.K	NR	\$82.87	\$7,753	24%	nmf	21.0%	25.1x	20.1x	16.2x	nmf	nmf	43.1x		
Bombardier Inc	BBDb.TO	NR	\$84.02	\$8,404	5%	54.1%	11.7%	1.5x	1.4x	1.3x	9.3x	9.1x	7.8x		
Moog Inc	MOGa	NR	\$162.80	\$5,360	4%	17.1%	9.8%	1.9x	1.7x	1.7x	15.2x	12.3x	11.2x		
MDA Space Ltd	MDA	NR	\$24.38	\$2,991	50%	87.4%	10.3%	3.7x	2.8x	1.9x	18.2x	14.3x	9.6x		
Average					12%	32.9%	9.3%	6.6x	5.2x	4.5x	20.2x	16.6x	17.0x		
Canadian High-Growing Small Cap															
VerticalScope Holdings Inc	FOR A	SP	\$4.69	\$100	-9%	nmf	13.1%	2.2x	2.0x	2.2x	7.4x	4.8x	6.1x		
Vitalhub Corp	VHI	NR	\$9.90	\$552	31%	-33.3%	13.9%	9.5x	7.4x	5.6x	44.6x	28.5x	20.6x		
Tantalus Systems Holding Inc	GRID	NR	\$1.92	\$98	17%	-22.2%	6.3%	2.3x	2.2x	1.9x	nmf	nmf	41.1x		
Computer Modelling Group Ltd	CMG	OP	\$7.58	\$626	21%	22.4%	31.4%	6.0x	4.8x	4.2x	16.1x	13.4x	12.0x		
Blackline Safety Corp	BLN	OP	\$6.50	\$563	24%	-45.5%	-2.7%	5.2x	4.0x	3.3x	nmf	nmf	nmf		
Kneat.com Inc	KSI	NR	\$5.96	\$563	39%	-40.9%	-6.1%	15.6x	10.9x	7.8x	nmf	nmf	47.3x		
Zedcor Inc	ZDC	NR	\$3.09	\$321	79%	nmf	13.8%	13.8x	10.6x	5.9x	48.5x	29.8x	16.6x		
Average					29%	-23.9%	9.9%	7.8x	6.0x	4.4x	29.2x	19.1x	24.0x		
Average					16%	21.9%	9.5%	6.9x	5.4x	4.5x	21.8x	17.1x	18.5x		
Notes: NR - Not Rated; Forward growth refers to first estimate year out versus prior actual year; Market Cap is referred to in millions; FORA is covered by Adam Shine and CAE is covered by Cameron Doerksen.															

Source: NBF Technology Research, Company Reports, LSEG

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Kraken Robotics Inc. Rating History as of 04/22/2025



RISKS:

PNG

Growth Risk. If the Company fails to manage its growth effectively, its business and operating results could be adversely affected. The Company expects to continue to grow its operations domestically and internationally, and to hire additional employees. Any growth in its operations and staff will place a significant strain on its management systems and resources. If the Company fails to manage its future anticipated growth, it may experience higher operating expenses and may be unable to meet the expectations of investors with respect to future operating results.

Macroeconomic Risks. Global financial and economic conditions can be volatile. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange markets and a lack of market liquidity. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all.

Government Contracts. The Company will depend, in part, on government contracts, which may only be partially funded, subject to termination, heavily regulated and audited. The termination of one or more of these contracts could have a negative impact on the operations of the Company. The termination of funding for a government program would result in a loss of anticipated future revenues attributable to that program that could have a negative impact on the operations of the Company.

Competitive Bidding. The Company will derive significant revenue from contracts awarded through a competitive bidding process, which can impose substantial costs upon it, and the Company could fail to maintain its current and projected revenue if it fails to compete effectively. The Company expects that much of the business it will seek in the foreseeable future will be awarded through competitive bidding. Competitive bidding imposes substantial costs and presents a number of risks.

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Kraken Robotics Inc.

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Brandon • 633-C, 18th Street, Brandon, MB, R7A 5B3 • 204-571-3200
Calgary • 239 8th Ave., SW, Suite 100, Calgary, AB, T2P 1B9 • 403-476-0398
Calgary - Southport • 10655 Southport Road SW, Suite 1100, Southland Tower, Calgary, AB, T2W 4Y1 • 403-301-4859
Chatham • 380 St. Clair, Street, Chatham, ON, N7L 3K2 • 519-351-7645
Chicoutimi • 1180, boulevard Talbot, Suite 201, Chicoutimi, QC, G7H 4B6 • 418-549-8888
DIK30 • 9160, boulevard Leduc, Bureau 710, Brossard, QC, J4Y 0E3 • 450-462-2552
Drumheller • 356 Centre Street, PO Box 2176, Drumheller, AB, T0J 0Y0 • (403) 823-6859
Drummondville • 595, boulevard Saint-Joseph, Bureau 200, Drummondville, QC, J2C 2B6 • 819-477-5024
Duncan • 2763 Beverly Street, Suite 206, Duncan, BC, V9L 6X2 • 250-715-3050
Edmonton • 10175 - 101 Street NW, Suite 1800, Edmonton, AB, T5J 0H3 • 780-412-6600
Edmonton-North • TD Tower, 10088 – 102 Avenue, Suite No. 1701, Edmonton, AB, T5J 2Z1 • 780-421-4455
FrederictonNB • 551 King Street, Fredericton, NB, E3B 4Z9 • 506-450-1740
Gatineau • 920, St-Joseph, Bureau 100, Hull-Gatineau, QC, J8Z 1S9 • 819-770-5337
Granby • 201-975 rue Principale, Granby, QC, J2G 2Z5 • 450-378-0442
Halifax • Purdy's Wharf Tower II, 1969 Upper Water Street, Suite 1601, Halifax, NS, B3J 3R7 • 902-496-7700
Halifax-Spring Garden • 400-5657 Spring Garden Road, Parklane Terraces, Halifax, NS, B3J 3R4 • 902-425-1283
Joliette • 40, rue Gauthier Sud, Bureau 3500, Joliette, QC, J6E 4J4 • 450-760-9595
Kelowna • 1631 Dickson Ave. Suite 1710, Landmark 6, Kelowna, BC, V1Y 0B5 • 250-717-5510
Lac-Mégantic • 3956, rue Laval, suite 100, QC, G6B 2W9 • 819-583-6035
Laval • 2500, boulevard Daniel Johnson, Bureau 610, Laval, QC, H7T 2P6 • 450-686-5700
Lethbridge • 404, 6th Street South, Lethbridge, AB, T1J 2C9 • 403-388-1900
Lévis • 1550, boulevard Alphonse-Desjardins, Bureau 110, Lévis, QC, G6V 0G8 • 418-838-0456
London Pall Mall • 256 Pall Mall Street, Suite 201, London, ON, N6A 5P6 • 519-439-6228
London-City Centre • 802-380 Wellington Street, London, ON, N6A 5B5 • 519-646-5711
Metcalfe • 1155, rue Metcalfe, Suite 1450, Montréal, QC, H3B 2V6 • 514-879-4825
Mississauga • 350 Burnhamthorpe road West, Suite 603, Mississauga, ON, L5B 3J1 • 905-272-2799
Moncton • 735 Main Street, Suite 300, Moncton, NB, E1C 1E5 • 506-857-9926
Mont Saint-Hilaire • 450 boul. Sir-Wilfrid-Laurier local 208, Mont-St-Hilaire, QC, J3H 3N9 • 450-467-4770
Mont-Tremblant • 1104, rue de Saint-Jovite, 2^e étage, Mont-Tremblant, QC, J8E 3J9 • 450-569-3440
Montréal International • 1, Place Ville-Marie, Bureau 1700, Montréal, QC, H3B 2C1 • 514-879-5576
Montréal L'Acadie • 9001, boulevard de l'Acadie, Bureau 802, Montréal, QC, H4N 3H5 • 514-389-5506
North Bay • 680 Cassells Street, Suite 101, North Bay, ON, P1B 4A2 • 705-476-6360
Oakville • 305 Church Street, Oakville, ON, L6J 7T2 • 905-849-3558
Oshawa • 575 Thornton Road North, Oshawa, ON, L1J 8L5 • 905-433-0210
Ottawa • 50 O'Connor Street, Suite 1602, Ottawa, ON, K1P 6L2 • 613-236-0103
Outremont • 1160, boulevard Laurier Ouest, App. 1, Outremont, QC, H2V 2L5 • 514-276-3532
Owen Sound • 1717 2nd Ave. E, Suite 202, Owen Sound, ON, N4K 6V4 • 519-372-1277
Peterborough • 201 George Street North, suite 401, Peterborough, ON, K9J 3G7 • 705-740-1110
Plessisville • 1719, rue St-Calixte, Plessisville, QC, G6L 1R2 • 819-362-6000
Kirkland • 16,766 Route Transcanadienne, bureau 503, Kirkland, QC, H9H 4M7 • 514-426-2522
PVM Montréal • 1, Place Ville-Marie, Bureau 1700, Montréal, QC, H3B 2C1 • 514-879-5200
Québec • 500, Grande-Allée Est, Bureau 400, Québec, QC, G1R 2J7 • 418-649-2525
Québec - Sainte-Foy • Place de la Cité, 2600, boulevard Laurier, Bureau 700, Québec, QC, G1V 4W2 • 418-654-2323
Red Deer • 4719 48th Avenue, Suite 200, Red Deer, AB, T4N 3T1 • 403-348-2600
Regina • 2075, Prince Of Wales Drive, Suite 305, Regina, SK, S4V 3A3 • 306-781-0500
Repentigny • 534, rue Notre-Dame, Bureau 201, Repentigny, QC, J6A 2T8 • 450-582-7001

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