ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

KRAKEN ROBOTICS INC.

189 GLENCOE DRIVE
MT. PEARL, NL, CANADA
A1N 4P6

April 16, 2026

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CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION

Throughout this AIF, references to "**Kraken**", the "**Company**", "**its**", "**our**", "**us**" and "**we**", or related terms refer to Kraken Robotics Inc. and include, where the context requires, its subsidiaries.

Certain statements contained in this Annual Information Form ("**AIF**") and the documents incorporated by reference herein constitute forward-looking information or forward-looking statements (collectively, "**forward-looking statements**") within the meaning of applicable Canadian and United States securities laws. Forward-looking statements include statements concerning the Company's current expectations, estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of words such as "**seeks**", "**plans**", "**expects**", "**is expected**", "**budget**", "**scheduled**", "**estimates**", "**forecasts**", "**targets**", "**intends**", "**anticipates**", or "**believes**", or variations of such words and phrases or statements that certain actions, events or results "**may**", "**could**", "**should**", "**would**", "**might**" or "**will be taken**", "**occur**" or "**be achieved**", or the negative forms of any of these words and other similar expressions. The Company has based statements containing forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. This forward-looking information includes, among other things, statements relating to our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects, financial targets or outlook, intentions, opportunities and the markets in which we operate, is forward-looking information.

Forward-looking statements reflect the Company's current expectations and assumptions about future events and financial trends and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, those listed in this AIF under Item 5: *Risk Factors*, which factors should not be considered exhaustive and should be read together with the other cautionary statements in our disclosure documents.

Should one or more of these risks and uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. In making the forward-looking statements included in this AIF and the documents incorporated by reference herein, the Company has made various material assumptions, including, but not limited to:

- Compliance with regulatory requirements;
- Sufficiency of working capital and being able to secure additional funding necessary for the continued operation and development of the Company;
- The ability to maintain current and projected revenue if it fails to effectively compete for additional contracts;
- The continuance of key personnel in their employment with the Company and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner;
- Foreign exchange rates;
- The continuance of current tax, environmental and other laws;
- The continuance of relevant supply chains;
- Inflation rates in the jurisdictions where the Company conducts its business; and

- Tariffs and other controls on imports and exports, tax, immigration or other policies that may impact relations with foreign countries or result in retaliatory policies.

Readers are cautioned not to place undue reliance on the forward-looking statements or the assumptions on which the Company's forward-looking statements are based. Readers are also advised to carefully review and consider the risk factors identified in this AIF under Item 5: *Risk Factors* and elsewhere herein for a discussion of the factors that could cause the Company's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Although the Company believes that the assumptions on which the forward-looking statements are made are reasonable, based on the information available to the Company on the date such statements were made, no assurances can be given as to whether these assumptions will prove to be correct. The forward-looking statements contained in this AIF and the documents incorporated by reference herein are expressly qualified in their entirety by the foregoing cautionary statements and those made in our other filings with applicable securities regulators in Canada and the United States, if any. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements in this AIF.

Forward-looking statements speak only as of the date the statements are made. The Company assumes no obligation to update publicly or otherwise revise any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable securities laws. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.

ITEM 1: PRELIMINARY NOTES

1.1 Effective Date of Information All information contained herein is as at December 31, 2025, unless otherwise indicated, being the date of our most recently completed financial year. In this AIF, the use of the present tense and of the words "**is**", "**are**", "**current**", "**currently**", "**presently**", "**now**" and similar expressions is to be construed as referring to information given as of that date.

1.2 Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the Company's:

(a) Audited annual financial statements for the years ended December 31, 2025 and 2024; and

(b) Management discussion and analysis for the year ended December 31, 2025,

copies of which may be obtained online under the Company's profile from the System for Electronic Document Analysis and Retrieval+ ("**SEDAR+**") at www.sedarplus.ca.

All financial information in this AIF has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

1.3 Currency

All dollar amounts referenced in this AIF are expressed in Canadian dollars, unless otherwise indicated. The Company's financial statements are prepared in accordance with IFRS. All references to "**US$**" are to United States dollars.

ITEM 2: CORPORATE STRUCTURE OF THE COMPANY

2.1 Name, Address & Incorporation

The Company was initially incorporated as a capital pool company pursuant to the policies of the Exchange under the *Business Corporations Act* (British Columbia) on May 14, 2008 under the name of Anergy Capital Inc. The Company completed a qualifying transaction on February 18, 2015 and began to carry on the business of the Company as it is currently constituted, as more fully detailed in this AIF under *Item 3: General Development of the Business*. In connection with the qualifying transaction, the Company continued under the CBCA and changed its name to "Kraken Sonar Inc.". The Company became a Tier 2 Technology Issuer on the Exchange and its Common Shares resumed trading on the Exchange on February 24, 2015 under the ticker symbol "**PNG**". The Company is a reporting issuer in all of the provinces and territories of Canada.

On September 20, 2017, the Company changed its name to "Kraken Robotics Inc." and KRSI changed its name to "Kraken Robotic Systems Inc." to reflect the Company's continued growth and evolution from manufacturing sensors to supplying complete robotic systems, software and services in the global UMS market.

The registered office of the Company is located at Suite 1600, 100 King Street West, Toronto, Ontario, M5X 1G5, and its head office and principal place of business of the Company are located at 189 Glencoe Drive, Mt. Pearl, Newfoundland and Labrador, A1N 4P6.

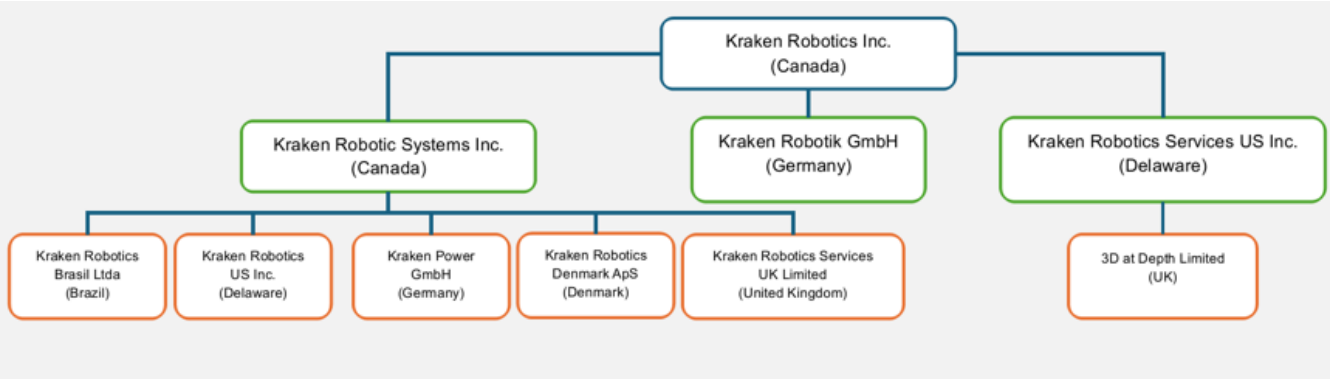
For further information regarding the Company, reference is made to its filings with the Canadian securities regulatory authorities available under the Company's profile on SEDAR+ at www.sedarplus.ca.

2.2 Intercorporate Relationships

As at January 1, 2026, the Company had three wholly-owned subsidiaries, KRSI, KRG and KRSUS.

KRSI has five wholly-owned subsidiaries, KRB, KRUS, KPG, KRD and KRSUK.

KRSUS has one wholly-owned subsidiary, 3DAD.



Note:

1. Effective January 1, 2026, Kraken Robotic Systems Inc. amalgamated with two of its then wholly owned subsidiaries, being PGH Capital Inc. and Kraken Robotics Services Ltd., and continued under the name "Kraken Robotic Systems Inc.".

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

The following is a summary of the general development of the Company's business over the last three completed financial years.

Fiscal Year 2023 Highlights

In January 2023, Kraken paid the first earnout amount of $4.5 million relating to the Company's acquisition of all of the issued and outstanding share capital of PGH Capital, previously announced in August 2021. The Company elected to satisfy 50% of the earnout through the issuance of an aggregate of 4,500,000 Common Shares at a deemed price of $0.50 per Common Share and the remaining 50% in cash. The Company determined in Q2 2023 that the second earnout condition would not be met and no further payments would be made.

Effective January 1, 2023, Kraken renamed PanGeo Subsea Scotland Limited to Kraken Robotics Services UK Limited and PanGeo Subsea Inc. to Kraken Robotics Services Ltd. From a branding perspective, the PanGeo brand name was retired and the service offering continues under the Kraken brand.

Effective January 1, 2023, Karl Kenny resigned as President and Chief Executive Officer and was appointed Executive Chairman of Kraken. Effective as of the same date, Greg Reid was appointed President and Chief Executive Officer and David Shea was appointed as Chief Technology Officer.

In April 2023, Kraken received a $4 million purchase order from a NATO navy customer for KATFISH™ spares. Delivery occurred in 2024.

In April 2023, Kraken received a $3 million purchase order for SeaPower® subsea batteries. Deliveries occurred in 2023.

In May 2023, Kraken received a purchase order for subsea batteries valued at $16 million, which were delivered in 2023 and 2024.

In May 2023, Kraken received a $9.5 million acquisition contract to supply high-resolution seabed mapping sonar equipment in Asia-Pacific, including delivery of Kraken's KATFISH™. The acquisition contract includes the delivery of Kraken's KATFISH™ towed SAS, Tentacle® Winch and ALARS in Q2 2023. The acquisition contract represented Kraken's first KATFISH™ sale in the Asia-Pacific region.

In August 2023, Kraken entered into contracts totaling $2.7 million for subsea batteries and SAS systems with two new customers. One customer is a European Research Institute operating next-generation AUVs, and the other is a NATO member country in underwater defence applications.

On September 21, 2023, Kraken changed its auditor from KPMG LLP to Ernst & Young LLP, effective September 14, 2023.

On September 26, 2023, Ms. Lynne Adu assumed leadership of Kraken's services business and Moya Cahill, previously Kraken's EVP of Services, retired.

In October 2023, Kraken received a $3 million contract to carry out boulder detection subsea survey services with Kraken's Acoustic Corer™ technology in Q4 2023 as part of an offshore wind farm project, located in Europe.

On November 6, 2023, Kraken announced that it supplied high-resolution seabed mapping sonar equipment to the Royal Australian Navy, following the results of a successful in-country demonstration of Kraken's KATFISH™ for the Royal Australian Navy in Q1 2023.

On November 16, 2023, Larry Puddister resigned as a director of the Company.

On November 20, 2023, Peter A. Hunter was appointed to the Board of Directors.

In November 2023, Kraken was awarded a $3 million contract to supply high-resolution seabed mapping services to a survey operator (the "**KATFISH™ SAS Contract**"), whereby Kraken's KATFISH™ will be used to acquire high-resolution seabed maps of various ports and harbours, as well as route survey datasets to support maritime domain awareness.

On December 11, 2023, Kraken announced that under the KATFISH™ SAS Contract, Kraken will supply high-resolution seabed mapping services to Precision Hydrographic Services, a customer supporting the Australian Department of Defence. The KATFISH™ was used between January and May 2024 to acquire high-resolution route surveys of Australian ports.

In December 2023, Kraken received multiple service orders in Q4 2023 to support offshore energy and infrastructure projects, valued at approximately $5 million in total. These offshore project surveys include: (i) cable and pipeline depth of burial support in the Mediterranean Sea, (ii) cable depth of burial assessment along a North Sea subsea interconnector cable, (iii) cable burial assessment surveys within an offshore windfarm in the German North Sea, (iv) cable burial assessment survey within two offshore windfarms off the coast of Taiwan, and (v) buried boulder survey and analysis offshore Germany for windfarm foundation locations.

Fiscal Year 2024 Highlights

In February 2024, Kraken successfully completed all deliveries and received sea acceptance of all systems for its mine-hunting sonar equipment under the Royal Danish Navy Minehunting sonar upgrade program.

In March 2024, KRSI signed a cooperative research and development agreement ("**CRADA**") with Naval Undersea Warfare Center Division, Newport. The objective of this CRADA is to conduct joint research into advanced signal processing techniques for the current and future generation of SAS sensor technologies. This also includes exploration into enhanced image processing techniques such as data fusion, image registration, multi-spectral image enhancement and automated target recognition.

On April 18, 2024, Kraken announced that it received orders totalling more than $6 million for subsea batteries. Due to confidentiality reasons the customer's name cannot be disclosed. Deliveries began in 2024 and will continue throughout 2025.

On April 22, 2024, Kraken entered into a credit agreement with The Bank of Nova Scotia for credit facilities (the "**Credit Facilities**") consisting of (i) a revolving 3-year term facility of up to $35 million (subject to meeting certain borrowing base requirements based on eligible receivables and inventory); (ii) a $10 million revolving capital expenditure line of credit; (iii) a $10 million uncommitted letter of credit facility; and (iv) an uncommitted accordion facility of up to $30 million. The Credit Facilities bear interest at bank prime interest rates plus a margin of between 1.00% and 1.75% and contain standard financial and negative covenants for a normal course operating facility. The Credit Facilities are secured by security over substantially all of the Company's assets and are guaranteed by its material subsidiaries. Subject to credit and risk approval by the lender at the time of any request, the Company has the ability to increase the amount that can be drawn under the Credit Facilities for up to an additional $30 million.

On April 23, 2024, Peter A. Hunter was appointed Chairman of the Board of Directors.

On April 30, 2024, Kraken signed an $8 million contract to provide high resolution sonar imagery at depths of up to 20 metres in the seabed using the Company's Acoustic Corer™ technology.

On May 8, 2024, Kraken announced that it received orders totalling $3.5 million, including an order for spares and sustainment of its KATFISH™ totalling $2.2 million and an order for its AquaPix® SAS totalling $1.3 million. Due to confidentiality reasons the customers' names cannot be disclosed. Delivery occurred in 2024.

On May 21, 2024, Kraken closed a "bought deal" short form prospectus offering of Common Shares led by Cormark Securities Inc. as lead underwriter, on behalf of a syndicate of underwriters including Beacon Securities Limited, Canaccord Genuity Corp., Echelon Wealth Partners Inc. and Raymond James Ltd. (the "**May 2024 Underwriters**") pursuant to an underwriting agreement between Kraken and the May 2024 Underwriters dated May 1, 2024. The Company sold 21,185,300 Common Shares at a price of $0.95 per Common Share for gross proceeds of $20,126,035, inclusive of the full exercise of an overallotment option by the May 2024 Underwriters. The May 2024 Underwriters received a cash commission equal to 6.0% of the gross proceeds of the offering.

On July 9, 2024, Nathaniel Spencer was appointed Chief Operating Officer of the Company.

On September 23, 2024, Kraken announced that it received several orders from three separate customers totalling approximately $3 million for its MINSAS systems.

On October 16, 2024, Kraken announced that it received orders totalling $13 million for SeaPower® subsea batteries from existing clients.

On October 22, 2024, Kraken closed a "bought deal" short form prospectus offering of Common Shares. A total of 32,343,750 Common Shares were sold at a price of $1.60 per Common Share for gross

proceeds of $51,750,000, inclusive of the full exercise of the over-allotment option by the underwriters. The underwriters to the offering received a cash commission equal to 5.0% of the gross proceeds of the offering.

Fiscal Year 2025 Highlights

On February 26, 2025, Kraken announced that it had received orders totalling $34 million for SeaPower™ pressure tolerant subsea batteries from three clients and signed a lease to open a new battery production facility in Nova Scotia.

On March 13, 2025, Kraken signed a definitive agreement to acquire 100% of the shares of 3D at Depth, Inc., a leading American subsea technology and services company specializing in high resolution LiDAR imaging and measurements, for a purchase price of US$17,000,000 (the "**3D Acquisition**").

On April 2, 2025, Kraken completed the 3D Acquisition.

On April 8, 2025, Kraken launched a synthetic aperture sonar (SAS) service for the global offshore energy market.

On April 10, 2025, Kraken announced $11 million of new orders for SeaPower™ batteries.

On May 20, 2025, Kraken announced more than $3 million in new orders for synthetic aperture sonar (SAS).

On June 4, 2025, Kraken appointed Kristin Robertson to its Board of Directors.

On July 7, 2025, Kraken closed a "bought deal" short form prospectus offering of Common Shares led by Desjardins Securities Inc. as lead underwriter, on behalf of a syndicate of underwriters including Cormark Securities Inc., Scotia Capital Inc., Canaccord Genuity Corp., National Bank Financial Inc., and Raymond James Ltd. (the "**June 2025 Underwriters**") pursuant to an underwriting agreement between Kraken and the June 2025 Underwriters dated June 23, 2025 (the "**June 2025 Underwriting Agreement**"). The Company sold 43,240,000 Common Shares at a price of $2.66 per Common Share for gross proceeds of $115,018,400, inclusive of the full exercise of an overallotment option by the June 2025 Underwriters. The June 2025 Underwriters received a cash commission equal to 4.0% of the gross proceeds of the offering.

On August 7, 2025, Kraken filed a short form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada, relying on the well-known seasoned issuer exemption, under which Kraken may issue common shares, warrants, units, debt securities, subscription receipts or any combination thereof for a period of 25 months from the date of the base shelf prospectus.

On September 3, 2025, Kraken announced that it had received $13 million of new orders for SAS and subsea batteries from customers based in the United States, Norway and Turkey.

On September 30, 2025, Kraken announced that the 3D at Depth brand and company name have changed to Kraken Robotics.

Effective December 1, 2025, Kim Butler was appointed to the Board of Directors.

On December 2, 2025, Kraken announced that it had received purchase orders for SAS and battery products totaling approximately $12 million.

On December 10, 2025, Kraken announced the successful demonstration of its KATFISH USV Launch and Recovery System from TKMS ATLAS UK's 11-meter ARCIMS USV.

Year-to-date 2026 Highlights

On January 1, 2026, Kraken Robotic Systems Inc., PGH Capital Inc., and Kraken Robotics Services Ltd. amalgamated and continue under the name Kraken Robotic Systems Inc.

Effective January 11, 2026, Bernard Mills resigned from the Board of Directors.

Effective January 12, 2026, Bernard Mills joined the Company's executive team as Executive Vice President, Defence. Effective as of the same date, Terra Penrose was appointed as Chief People Officer.

On January 13, 2026, Kraken announced $35 million in battery sales to three unnamed customers.

On March 3, 2026, Kraken executed a definitive agreement dated March 3, 2026 between Kraken, Sonardyne Holdings Limited ("**Sonardyne**") and KRSI (the "**Covelya Share Purchase Agreement**"), whereby KRSI agreed to acquire all the issued and outstanding equity interests of Covelya Group for $615 million, excluding transaction costs and subject to adjustments, of which $480 million is cash consideration and $135 million will be satisfied through the issue of Common Shares to Sonardyne, subject to adjustments (the "**Covelya Acquisition**"). Covelya Group is a leading international provider of mission-critical underwater technology solutions operating through its subsidiary companies: Sonardyne International Limited, EIVA A/S, Forcys Limited, Wavefront Systems Limited, Voyis Imaging Inc., and Chelsea Technologies Ltd. In satisfaction of the equity portion of the purchase price payable by the Company on the closing of the Covelya Acquisition, the Company agreed to issue 15,882,352 Common Shares to Sonardyne at a deemed price of $8.50 per share. To partially satisfy the cash portion of the purchase price payable by the Company on closing of the Covelya Acquisition, the Company entered into an amendment to the Credit Facilities, creating a 5-year $150 million committed, secured, non-revolving term credit facility that may be drawn upon on the closing of the Covelya Acquisition (the "**New Credit Facilities**").

On March 12, 2026, Kraken closed a "bought deal" short form prospectus offering (the "**March 2026 Subscription Receipt Offering**") of subscription receipts of the Company (each, a "**Subscription Receipt**") led by Scotia Capital Inc. and Desjardins Securities Inc., on behalf of a syndicate of underwriters including and including Canaccord Genuity Corp., Jefferies Securities Inc., TD Securities Inc., Cormark Securities Inc., Raymond James Ltd. and National Bank Financial Inc. (the "**March 2026 Underwriters**") pursuant to an underwriting agreement between Kraken and the March 2026 Underwriters dated March 5, 2026 (the "**March 2026 Underwriting Agreement**"). The Company sold an aggregate of 47,353,550 Subscription Receipts at a price of $8.50 per Subscription Receipt for gross proceeds of $402,505,175, inclusive of the full exercise of the overallotment option by the March 2026 Underwriters. The March 2026 Underwriters received a cash commission equal to 4.0% of the gross proceeds of the March 2026 Subscription Receipt Offering. Each Subscription Receipt entitles the holder thereof, without payment of any additional consideration or further action on the part of the holder, to receive one Common Share of Kraken upon the satisfaction or waiver of certain conditions, including the satisfaction of all conditions precedent to the completion of the Covelya Acquisition, other than the payment of the purchase price and the satisfaction of conditions precedent that by their nature are to be

satisfied at completion (the "**Release Conditions**"). If the Release Conditions are not satisfied or waived on or prior to 5:00 p.m. (EST) on December 31, 2026 (the "**Deadline**"), or the Covelya Acquisition is otherwise terminated before that time, the holders of Subscription Receipts will receive a cash payment equal to the $8.50 per Subscription Receipt held plus their pro rata share of the interest earned on the invested net proceeds of the March 2026 Subscription Receipt Offering between the closing date of the March 2026 Subscription Receipt Offering and the cancellation of the Subscription Receipts. The Subscription Receipts began trading on the Exchange under the symbol "PNG.R" on March 12, 2026. The net proceeds of the March 2026 Subscription Receipt Offering will be used to satisfy the balance of the cash portion of the purchase price payable by the Company on closing of the Covelya Acquisition. The Subscription Receipts were issued pursuant to, and governed by, the terms and conditions of a subscription receipt agreement also entered into on March 12, 2026, between Kraken, Computershare Trust Company of Canada (as trustee), and Scotia Capital Inc. and Desjardins Securities Inc. (as lead underwriters) (the "**Subscription Receipt Agreement**").

On March 17, 2026, Kraken announced $24 million in new orders to over 10 customers across five countries, including three new defence customers. The orders were for Kraken's SeaPower batteries, KATFISH towed synthetic aperture sonar (SAS), and Kraken SAS.

On March 26, 2026, Don Robertson was appointed to the Board of Directors.

On March 30, 2026, John Salama was promoted to the role of Chief Information Officer.

On April 7, 2026, Kraken announced the successful demonstration of its KATFISH Launch and Recovery System from SEFINE's RD-22 USV.

Effective April 10, 2026, Lynne Adu departed from her role as Chief Commercial Officer of the Company as a result of organizational restructuring.

Effective April 16, 2026, Peter Hunter resigned as Chairman of the Board of Directors, but retained his position as a director. Shaun McEwan was appointed as Chairman of the Board of Directors.

ITEM 4: DESCRIPTION OF THE INDUSTRY AND BUSINESS

4.1 History

Kraken is a marine technology company providing proprietary ultra-high-resolution imaging sensors, power systems, high-capacity subsea batteries and underwater robotic systems. The Company's goal is to become a leading provider of underwater robotics equipment and services. Leveraging technology development tracing back to 2009 at a previous company, Kraken started with eight employees in 2012 to develop and commercialize SAS technology. As of December 31, 2025, Kraken had 433 employees with a head office in Mt. Pearl, Newfoundland, Canada and has shipped product and provided services to customers in over 30 countries.

Kraken has a highly capable team of engineers, scientists, and technicians with specialized skills. Scientific staff have world-leading expertise in sonar design, remote sensing, and signal processing for SAS, and 3D optical imaging. Kraken's electrical and mechanical engineering teams have extensive experience designing tethered/towed and untethered/free-swimming underwater vehicles, custom payload sections, and LARS. Kraken's software engineering group develops applications for data acquisition, real-time processing, vehicle control, 3D visualization, telemetry, artificial intelligence, machine learning and data post-processing. The Company is supported by a team of technicians that

perform assembly, inspection, testing, calibration, and troubleshooting of mechanical and electrical systems. Kraken's technical staff also have extensive experience performing system integration onboard customer-owned vehicles and conducting operations at sea to collect data for a variety of surveys, technical demonstrations, and collaborative research projects.

Kraken's products are sold into both the manned and the UMV market. The UMV can be divided into UUVs and USVs. UUVs are either AUVs, ROVs, or Towfish. UUVs are used extensively for military and commercial applications, such as undersea search and survey missions. USVs may be remotely operated or be fully autonomous.

Kraken was founded with the objective of commercializing a software-centric version of SAS. SAS is an advanced imaging technology which dramatically improves seabed surveys by providing ultra-high-resolution imagery at superior ACRs as compared to conventional SSS technologies. SAS is the next generation of sonar, following SSS and multi-beam echo sounders, which while capable of producing high resolution images of objects on the seabed, only do so at short range and corresponding low ACR. SAS today are used for military surveillance purposes to detect seabed mines or other types of unexploded ordinances, an increasingly in the commercial survey world for high resolution seabed surveys.

SAS is the underwater equivalent of SAR used in the satellite and communications industry. Customers using SAS technology are looking to get maximum ACR at the highest resolution, for the lowest cost. One factor affecting ACR is the length of the aperture (antenna). Traditional sonar technology such as SSS uses real apertures that are limited by the size of the underwater vehicle they are deployed on. SAS, on the other hand, uses the motion of the underwater vehicle along with highly sophisticated signal processing algorithms to "spoof" the system into thinking the aperture is 40-50 times longer than it really is. The result is up to a 10-times increase in ACRs over traditional SSS. In other words, more area can be surveyed at a much higher resolution in less time. The graphic below illustrates the difference in image quality of a 20-metre towrope lying on the seabed:

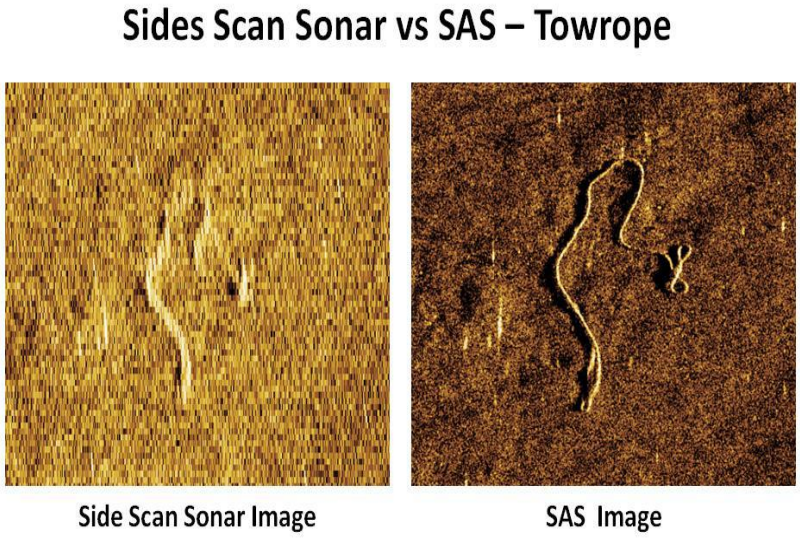


Figure 1: Side Scan vs SAS Images

In addition to improved ACRs, Kraken provides this data in real-time, without the traditional limitations of extensive post mission processing. Furthermore, all of Kraken's SAS systems are interferometric,

meaning that they are able to simultaneously provide real-time ultra-high definition SAS bathymetry that is co-registered with the SAS imagery.

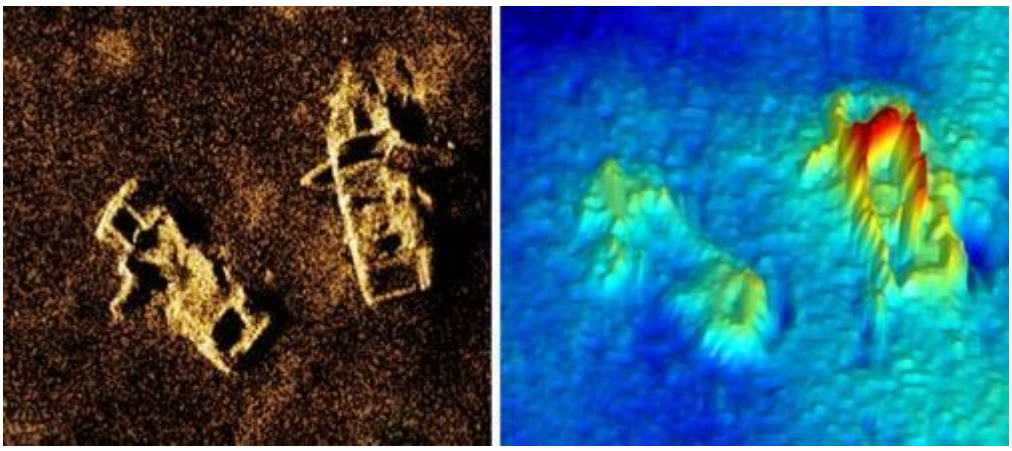


Figure 2: SAS Image and Bathymetry

As the Company has grown, Kraken has developed additional sensors and has designed and produced our own UUVs. In addition to selling products, Kraken has a RaaS business.

With the acquisition of PGH Capital in 2021, Kraken now provides marine geophysical-geotechnical services through high resolution 3D volumetric acoustic imaging solutions to mitigate risk in offshore installations using its sub-bottom imager and Acoustic Corer™ technology. Kraken's service offering can provide accurate positioning and continuous visualization of cables and pipelines during depth of burial surveys and helps identify buried anomalies such as boulders and unexploded ordnances. With the acquisition of 3DAD in 2025, Kraken has expanded its services offering to include subsea LiDAR services for customers with higher resolution survey and inspection requirements. This is in addition to providing services using KATFISH™ and SeaVision® for subsea surveys and infrastructure inspection.

4.2 Principal Markets

Kraken's technology, which includes high resolution imaging sensors, high-capacity subsea batteries and subsea robots, have dual-use applications for both the defence and commercial market. This consists of defence contractors, national defence agencies, research institutions, offshore wind customers, oil and gas customers, seabed mining companies, search and salvage companies, and survey companies. Today, these customers map the seafloor for many applications and require increasingly higher resolution data.

While the underwater robotics industry has multiple market segments, the military is currently the largest in terms of annual spending and in active robotic assets. The three largest applications of underwater robotics for the military are mine counter measures ("**MCM**"); intelligence, signals intelligence and reconnaissance; and anti-submarine warfare.

In recent years, various geopolitical drivers have elevated concerns in national security, which is resulting in an increased focus on defence spending, including protection against underwater attacks. The nature of warfare is also changing with the growing adoption of uncrewed systems and drones as force multipliers with other military platforms. Governments are also moving to make quicker decisions as part of their procurement process with a focus on speed, flexibility and innovation. Various government

programs globally are targeting increased maritime security further supported by NATO's recent committtment to increase defence spending to 5% of gross domestic product (GDP) annually by 2035.

Traditionally the maritime robotics industry has been characterized by high costs for bespoke custom designs, low reliability, and high product life cycle costs due to products being expensive to operate and maintain. Industry pioneers and their government sponsors spent billions of dollars on AUVs, ROVs, and sensor development. With technological evolution, better endurance, miniaturization, and enhanced payloads, product capabilities and reliability have improved, pricing has declined, and adoption is increasing. Buyers of the technology have increased confidence that AUVs, ROVs, and other underwater robotics equipment can perform serious missions without failing. In addition, there is an increased demand for sensors, software and power driven by the emergence of new classes of underwater technologies, such as: autonomous navigation vehicles like XLUUVs, and dual modality underwater vehicles (surface vehicles which can submerge and be covert).

In the commercial market, on which Kraken's service business is focused, various segments use underwater robotics for data capture and data analysis. These include cable & pipeline survey, subsea infrastructure monitoring and inspection, subsea security, inspection repair & maintenance, hydrography and seabed mapping, search locate and recovery, treasure hunting & salvage, offshore energy including wind wave and tidal farms, seafloor mineral exploration, ocean science and exploration, environmental monitoring, and marine archaeology.

In the oil and gas and offshore wind sectors, the build out of new and maintenance of existing infrastructure is a major driver for underwater sensors and robotics. According to Precedence Research, expenditure on subsea services and equipment is expected to increase to approximately US$28 billion by 2034, up from approximately US$17 billion in 2025. This is supported by aging infrastructure, new offshore oil and gas discoveries and offshore wind development.

Kraken's growth will come from industry growth, an expanding product offering, and increasing market share. Based on third-party research, the UUV market is estimated to be a US$46.6 billion market by 2035, representing a CAGR of approximately 24% from 2025 (US$5.5 billion), driven by the defence sector followed by oil and gas. Hardware systems are expected to comprise the highest share of the components within UUVs, such as imaging, sensors, batteries, positioning and navigation, in addition to platform (Source: Astute Analytica market research). The industry is at an inflection point to greater adoption and growth driven by multiple drivers. These drivers include: military cutbacks for "dull, dirty, dangerous" human tasking; an industry upgrade cycle in MCM applications; new offshore oil and gas discoveries and offshore oil and gas migrating into deeper water; growth of offshore wind capacity; increasing interest in ocean mining; improved sensor performance/resolution; emerging opportunities in the Arctic; deep-sea asset recovery operations; increasing interest in ocean science; national and economic security concerns; increasing adoption of uncrewed systems to act as force multipliers with other military platforms; government defence focus on speed, flexibility and innovation; and aging infrastructure. All of these market drivers result in increased demand for improved sensor performance and resolution on underwater platforms.

4.3 Product Development Strategy – Sensors to Systems

Kraken's product offering has evolved from "sensors to systems" to supply vertically integrated, turnkey seabed survey solutions (sensors and vehicles) into the global defence and commercial AUV and ROV markets. Leveraging a strong background in developing sensors and subsea power solutions, Kraken has

moved up the food chain, expanding its addressable market, increasing average selling prices, and capturing greater margin.

Kraken's product development has been a combination of in-house effort, partnerships, and selective M&A opportunities. Kraken's M&A strategy is based on targeting opportunities that (i) enhance the Company's competitive position, (ii) deepens its technical expertise, (iii) unlocks its growth potential and (iv) improves its financial position.

4.4 Principal Products and Services

The products business in 2025 generated revenue of $61.7 million (2024 – $66.3 million) and consisted of our SAS, KATFISH™ and subsea battery businesses. The service business in 2025 generated revenue of $40.5 million (2024 – $25.0 million) and consists of our RaaS business.

The Company's products can be broadly characterized in two categories: (1) sensors and platforms; and (2) subsea batteries. The Company's principal sensor product is its SAS technology, which produces ultra-high resolution (2 cm) images at ranges far superior to conventional sonar technology. Our 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.

What is SAS?

SAS is a powerful imaging technique that coherently combines echoes from multiple acoustic pings along the trajectory of an underwater robot to construct a "synthesized" sonar array. When synthetic aperture techniques are applied at sufficiently low acoustic frequencies, a modest-sized SAS can generate imagery with a constant azimuth resolution comparable to that of higher frequency sonar systems, but with significantly longer range.

Interferometric SAS ("**INSAS**") is strongly related to its airborne cousin – interferometric SAR ("**INSAR**"). While INSAR has transitioned into a commercial off-the-shelf product, INSAS had for a long time remained at the research stage. Some of the reasons for this delay had been the challenges in obtaining very high navigation accuracy through the ocean, as well as the high-computational cost of SAS imaging software. INSAS uses sophisticated signal processing techniques to compare the multiple observations of the same area of seafloor to calculate its depth. The image resolution of the seabed is significantly increased – often by an order of magnitude – compared to conventional sonar technology. INSAS systems can achieve image and bathymetry resolutions of a few centimetres even in very deep waters and at very long ranges.

INSAS hardware (transducer arrays and electronics), image processing and INSAS processing have been a research topic at the NATO Undersea Research Centre in La Spezia, Italy for many years. The introduction of hydrodynamically stable UUVs, cheaper and more powerful data collection and processing electronics, combined with advanced micro-navigation and auto-positioning methods has brought INSAS forward as a viable alternative to SSSs and multibeam echo-sounders for seabed imaging.

Kraken's SAS History

Kraken's hardware development commenced in January 2011 (at a previous company) with the first major sea trial occurring in August 2012. Kraken's INSAS signal processing software, "INSIGHT", was developed in parallel.

Kraken's SAS technology has been tested by various strategic industry partners including Defence Research and Development Canada, the United States Navy's Sea Systems Command, and the United Kingdom Ministry of Defence. A successful cooperative research and development agreement with the Naval Undersea Warfare Center ("**NUWC**") in Rhode Island in 2013 was a key validation point for Kraken's SAS technology.

INSAS

While conventional sonars are commonly used for seafloor imaging and bathymetry, they suffer from range and resolution limitations. However, these limitations are overcome by using INSAS systems such as those designed and manufactured by the Company.

The Company's ultra-high resolution INSAS with 3D bathymetric capabilities can provide detailed images with an along-track/across-track resolution better than 2 centimetre out to a range of 200 metres from each side of an underwater vehicle (400 metre swath). It can also produce bathymetric data with a resolution better than 25 centimetre out to full range while delivering very high depth accuracy, in compliance with IHO S44 special order requirements.

In addition to being used for military applications such as naval mine countermeasures, INSAS is a multi-market technology with great potential for offshore oil and gas surveying, hydrographic surveys, underwater archaeology, benthic habitat mapping and deep-sea mining. With high resolution INSAS it is possible to use image fusion techniques to combine the bathymetric data with the reflectivity data to create a real-time 3D representation of objects on the seabed. The ability to generate centimetre-scale resolution in all three dimensions has the potential to provide significant improvements in the detection, classification and identification of small seabed objects.

MINSAS

In 2014, Kraken announced MINSAS, a next generation SAS designed for smaller diameter AUVs. MINSAS is optimized for the demanding size, weight, power and cost constraints of AUVs, is based upon a proven military design, and is ideal for a variety of seabed imaging and survey missions. The MINSAS payload section also includes Kraken's latest generation Real Time SAS Processor (the "**RTSAS**"). The RTSAS enables real-time, onboard processing of SAS imagery and bathymetry, and allows operators to leverage Kraken's suite of post-processing tools, including the newly developed SASView 3D visualization and control software.

Since launch, Kraken's MINSAS sensors have been used by numerous customers including Defence Research and Development Canada, Woods Hole Oceanographic Institute ("**WHOI**"), DSTO, Elta Systems, ECA Robotics, Fraunhofer, Atlas Elektronik, Lockheed Martin, Ocean Infinity, HII, Teledyne Gavia, Anduril Industries, ST Engineering, CMRE, EuroAtlas, Norway Defense Materials Agency, Terradepth, and others. It has also been used in a number of high-profile seabed search applications, including being used to help discover the HMS Erebus during the Franklin Expedition in Canada's Arctic in 2014, and used to locate the Avro Arrow free flight models in Lake Ontario in 2017.

Figure 3: SS Ferrando Shipwreck Imaged by Kraken SAS (courtesy of ECA Robotics)

Additional SAS Developments

Kraken is leveraging the success of its INSAS and MINSAS developments towards additional SAS products. As the product is modular, it can be utilized for small, medium, large, and extra large AUV and towed sonar applications.

In 2020, Kraken became the first to achieve a practical resolution of 2 cm with a commercial-off-the-shelf SAS, Kraken's MINSAS. Kraken's Ultra HD software improves the SAS image resolution from 3.0 x 3.3 cm (across along track) to an industry-leading 1.9 x 2.1 cm and maintains constant Ultra HD resolution across the entire swath. Compared to conventional SAS processing, the incredibly high pixel density of Kraken's Ultra HD sonar imagery sets a new standard for seabed image quality, using Kraken's advanced image processing techniques to extract all the available information from sonar echoes.

In 2020, Kraken began development of an innovative gap filler solution for unmanned underwater vehicles based on the Company's SAS and SeaVision® 3D laser scanner. This solution fills the nadir gap with ultra-high definition data. The gap filler has been implemented in customer deliveries starting in 2021. Leveraging our background in SAS and underwater laser imaging systems, Kraken has developed two integrated nadir gap-filling technologies: (1) An acoustic gap reducer, based on Kraken's MINSAS system, which drastically reduces the size of the nadir gap and (2) An optical laser/camera gap filler, based on Kraken's SeaVision® system, which fills the remainder of the nadir gap with ultra-high-resolution optical imagery and laser bathymetry.

KATFISH™ Intelligent SAS Towfish – Real time 3D seabed mapping

In 2015, Kraken kicked off the next stage in its sensors-to-systems strategy through the start of development of the KATFISH™ actively stabilized towed SAS Towfish product. KATFISH™ is an actively stable towed SAS for manned surface vessels or USVs. Built upon Kraken's proven, real-time SAS technology, KATFISH™ reached initial commercial release in 2018. Its advanced hydrodynamic control system allows for bottom following, terrain referencing and obstacle avoidance. The full system includes cable, towbody and operator's console. An Israeli defence company was the first customer for the KATFISH™. Including topside equipment, cables, launch and recovery equipment, spares, and training, the price of a complete KATFISH™ could sell for upwards of $8-$9 million per system.

Kraken's KATFISH™ solution is well positioned in the current geopolitical environment which is driving an increased focus on subsea infrastructure security. Having completed demonstrations in Canada, the United States, the United Kingdom, the Middle East, and Australia, along with cooperative research and development agreements with NUWC and the National Oceanic and Atmospheric Administration, Kraken is seeing significant opportunity for KATFISH™ across a range of markets and geographies. These opportunities are driven by the current global geopolitical climate resulting in increased spending on naval warfare and uncrewed systems. In addition, there is an industry upgrade cycle occurring as much of the subsea naval assets are dated and, in many cases, are no longer operational. These factors are driving a resurgence in demand across all NATO and allied navies.

Figure 5: KATFISH Seabed Survey System

Kraken continues to participate in foreign navy MCM bids both directly and in partnership with various defence prime contractors and is seeing robust activity in this market given the current geopolitical environment. Numerous NATO navies, Five Eyes Navies, and allied nations are engaged in various stages of procurement plans which are expected to result in hundreds of Towfish and AUV systems being procured over the coming years.

Tentacle® Winch and Launch and Recovery Systems

Kraken designs and manufactures a variety of LARS for Manned and Unmanned Maritime Vehicles. Our team has extensive experience developing advanced LARS used by a wide variety of military,

commercial and ocean science customers. 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 brought aboard a host ship safely, efficiently and without damage.

Next-generation surface vessels will carry a variety of unmanned vehicles and modular mission packages that will require specialized LARS. These LARS systems range in price from $0.5 million to $2 million.

Kraken's Tentacle® winch forms the starting point for a complete LARS. Tentacle® is a highly intelligent electric winch which can adjust cable scope through active feedback from the underwater towed platform.

Depicted below is a complete package of a KATFISH™ and LARS including Tentacle® winch and docking head. In 2025, Kraken trialed a smaller, lighter winch and LARS system for smaller USVs which are emerging as important mine hunting platforms for the defence market.

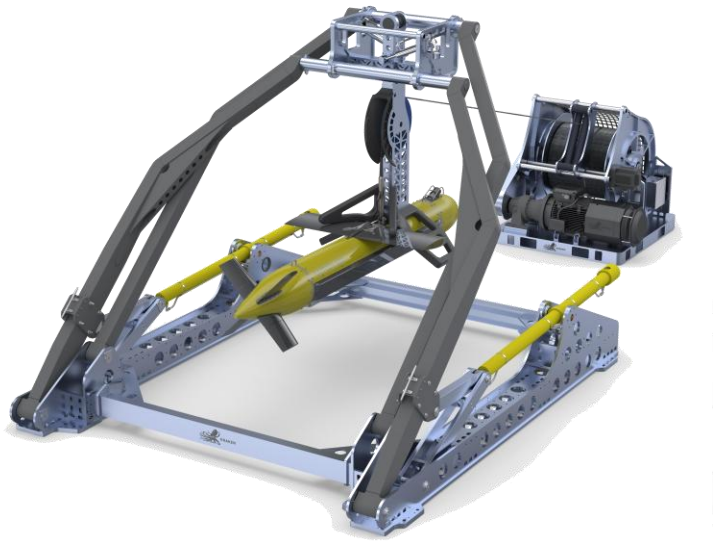


Figure 6: Render of LARS including Tenacle® Winch for KATFISH

Pressure Tolerant Subsea Batteries

Kraken designs and manufactures unique pressure tolerant subsea batteries. Our unique pressure tolerant gel encapsulation technology for lithium polymer batteries provides an attractively priced and superior alternative to oil compensated batteries currently used for subsea battery applications.

This durable silicone polymer encapsulation remains flexible, yet stable under pressure. This method of encapsulation allows Kraken to reduce the size and weight of traditional subsea battery packs by not requiring the cells to be located inside pressure housings or flooded with oil. With a battery design that is not constrained by dimensions of the pressure or oil housings, they can be contoured to better fit the shape of the vehicle, which improves packing efficiency and increases volumetric density. Kraken's pressure tolerant subsea battery systems are modular and can be connected in banks to meet the vehicle's voltage and capacity requirements. Each pack is individually rated to 6000 metres and contains its own battery management systems.

Figure 7: Subsea Batteries

Robotics as a Service

Non-defence 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 segment of the market, Kraken's RaaS model will allow customers to gain exposure to next generation technologies, while minimizing the capital investment requirement. With the acquisition of PGH Capital in July 2021, and 3DAD in April 2025, Kraken expanded its service offerings to include specialized high-resolution 3D acoustic imaging solutions for the sub-seabed and LiDAR optical imagining for seabed infrastructure survey and inspection.

Kraken provides marine geophysical-geotechnical services specializing in high-resolution true 3D volumetric acoustic imaging solutions to mitigate risk in offshore installations. The technology offers a solution to clients that supports accurate positioning and continuous visualization of cables and pipelines during depth of burial surveys; helps identify buried anomalies threatening integrity of pipe/cable in parallel with depth of burial survey; and provides true 3D volumetric imaging and accurate positioning of buried infrastructure for efficient site decommissioning.

The acquisitions of PGH Capital and 3DAD accelerated our move into the provision of services using our technology as part of a robotics as a service business model. As a result of the addition of PGH Capital and 3DAD, we have also increased our exposure to the non-defence market, including the offshore energy market. These additional markets diversify our client base and provides a holistic solution of world-leading technologies and services in subsea acoustic and optical imaging

Altogether, Kraken can now provide a broader survey and inspection service offering for customers. The Company's current fleet of service offering technologies includes KATFISH^{TM} towed SAS sonars, SBI and SeaKite sub seabed imagers, Acoustic Corers, and LiDAR and SeaVision sensors. We can also integrate other technologies such as magnetometers and high-resolution cameras into the above offering, providing customers with a more integrated solutions capability to receive subsea and sub-seabed data.

Figure 8: SBI and Acoustic Corer for Acoustic based Sub Bottom Imaging

4.5 Research and Development

Kraken has a significant team of scientists, engineers, software developers, and technologists focused on R&D. In Canada, the Company operates design and manufacturing facilities in Atlantic Canada where it assembles and tests all sonar systems, unmanned vehicles, and LARS.

Kraken is recognized as a world leader in underwater technologies, and Kraken's engineering team has successfully brought several products from initial concept, prototyping, engineering test and evaluation, and ultimately to commercialization. Kraken has demonstrated success of managing the transition of products from R&D to commercial production using in-house resources.

Continuous research and development is needed to help the Company stay ahead of the competition. To help fund research and development, Kraken has received funding contributions from government agencies including the National Research Council of Canada Industrial Research Assistance Program. These contributions have and will continue to enable Kraken to accelerate the development of next generation underwater robotics equipment and services for both military and commercial applications. Below are details of contributions to Kraken over the last three financial years:

- In March 2024, KRSI signed a CRADA with Naval Undersea Warfare Center Division, Newport with the objective of conducting joint research into advanced signal processing techniques for the current and future generation of SAS sensor technologies. This also includes exploration into enhanced image processing techniques such as data fusion, image registration, multi-spectral image enhancement and automated target recognition.

Next Generation SAS

Kraken has continuous sonar development efforts for next generation sonar sensors. These include circular SAS, longer range 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 artificial intelligence to more rapidly identify and process seabed and sub-seabed objects of interest. These R&D efforts provide a variety of customer benefits including:

- Extended search range at constant high-resolution seabed pixels;
- Increased speed and accuracy for seabed classification and characterization; and
- Significantly reduced survey costs and overall risks for buried pipeline and power cables.

Figure 9: Lightweight MINSAS® on REMUS 100 at REPMUS 2023 Exercise

Subsea Power

Kraken's technology roadmap for Subsea Power is focused on enhancements designed to elevate performance, reliability, and overall efficiency, ensuring that our 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 significant overall increase of 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. This model will be designed to accommodate the needs of small-diameter AUVs, thereby accessing a broader market. The existing battery's design limits its use to vehicles with a diameter of at least 38cm due to the larger cell sizes.

Electronics Improvement – The next generation of our 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® subsea 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. This innovation aims to stabilize the electrical grid and provide a consistent power supply to address the intermittent demands of these industries. Additionally, the development encompasses a scalable charging technology, adaptable for a range of battery systems from 20 kWh to 1 MWh, to meet varying energy requirements. This will cater to a market that is increasingly seeking efficient energy storage solutions to enhance operational reliability and reduce the carbon footprint of offshore energy activities.

4.6 Intellectual Property

The Company's success depends in part upon its ability to protect its intellectual property. To accomplish this, the Company relies upon a combination of intellectual property rights, including patents, copyrights, trademarks, and trade secrets in Canada, the United States, Australia, and in select foreign countries where it believes filing for such protection is appropriate. The Company has registered several trademarks with respect to its products and services. The Company protects its proprietary source code and algorithms as trade secrets by limiting access to such proprietary source code and algorithms and its other know-how, trade secrets and intellectual property to employees who have a need to know such information. Further, each employee and consultant of the Company has agreed in writing to maintain the confidentiality of its know-how, trade secrets and other intellectual property. Kraken's service business has numerous patents and patent applications and its intellectual property has been built on over 25 years of academic and applied industrial research in acoustics, optics and geophysics.

4.7 Customers & Sales and Marketing Strategy

Kraken products and services have been successfully qualified since 2013 by customers in more than 20 countries. Kraken is leveraging its defence markets wins to move into other markets including oil & gas, commercial survey, ocean mining and search & salvage. Customers include DRDC (Canada), DSTO (Australia), NAVSEA (US), Boeing (US), Lockheed Martin (US), Anduril (US), WHOI (US), Royal Navy (UK), Atlas Elektronik (UK & Germany), Fraunhofer Institute (Germany), MacArtney (Denmark), CMRE (Italy), Deep Ocean AS (Norway), Elbit (Israel), Royal Danish Navy (Denmark), Royal Australian Navy (Australia), Remontowa (Poland), and Ocean Infinity (UK), Fugro (Netherlands), N-Sea (Netherlands), and Boskalis (Netherlands) amongst others. Kraken's SAS technology has been integrated on various UUV platforms including the Lockheed Marlin, HII REMUS, ISE Explorer, EuroAtlas, Greyshark, Fraunhofer DEDAVE, Atlas Sea Otter, ECA A18, MacArtney ROTV, Kongsberg Hugin, Anduril Dive LD and Ghost Shark, Teledyne SeaRaptor, Teledyne Gavia, and others. To our customers, Kraken's sensor products offer the advantages of cost, compactness, performance, and simplicity, resulting in the customer achieving the highest resolution seabed pixels at the lowest cost. For our battery customers, we provide higher energy density solutions enabling greater endurance for their underwater vehicles.

Kraken's products and services are marketed directly by the Company as well as through independent agents, consultants and systems integrators. Kraken participates in industry trade shows and its scientists and engineering personal are actively engaged at the government and university research level.

Kraken has made significant efforts to develop relationships with a number of strategic partners including large defence contractors and commercial companies. Partnerships are a key part of Kraken's growth strategy and bring several benefits including:

- Reduce risk and time to market on new product developments;

- Add to the Company's technology platform and intellectual property portfolio;
- Provide an ability to leverage relationships for ongoing low-cost R&D;
- Add relationships with oil and gas, offshore wind, and other commercial customers;
- Provide access to world-class, low-cost facilities for development and testing purposes; and
- Provide greater ability to access government funding including cross border funding.

Kraken has and will continue to develop international partnerships and pursue multi-sector collaborations to mitigate risk and deliver new products and services with better performance at a lower price than competitors. For more information on Kraken's partnerships and business activity, see "*General Development of the Business – Recent Development of the Business and Company Milestones*".

Kraken's service customers consist of major offshore energy and renewable developers and operators along with marine dredging and construction companies and offshore survey companies. Kraken has been successful in having our technology "spec'd in" on numerous subsea tenders and continues to work in influencing the decision makers to adopt Kraken technology in the development and maintenance of offshore wind farms and energy projects.

4.8 Competitive Conditions

The Company competes in a very specialized, niche industry with high barriers to entry. The Company's employees have intimate knowledge of the underwater robotics industry, significant experience in advanced acoustics, deep industry insights and strong relationships with key decision-makers. In addition, Kraken is unique in having design, engineering and manufacturing expertise with both sonar technologies and AUVs.

Kraken sells both sensors and platforms and power in a market with larger competitors, in an industry lacking dominant players, and where consolidation is a theme. In addition, the market is often characterized by "co-opetition" as companies partner together on larger industry bids. Kraken believes the keys to success are (1) product performance, quality, and reliability; (2) technical talent; (3) price competitiveness; (4) strong customer service and support; and (5) funding.

The Company's current products and technology compete in the following market segments:

- **SSS** – Kraken's sonar technology competes with SSS products, which provide lower resolution images and smaller coverage areas relative to the Company's SAS technology. While pricing for its SAS technology is at a premium to the SSS alternatives currently on the market, the Company believes that the performance of its SAS technology makes it the superior choice from a price-performance perspective. Kraken's competitors in this market segment are Edgetech, Sonardyne International Limited,[1] Klein Marine Systems Inc., and Marine Sonic Technology;
- **SAS** – Kraken's sonar technology competes with other manufacturers of SAS products, including Kongsberg Gruppen ASA (Norway), Exail Technologies (France), Northrop Grumman (US), the Thales Group (France), Atlas Elektronik (Germany) and Raytheon Company (US). Unlike the

[1] See "*General Developments of the Business – Three Year History – Year-to-Date Highlights*". Sonardyne International Limited will be acquired by Kraken upon the closing of the Covelya Acquisition.

Company, the majority of competitors do not sell their SAS products as stand-alone products, but rather sell them only as a component part of a UUV, meaning that the cost of acquiring SAS products from these competitors can run into the millions of dollars. Kraken also believes the ability of its systems to do real-time data processing onboard the underwater vehicle is a competitive advantage and significantly reduces post mission processing times versus the competition. The end result is better data, quicker, and cheaper.

- **Towfish underwater vehicle** – The Company's KATFISH™ towbody product competes in a market segment with 4-5 competitors. KATFISH™ is a high-speed (10 knots) active towbody, with tightly integrated Kraken sonar payloads. Competitor products in this segment include the Klein 5900, Raytheon AQS-20A, Northrup AQS-24A, Thales T-SAS and Exail Technologies T18-M. Competitive factors include range, resolution, ACR, price, real-time SAS processing capabilities, bathymetry, ITAR control and other factors. Kraken's competitive advantage with KATFISH™ includes: speed, price, performance (most advanced active Towfish on the market), and the fact that our products are non-ITAR.

- **Deep sea batteries** – In this niche market, KPG competes with companies such as Southwest Electronic Energy Group, General Atomics, SubCtech, and Icteneu. Kraken believes its pressure tolerant gel encapsulation technology allows customers to increase power density at lower costs than competitor products. A Kraken customer noted that in using Kraken batteries, they receive more than a 50% increase in energy density in the same footprint as compared to competing solutions.

- **RaaS** – Kraken's main competitors in the RaaS business model are traditional survey and subsea inspection companies, which are heavily invested in surface vessels and traditional technologies. These include: Fugro GeoSurvey (USA/Netherlands); DeepOcean (Norway); and DOF Subsea (Norway). While these companies are increasingly investing in UUVs and USVs, they are heavily levered to an infrastructure that requires large quantities of personnel and costly support vessels. These companies may utilize their own sensors and in-house technologies, but will often outsource some of these capabilities to companies such as Kraken.

ITEM 5: RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks and uncertainties set out below and those described elsewhere in this document, which are in addition to the usual risks and uncertainties associated with an investment in a business at an early stage of development.

The directors of the Company consider the risks and uncertainties set out below to be the most significant to potential investors in the Company; however, these are not all of the risks and uncertainties associated with an investment in securities of the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair its operations. If any such risks actually occur, the assets, liabilities, financial condition, liquidity, results of operations (including future results of operations), and business and business prospects of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company's Common Shares is speculative. An investment will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

Uncertainty of Revenues

Since the date of incorporation, the Company has experienced periods of losses. While the Company has spent on headcount, R&D, marketing and infrastructure, it is starting to see meaningful revenue growth. The Company is subject to all of the business risks and uncertainties associated with any small business enterprise, including the risk that it will not achieve its growth objectives. Thus, there can be no assurance that losses will not continue.

Reliance on Management and Dependence on Key Personnel

The success of the Company is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Business Development

Our business is dependent on obtaining new orders and customers, thus continuously replenishing our order backlog. Our results may also be negatively impacted if we are unable to effectively execute strategies to capture growth. Although we have developed and continue to develop our presence in many geographic markets, access to certain markets can prove to be difficult to secure.

In addition, fluctuating demand cycles are common in the industry in which we operate and can have a significant impact on the volume of new orders. Our estimates of future performance depend on, among other matters, whether and when we receive new orders.

Customer Concentration

A limited number of customers may account for a significant portion of the Company's revenues from time to time. As a result, the loss of, or a material reduction in business from, one or more significant customers—whether due to competitive factors, changes in customer requirements, delays or cancellations of orders, budgetary or regulatory constraints, or other factors beyond the Company's control—could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, certain customer arrangements may not include minimum purchase commitments, and the timing and volume of customers' purchases may vary significantly from period to period.

Order Backlog

The termination, modification, delay, or suspension of any one or more major contracts may have a material adverse effect on future revenues and profitability. We cannot guarantee that the revenues initially anticipated in our new orders will be realized in full, in a timely manner, or at all, or that, even if realized, such revenues will result in profits or cash generation as expected, and any shortfall may be significant. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows and results of operations.

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. Also, no assurance can be given that the Company would be able to procure new contracts to offset the revenues lost as a result of any contract termination.

In addition, sales to the governments that the Company works with may be affected by:

- changes in procurement policies;
- changes in the structure and management of government departments;
- budget considerations;
- political developments domestically and abroad; and
- increased protectionism.

The influence of any of these factors, which are largely beyond the control of the Company, could also negatively impact the financial condition of the Company.

As part of its global business dealings with different governmental bodies, entities and agencies in countries such as the U.S., the U.K., Denmark and Australia, the Company and its affiliates must also comply with multiple and complex public procurement laws and regulations aimed at ensuring that public sector bodies award contracts in a transparent, competitive, efficient and non-discriminatory way in these jurisdictions, such as the Federal Acquisition Regulation in the U.S., the Public Contracts Regulations in the U.K. These rules provide for verification processes, specialized disclosure and accounting requirements, cybersecurity safeguards, financial compliance, prioritization of fulfillment, socioeconomic requirements, and unilateral termination or modification requirements, among others matters, many of which are not typically found in commercial contracts. If the Company fails to comply with these laws and regulations or if the Company, its officers, employees or agents commit legal violations or misconduct specified in any of these rules, the Company could be subject to termination of contract and/or mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with these governmental bodies, entities and agencies, in addition to other penalties and sanctions that could be incurred by the Company, such as financial and/or other liability under civil or criminal law. The disqualification of the Company from public contracts in any jurisdiction in which it has operations or carries out business activities could impact its ability to bid for public contracts in that and other jurisdictions.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. At this time, there are no known outstanding, pending or contemplated legal proceedings against the Company which are material to the Company's business and affairs.

Global Financial and Economic Conditions

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 favourable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values and demand for the services and products of the Company. If such global volatility, market turmoil and a global recession occur, the Company's operations and financial condition could be adversely impacted.

As a globally operating organization, our business is subject to government policies related to import and trade restrictions and business acquisitions, support for export sales, and world trade policies including specific regional trade practices. As a result, we are exposed to risks associated with changing priorities by government and supranational agencies.

In addition, protectionist trade policies and changes in the political and regulatory environment in the markets in which we operate, such as foreign exchange import and trade controls, tariffs and other trade barriers, "buy local" government initiatives, price or exchange controls, retaliations to any such trade protection policies or measures, as well as potential changes to free trade arrangements (including the scheduled 2026 joint review of the United States-Mexico-Canada Agreement ("**USMCA**")) could affect our business, disrupt our supply chain, impact our sales and profitability and make the repatriation of profits difficult, and may expose us to penalties, sanctions and reputational damage.

Measures implemented by the current U.S administration, together with court challenges and judicial decisions related to these measures have created an uncertain trade environment. The overall climate of trade and tariff uncertainty presents a number of challenges for supply chain relied on by the Company, including: (i) U.S. tariff and trade policies risk disrupting integrated global and regional supply chains; and (ii) such tariffs, together with retaliatory measures, risk increasing input costs, the prices paid by our customers for our products, as well as the price consumers pay for similar products, and, potentially, our profitability. The actual impact of the aforementioned tariffs is subject to a number of factors and uncertainties including the effective date and duration of such tariffs, changes in the amount, scope and nature of the tariffs in the future, any countermeasures that the Canadian or other governments may take, and any mitigating actions that may become available. There can be no guarantee that: (1) existing tariffs will be lifted; (2) new tariffs or changes to existing trade agreements would not be implemented; and (3) we will be able to avoid or mitigate the impact of such tariffs or changes to trade agreements. Such changes, even if temporary, could result in delays or the cancellations of existing orders and the return of pre-delivery payments *less* liquidated damages, reduced new orders for our products impacting our backlog and cash flows, and potentially lower profitability from reduced sales and/or increased costs.

Supply Chain Risk

Our manufacturing operations are dependent on a number of suppliers, located in numerous countries around the world, for the delivery of raw materials and parts and major systems. Certain of our suppliers are specialized in what they deliver with limited options for alternative suppliers.

Recently, widening geopolitical fractures (including in Ukraine/Russia and the Middle East/Persian Gulf) intensified global supply chain imbalances. Furthermore, conservative and protective behaviours from businesses and governments, such as increasing demand and hoarding, restrictions or limits on

exports, as well as increased competition for critical electrical components, products and commodities, and commodity-based products, have also intensified and may hinder our ability to secure such goods and commodities in a timely fashion or at budgeted costs or both. An expansion or worsening of existing geopolitical crises or military conflicts, or the occurrence of significant new geopolitical crises or military conflicts, could have a material adverse effect on our business and operations.

Disruptions in our supply chain and/or increased costs of energy supplies (particularly natural gas and oil) and shipping/transportation and logistics may impact our ability to meet our commitments to customers and could negatively affect our manufacturing costs. Moreover, failure by one or more suppliers to meet performance specifications, quality standards or delivery schedules could adversely affect our ability to meet our commitments to customers, in particular if we are unable to purchase the key components and parts from those suppliers upon agreed terms or in a cost-effective manner and if we cannot find alternative suppliers on commercially acceptable terms in a timely manner. We may not be able to recover any costs or liability we incur (including liability to our customers) as a result of any such failure from the applicable supplier, which could have a material adverse effect on our financial condition, results of our operations and reputation. Delays and volatility specific to our supply chain requirements could also ultimately have an overall negative impact on our ability to compete on the market, our client relationships, and our growth.

Insurance and Uninsured Risk

The business of the Company will be subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected technological considerations, changes in the regulatory environment and political or social instability. Such occurrences or events could result in damage to the business of the Company.

It can be difficult or expensive to obtain the insurance needed by the Company for its business operations. As part of its business operations, the Company maintains insurance both as a corporate risk management strategy and to satisfy the requirements of many of its contracts. Insurance products are impacted by market fluctuations and can become expensive and sometimes difficult to obtain. There can be no assurance that the Company can secure all necessary or appropriate insurance at an affordable price for the required limits. Its failure to obtain such insurance could lead to uninsured losses that could have a material adverse effect on its results of operations or financial condition, or cause it to be out of compliance with its contractual obligations. The Company will periodically evaluate the cost and coverage of the insurance against certain risks to determine if it would be appropriate to obtain or continue to maintain such insurance. Without insurance, the Company may incur significant costs that could have a material adverse effect on its financial performance and results of operations.

The Company may in the future be involved in product liability and product warranty claims relating to the products that it manufactures and distributes that, if adversely determined, could adversely affect the Company's financial condition, results of operations, and cash flows. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods, regardless of the ultimate outcome. Claims of this nature could also have a negative impact on customer confidence in the Company's products.

Market for Securities

There can be no assurance that an active trading market in the Company's Common Shares will be sustained. The market price for the Company's Common Shares could be subject to wide fluctuations.

Factors such as government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations which have often been unrelated to the operating performance of particular companies.

The Company is unable to predict whether substantial amounts of its Common Shares will be sold in the open market. Any sales of substantial amounts of the Company's Common Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Company's Common Shares.

No Dividends

The Company does not expect to pay dividends on the issued and outstanding Common Shares in the near-term or in the foreseeable future. If the Company generates any future earnings such cash resources will be retained and utilized to finance further growth and enhance current operations. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future based on the financial position of the Company and other factors relevant at that time. Until the Company pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Company's Common Shares unless such Common Shares are sold. In such event, a shareholder may only be able to sell his, her or its Common Shares at a price less than the price such shareholder originally paid for them, which could result in a loss of such shareholder's investment.

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. Such risks include, but are not limited to:

- the need to bid on engagements in advance of the completion of their design, which may result in unforeseen difficulties in executing the engagement and cost overruns;
- the substantial cost and managerial time and effort that the Company spends to prepare bids and proposals for contracts that may not be awarded to it;
- the need to accurately estimate the resources and costs that will be required to service any contract the Company is awarded;
- the expense and delay that may arise if the Company's competitors protest or challenge contract awards made to it pursuant to competitive bidding, and the risk that any such protest or challenge could result in the resubmission of bids on modified specifications, or in termination, reduction, or modification of the awarded contract; and
- the opportunity cost of not bidding on and winning other contracts the Company might otherwise pursue.

To the extent the Company engages in competitive bidding and is unable to win particular contracts, it not only incurs substantial costs in the bidding process that could negatively affect the Company's

operating results, but it may be precluded from operating in the market for services that are provided under those contracts for a number of years. Even if the Company wins a particular contract through competitive bidding, its profit margins may be depressed as a result of the costs incurred through the bidding process.

Competition

Competition within the market of the Company may reduce its ability to procure future contracts and sales. 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.

Development of New Technologies

The future success of the Company will depend on its ability to develop new technologies that achieve market acceptance. The marine sensor, robotics and battery markets are characterized by rapidly-changing technologies and evolving industry standards. Accordingly, the future performance of the Company depends on a number of factors, including its ability to:

- identify emerging technological trends in its market;
- develop and maintain competitive products and services;
- enhance its products and services by adding innovative features that differentiate its products from those of its competitors; and
- manufacture and bring products and services to market quickly at cost-effective prices.

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. In addition, there can be no assurance that the market for the products or services of the Company will develop or continue to expand as currently anticipated. The failure of the Company's technology to gain market acceptance could significantly reduce its revenues and harm its business. Furthermore, there is no assurance that the competitors of the Company will not develop competing technology, which gains market acceptance in advance of the products and services of the Company. The possibility that the competitors of the Company might develop new technology might cause the Company's existing products and services to become obsolete. If the Company fails in its new product and service development efforts or its products and services fail to achieve market acceptance more rapidly than its competitors, the Company's revenues will decline and its business, financial condition, and results of operations will be negatively affected.

Protection of Intellectual Property

The Company may be unable to adequately protect its intellectual property rights, which could affect its ability to compete. Protecting the Company's intellectual property rights is critical to its ability to compete and succeed as a company. The Company currently has trademark registrations, which are necessary and contribute significantly to the preservation of its competitive position in the market. Further, the Company relies on a combination of copyright, trademark, and trade secret laws,

confidentiality procedures, contractual provisions and other measures to protect its proprietary information. All of these measures afford only limited protection. There can be no assurance that any of these measures will not be challenged, invalidated or circumvented by third parties. In the future, the Company may not be able to obtain necessary licenses on commercially reasonable terms. The Company enters into confidentiality and invention assignment agreements with its employees so as to limit access to and disclosure of the Company's proprietary information. These measures may not suffice to deter misappropriation or independent third-party development of similar technologies.

Outside Suppliers

The Company's operations depend on component availability and the manufacture and delivery by key suppliers of certain products and services. Further, the Company's operations are dependent on the timely delivery of materials by outside suppliers. The Company cannot be sure that materials, components, and subsystems will be available in the quantities required, if at all, or at a reasonable cost. If any of the suppliers fail to meet the needs of the Company, it may not have readily available alternatives. The Company's inability to fill its supply needs would jeopardize its ability to satisfactorily complete its obligations under its contracts on a timely basis. This might result in reduced sales, contractually-imposed penalties for delay in delivery, termination of one or more of these contracts, or damage to the reputation of the Company and its relationships with its customers. All of these events could have a negative effect on the financial condition of the Company.

Environmental, Health and Safety Risks

Our products, as well as our manufacturing and service activities, are subject to environmental laws and regulations in each of the jurisdictions in which we operate, governing, among other things, product performance or materials content, energy use and greenhouse gas emissions, air, water and noise pollution, the use, storage, labelling, transportation and disposal or release of hazardous substances, human health and safety risks arising from the exposure to hazardous or toxic materials or defective products and the remediation of soil and groundwater contamination on or under our properties (whether or not caused by us), or on or under other properties and caused by our current or past operations, including our disposal of hazardous wastes at third party sites. These laws and regulations may cause us to incur costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations, and may negatively impact our reputation and the market for our products.

Environmental, health and safety regulatory requirements, or enforcement thereof, may become more stringent in the future and we may incur additional costs to be compliant with such future requirements or enforcement. In addition, we may have contractual or other liabilities for environmental matters relating to business, products or properties that we have in the past closed, sold or otherwise disposed of, or will close, sell or dispose of in the future.

Inflation

Global markets have recently experienced high rates of inflation. In addition, governmental responses to inflation, such as increases in interest rates, may have a significant negative impact on the economy generally. Our operations are sensitive to increases in costs of materials, components, subsystems and labour that could be caused by inflationary pressures. Increased or persistent inflation or other upward economic pressures could continue to increase the Company's costs and could have a negative effect on the Company's business and financial condition.

Significant Sales of Common Shares

Sales of a significant number of the Company's Common Shares by existing shareholders could cause the market price of its common stock to decline. If the Company's shareholders sell substantial amounts of the Company's Common Shares, including Common Shares issued upon the exercise of outstanding options and warrants, the market price of the Company's Common Shares may decline. These sales also might make it more difficult for the Company to sell equity or equity-related securities in the future at a time and price that the Company deems appropriate. The Company is unable to predict the effect that sales may have on the then prevailing market price of its Common Shares.

Covelya Acquisition

No assurance can be given that the Covelya Acquisition will be completed when expected, on the terms proposed or at all. The closing of the Covelya Acquisition is subject to the receipt of required regulatory approvals and the satisfaction of various closing conditions. There is no certainty, nor can Kraken provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The closing of the Covelya Acquisition is also subject to normal commercial risks. The relevant regulatory authorities may decline to give approval or clearance for the Covelya Acquisition or may attach terms or conditions to their approval or clearance, which could have a materially adverse effect on Kraken's ability to realize the anticipated benefits of, or complete, the Covelya Acquisition. The process of regulatory review could be lengthy and could extend beyond the Deadline. If the Company cannot complete the closing conditions prior to the Deadline because the review process of the relevant regulatory authorities extends beyond such timeframe or because the transactions contemplated by the Covelya Share Purchase Agreement are ultimately prohibited by one or more of the relevant regulatory authorities, the Covelya Acquisition may not be completed.

If the Covelya Acquisition is not completed, the net proceeds from the March 2026 Subscription Receipt Offering will be returned to holders of Subscription Receipts in accordance with the Subscription Receipt Agreement, and no Common Shares will be issued under the March 2026 Subscription Receipt Offering (the "**Termination Payment**"). The Termination Payment will be made from the balance of the net proceeds from the March 2026 Subscription Receipt Offering held in escrow, and any interest earned thereon at such time, provided that if the balance of the escrowed net proceeds is insufficient to cover the aggregate of the Termination Payments, under the Subscription Receipt Agreement, the Company will be required to pay to the holders of Subscription Receipts the shortfall between the amount of escrowed net proceeds (and any interest earned thereon) and the aggregate of the Termination Payments due to the holders of Subscription Receipts.

Strategic Relationships, Investments and Acquisitions

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. As part of the business strategy of the Company, it may expand its product offerings to include products that are complementary to its existing products. This strategy may involve technology licensing agreements, joint development agreements, investments, or acquisitions of other businesses that offer complementary products. The risks that may be encountered in acquiring or licensing technology from third parties include the following:

- difficulty in integrating the third-party product with the products of the Company;

- undiscovered software errors in the third-party product;
- difficulties in selling the third-party product;
- difficulties in providing satisfactory support for the third-party product;
- potential infringement claims from the use of the third-party product; and
- discontinuation of third-party product lines.

The risks commonly encountered in the investment in or acquisition of businesses would accompany any future investments or acquisitions by the Company. Such risks may include the following:

- issues related to product transition (such as development, distribution, and customer support);
- the substantial management time devoted to such activities;
- the potential disruption of the Company's ongoing business;
- undisclosed liabilities;
- failure to realize anticipated benefits (such as synergies and cost savings);
- the difficulty of integrating previously-distinct businesses into one business unit; and
- technological uncertainty regarding the current and future functionality of the product.

Additional Capital

The Company may require additional capital, in which case it may need to raise additional funds from equity markets or lenders in the future. If the expenditures of the Company exceed its incoming cash flows, the Company may be required to raise additional capital. In addition, the Company may choose to pursue additional financing in order to capitalize on potential opportunities in the marketplace that may accelerate its growth objectives. The Company's ability to arrange such financing in the future will depend in part on the prevailing capital market conditions, as well as on its business performance. There can be no assurance that the Company will be successful in its efforts to raise additional funds, if needed, on satisfactory terms. If additional capital is raised by the issuance of Common Shares, shareholders may experience dilution to their equity interest in the Company.

Growth Management

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. To manage this growth the Company must, amongst other things, continue to:

- improve its financial and management controls, reporting systems, and procedures;

- add and integrate new senior management personnel;
- improve its licensing models and procedures;
- hire, train, and retain qualified employees;
- maintain sufficient working capital;
- control expenses;
- diversify sales strategies; and
- invest in its internal networking infrastructure and facilities.

To the extent that this anticipated growth does not occur or occurs more slowly than the Company anticipates, the Company may not be able to reduce expenses to the same degree. If the Company incurs operating expenses out of proportion to revenue in any given quarter, its operating results may be adversely impacted.

Third Party Infringement Claims

The Company may receive claims that it has infringed the intellectual property rights of others. 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. In addition, former employers of our former, current, or future employees may assert claims that such employees have improperly disclosed to the Company the confidential or proprietary information of these former employers. Any such claim, with or without merit, could be time-consuming to defend, result in costly litigation, divert management's attention from the Company's core business, require it to stop selling or delay shipping, or cause the redesign of its product or products. In addition, the Company may be required to pay monetary amounts, such as damages, for royalty or licensing arrangements, or to satisfy indemnification obligations that it has with some of its customers.

The Company licenses and uses software from third parties in its business. These third-party software licenses may not continue to be available to the Company on acceptable terms. Also, these third parties may from time to time receive claims that they have infringed the intellectual property rights of others, including patent and copyright infringement claims, which may affect the Company's ability to continue licensing this software. The Company's inability to use any of this third-party software could result in shipment delays or other disruptions in its business, which could materially and adversely affect its operating results.

Defects

The Company's products may contain significant defects, which may result in liability and/or decreased sales. Despite efforts to test the products of the Company, significant errors or failures in such products may be experienced, or they might not work with other hardware or software as expected. This could delay the development or release of new products or new versions of products, or could adversely affect market acceptance of the Company's products. The Company's customers may claim that the Company is responsible for damages to the extent they are harmed by the failure of any of the Company's products. If the Company were to experience significant delays in the release of new products or new versions of

products, or if customers were dissatisfied with product functionality or performance, the Company could lose revenue or be subject to liability for service or warranty costs. Should this occur, the business and operating results of the Company could be adversely affected.

International Sales

Sales to international customers expose the Company to political and currency related risks, as well as legal and regulatory changes in the jurisdictions in which its customers operate.

Every transaction with international customers is subject to certain domestic and foreign laws and regulations, including, but not limited to import-export controls, technology transfer restrictions, taxation, the Corruption of Foreign Public Officials Act (Canada) and other anti-corruption laws. While the Company has firm policies in place to comply with such laws and regulations, a failure to comply with these laws and regulations could result in administrative, civil, or criminal liabilities, which would have an adverse effect on the business and operating results of the Company.

The Company's international business is very sensitive to alterations in regulations, political environments, and security risks that may have an influence on its ability to perform business operations outside of Canada, including those regarding taxation, investments, and repatriation of earnings. The international business of the Company may also be impacted by changes in foreign national priorities and government budgets and may be further affected by global economic circumstances and conditions, and fluctuations in foreign exchange rates.

Foreign Currency

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company's foreign currency risk arises from its working capital balances denominated in foreign currencies and on the investment in its foreign operations. The Company's financial statements are presented in Canadian dollars, however we use foreign currencies such as the Euro as our functional currency for our operations in Germany, as appropriate. Fluctuations in the exchange rate between the Euro and the Canadian dollar could negatively impact working capital balances denominated in foreign currencies and on the investment in its foreign operations to the extent that forward purchase contracts and financial derivatives do not fully mitigate the realized changes in foreign currency.

Foreign Operations

A significant portion of the Company's operations are in foreign jurisdictions, including in Germany, where the Company produces its subsea battery products and the United Kingdom where our service operations are based. In addition, the Company's growth plans may contemplate establishing operations in additional foreign jurisdictions, including countries where the political and economic systems may be less stable than those in Canada, Germany, and the United Kingdom. As such, our operations are exposed to various levels of political, economic and other risks and uncertainties different from those encountered by our Canadian operations. These risks and uncertainties vary from country to country and can include, but are not limited to, government regulations (or changes to such regulations) with respect to restrictions on production, government participation, export controls, taxation, tariffs, royalties, duties, fluctuations in exchange rates, high rates of inflation, expropriation of property, repatriation of profits, social and political unrest, environmental legislation, land use, local ownership requirements and land claims of local people, regional and national instability. These factors are beyond the Company's control and the

effect of these factors cannot be accurately predicted. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could adversely affect our business, financial condition, cash flows, future development and operations.

Foreign jurisdictions may have significantly different laws and regulations than Canada and there are cultural and language differences between these countries and Canada. Also, the Company faces challenges inherent in efficiently managing employees over large geographical distances, including the challenges of staffing and managing operations in multiple international locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's other operations. There can be no assurance that difficulties associated with the Company's foreign operations can be successfully managed.

Management of Growth and Acquisition Integration

The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, any negative impact may have a material adverse effect on the Company's business, financial condition, results of operation and prospects.

In addition, the realization of the benefits of acquisitions made by the Company depends in part on successfully consolidating functions and integrating and leveraging operations, procedures and personnel in a timely and efficient manner as well as the Company's ability to share knowledge and realize revenues, synergies and other growth opportunities from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may depend on a number of factors, including without limitation: (i) the input of substantial management effort, time and resources; (ii) the successful incorporation of key personnel from acquired companies for post-acquisition periods; and (iii) the execution of effective non-competition agreements with certain employees or ex-employees of the acquired companies. Furthermore, there is no guarantee that the Company will be able to continue developing operations in its current jurisdictions or expand into new jurisdictions. Any such activities will require, among other things, various regulatory and other third-party approvals, licenses and permits and there is no guarantee that any or all required approvals, licenses and permits will be obtained.

ITEM 6: DIVIDENDS

No dividends have been paid during the Company's three most recently completed financial years. The Company does not have a formal dividend policy and it is not expected that one will be implemented during the current financial year. For the foreseeable future, should the Company generate any future earnings, such cash resources will be retained and utilized to finance further growth and enhance current operations. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future based on the financial position of the Company and other factors relevant at that time.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

7.1 Authorized and Issued Capital

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares, without par value, of which 307,175,048 Common Shares are issued and outstanding as of the date of this AIF.

The holders of Common Shares are entitled to one vote for each Common Share held and shall be entitled to dividends if, as and when declared by the Board of Directors. Holders of Common Shares are entitled, on liquidation, dissolution or winding up to receive such assets of the Company as are distributable to the holders of the Common Shares. There are no pre-emptive, redemption, retraction, purchase or conversion rights attaching to the Common Shares.

Subscription Receipts

As of the date of this AIF, 47,353,550 Subscription Receipts are outstanding. In connection with the Covelya Acquisition and pursuant to the March 2026 Subscription Receipt Offering, Kraken issued 47,353,550 Subscription Receipts on March 12, 2026. Each Subscription Receipt is convertible, for no additional consideration, into one Common Share upon the satisfaction of the Release Conditions. As of the date of this AIF, no Subscription Receipts have been converted. If the Release Conditions are not satisfied or waived on or prior to the Deadline, or the Covelya Acquisition is otherwise terminated before that time, the holders of Subscription Receipts will receive a cash payment equal to the $8.50 per Subscription Receipt held plus their pro rata share of the interest earned on the invested net proceeds of the March 2026 Subscription Receipt Offering between the closing date of the March 2026 Subscription Receipt Offering and the cancellation of the Subscription Receipts. The Subscription Receipts were issued pursuant to, and governed by, the terms and conditions of the Subscription Receipt Agreement.

Options and Warrants

As at the date of this AIF, the Company has no Common Share purchase warrants outstanding and has the following Stock Options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	2,673,000	2,673,000	$0.395	May 3, 2027
Options	40,000	40,000	$0.37	September 6, 2027
Options	400,000	400,000	$0.59	December 7, 2027
Options	75,000	75,000	$0.63	January 30, 2028
Options	100,000	100,000	$0.58	February 27, 2028
Options	400,000	400,000	$0.495	November 20, 2028
Options	5,421,250	1,202,916	$1.14	July 9, 2031
Options	3,400,000	162,500	$2.42	June 4, 2032
Options	30,000	0	$3.46	August 22, 2032
Options	150,000	0	$4.59	October 1, 2032
Options	1,350,000	0	$8.50	March 13, 2033
Options	100,000	0	$8.50	March 26, 2033
Options	100,000	0	$8.50	March 30, 2033

Options	250,000	0	$8.50	April 1, 2033
Options	150,000	0	$8.50	April 15, 2033

ITEM 8: MARKET FOR SECURITIES

8.1 Price Range and Trading Volume

The Common Shares of the Company currently trade on the Exchange in Canada under the symbol "PNG" and the OTCQB market in the United States under the symbol "KRKNF". As of December 31, 2025, the closing price of the Company's Common Shares was $6.40 per share on the Exchange and US$4.668 on the OTCQB.

The following table sets out the volume of trading and the closing price ranges of the Company's Common Shares, on the Exchange in Canada, for the most recently completed financial year and the current year to date:

Month / Year	High ($)	Low ($)	Trading Volume
April 1 – 15, 2026	$9.07	$7.80	10,983,041
March 2026	$10.72	$7.46	52,472,491
February 2026	$8.92	$7.07	26,965,354
January 2026	$9.23	$6.52	47,196,850
December 2025	$6.50	$5.51	20,767,718
November 2025	$6.62	$4.83	39,564,040
October 2025	$7.44	$4.46	55,916,493
September 2025	$4.74	$3.31	22,807,002
August 2025	$3.925	$3.28	21,991,562
July 2025	$3.885	$2.99	28,816,451
June 2025	$3.10	$2.34	32,734,449
May 2025	$2.59	$2.24	14,671,859
April 2025	$2.64	$2.06	14,302,022
March 2025	$2.70	$2.06	16,011,034
February 2025	$2.75	$2.09	17,245,257
January 2025	$3.01	$2.42	26,387,942

The Subscription Receipts currently trade on the Exchange in Canada under the symbol "PNG.R". The Subscription Receipts were listed on March 12, 2026 at a price of $8.50.

The following table sets out the volume of the trading and the closing price ranges of the Company's Subscription Receipts, on the Exchange in Canada, since the Subscription Receipts commenced trading on the Exchange.

Month / Year	High ($)	Low ($)	Trading Volume
April 1 – 15, 2026	$9.00	$7.67	338,843
March 12 – 31, 2026	$10.20	$7.38	2,932,962

8.2 Prior Sales

During the 12 months of the financial year ending December 31, 2025, the Company issued the following unlisted securities convertible into Common Shares at the following prices:

Date	Type of Security	Number of Securities/Principal Amount	Price per Security
June 4, 2025	Options	3,425,000	$2.42
August 22, 2025	Options	30,000	$3.46
October 1, 2025	Options	300,000	$4.59

ITEM 9: ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the date of this AIF, no securities of the Company are held in escrow or subject to any contractual restriction on transfer.

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS

10.1 Name, Occupation and Security Holding

As of December 31, 2025, the name, municipality and country of residence, positions and offices held with the Company, principal occupation of each of the directors and executive officers of the Company is as follows:

Name, Province of Residence and Position with the Company	Principal Occupation During the Past Five Years	Date First Appointed	Number and Percentage of Common Shares held[(1)]
Greg Reid Toronto, ON, Canada *President & CEO, Director*	President & CEO of Kraken, COO of Kraken	June 1, 2015	7,361,309 2.4%
Joseph MacKay Halifax, NS, Canada *CFO & Corporate Secretary*	CFO of Kraken	July 15, 2019	1,113,000 <1%
David Shea Halifax, NS, Canada *Executive Vice-President, Products & Chief Technology Officer*	Senior Vice President, Engineering of KRSI; Vice President, Engineering of KRSI	February 18, 2015	878,954 <1%

Name, Province of Residence and Position with the Company	Principal Occupation During the Past Five Years	Date First Appointed	Number and Percentage of Common Shares held[1]
Lynne Adu Aberdeen, Scotland, U.K. *Executive Vice-President & Chief Commercial Officer*	Vice-President, Commercial at Kraken	October 29, 2018	Nil
Bernard Mills Halifax, NS, Canada *Executive Vice-President, Defence*	Director, Kraken Managing Director, Stelia North, President of Ultra Sonar Systems	January 12, 2026 (prior to was appointed to the Board of Directors on November 30, 2022)	Nil
Nathaniel Spencer Alexandria, VA United States *Chief Operating Officer*	Managing Director, Kraken Power, Vice President Service Delivery, Kraken	July 9, 2024	20,000 <1%
Kim Butler[2] Ottawa, ON, Canada *Director*	CFO, CENX CFO, Bridgewater Systems	December 4, 2025	Nil
Admiral Michael Connor[3] Mystic, CT, United States *Director*	CEO of ThayerMahan Inc.	October 4, 2017	300,000 <1%
Peter Hunter Boston, MA, United States *Chairman*	Chairman and Managing Partner, Artemis Capital Partners, L.P.	November 20, 2023	Nil
Shaun McEwan[3] Ottawa, ON, Canada *Director*	President, ADGA Group Consultants Inc.	December 1, 2016	275,000 <1%
Kristin Robertson[2] Keswick, VA, United States *Director*	President, Raytheon Technologies Vice President, Boeing	June 4, 2025	Nil

Notes:

1. The approximate number and percentage of Common Shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each director or executive officer as of the date of this AIF. This information is not within the knowledge of the management of the Company and has been furnished by the respective individuals, or has been extracted from the register of shareholdings maintained by the Company's transfer agent or from Insider reports filed by the individuals and available through SEDI at www.sedi.ca.
2. Member of the Audit Committee.
3. Member of the Compensation Committee.
4. Each Director and Officer of the Company will hold office until the next annual general meeting of shareholders of the Company.

10.2 Shareholdings of Directors and Senior Officers

As of the date of this AIF, the directors and executive officers of the Company, as a group, own beneficially, directly or indirectly, or exercise control or direction over 9,948,263 Common Shares or 3.2% of the issued and outstanding Common Shares of the Company on an undiluted basis.

10.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed herein, to the knowledge of the Company, none of the directors or executive officers of the Company, and no shareholder of the Company holding sufficient number of securities of the

Company to affect materially the control of the Company is, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, where "order" refers to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Except as disclosed herein, to the knowledge of the Company, none of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person, or

(b) has, within the 10 years before the date of the AIF, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, as at the date of this AIF, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

10.4 Conflicts of Interest

Some of the directors and officers of the Company or a subsidiary of the Company are or may be engaged in business activities on their own behalf and on behalf of other corporations and situations may arise where some of the directors may be in a potential conflict of interest with the Company. Conflicts, if any, will be subject to the procedures and remedies under the CBCA or other applicable corporate legislation.

ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

11.1 Legal Proceedings

The Company is not aware of any material or contemplated legal proceedings to which it is or was a party to, or of which any of its property is or was the subject.

11.2 Regulatory Actions

The Company is not aware of any:

(a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2025;

(b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or

(c) settlement agreements the Company has entered into with a court relating to securities legislation or with the securities regulatory authority during the financial year ended December 31, 2025.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF, none of the following persons has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Company:

(a) a director or executive officer of the Company;

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares; and

(c) any known Associate or Affiliate of any of the persons or companies referred to in (a) or (b).

ITEM 13: TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for its Common Shares is Computershare Investor Services Inc. with an office at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

ITEM 14: MATERIAL CONTRACTS

Other than the June 2025 Underwriting Agreement, the Covelya Share Purchase Agreement, the March 2026 Underwriting Agreement, and the Subscription Receipt Agreement, the details of which have been disclosed herein and which are available on the Company's SEDAR+ profile at www.sedarplus.ca, the Company currently does not have any material contracts:

(a) required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, or

(b) that would be required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, but for the fact that it was previously filed.

ITEM 15: INTEREST OF EXPERTS

15.1 Names of Experts

The persons referred to below have been named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under the Instrument during, or relating to, the Company's financial year ended December 31, 2025 and for the subsequent period to date:

- Ernst & Young LLP, Chartered Accountants, who have prepared an independent Auditor's report dated April 10, 2026 in respect of the financial statements of Kraken for the years ended December 31, 2025 and 2024.

15.2 Interests of Experts

Based on information provided by the experts, none of the experts named under "Names of Experts", when or after they prepared the statement, report or valuation, has received any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's Associates or Affiliates (based on information provided to the Company by the experts) or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any Associate or Affiliate of the Company.

ITEM 16: ADDITIONAL INFORMATION

Additional information relating to Kraken may be found under the Company's profile on SEDAR+ at www.sedarplus.ca. Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable and financial information is contained in the Company's Management Proxy Circular dated May 12, 2025. Further financial information is provided in the Company's audited Financial Statements and MD&A for its most recently completed financial year ended December 31, 2025.

ITEM 17: GLOSSARY

In addition to the terms otherwise defined herein, the following terms used in this AIF have the meanings set forth below:

"**$**"	Means Canadian dollars.
"**3DAD**"	Means 3D at Depth Limited, a wholly owned subsidiary of KRSUS, registered under the laws of the United Kingdom.
"**ACR**"	Means "**area coverage rate**", typically qualified as the area of seabed (expressed in square kilometres) that can be surveyed in a standard unit of time (expressed in hours). Standard units are km^2/hr.

"**Affiliate**"	Means a company that is affiliated with another company as follows: (a) a company is an "**Affiliate**" of another company if: (i) one of them is the subsidiary of the other; or (ii) each of them is controlled by the same Person; (b) a company is "**controlled**" by a Person if: (i) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company; (c) a Person beneficially owns securities that are beneficially owned by: (i) a company controlled by that Person; or (ii) an Affiliate of that Person or an Affiliate of any company controlled by that Person.
"**Associate**"	Means a relationship with an individual or company: (a) an issuer of which the Person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer; (b) any partner of the Person or company; (c) any trust or estate in which a Person or company has a substantial beneficial interest or in respect of which an individual or company serves as trustee or in a similar capacity; (d) in the case of an individual, a relative of that individual, including: (i) that Person's spouse or child; or (ii) any relative of the Person or of his spouse who has the same residence as that Person.
"**AUV**"	Means autonomous underwater vehicle, a pre-programmed underwater vehicle that is not controlled by an operator.
"**bathymetry**"	Means the study of underwater depth of lake, seas, or ocean floors. Bathymetry is the underwater equivalent to topography.
"**Board of Directors**"	Means the board of directors of the Company.
"**CBCA**"	Means the Canada Business Corporations Act.
"**Common Shares**"	Means the issued and outstanding common shares of the Company.
"**Company**" **or** "**Kraken**"	Means Kraken Robotics Inc.
"**Covelya Group**"	Means Covelya Group Limited.
"**Exchange**"	Means the TSX Venture Exchange.
"**Insider**"	If used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a corporation that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities.
"**Instrument**"	Means National Instrument 51-102 – *Continuous Disclosure Obligations*.
"**ITAR**"	Means the United States' International Traffic in Arms Regulation.
"**KATFISH™**"	Means Kraken's KATFISH™ high-speed minehunting solution.
"**KPG**"	Means Kraken Power GmbH, a wholly-owned subsidiary of KRSI registered under the laws of the Republic of Germany.

"**KRB**"	Means Kraken Robotics Brasil Ltda, a wholly-owned subsidiary of KRSI registered under the laws of Brazil.
"**KRD**"	Means Kraken Robotics Denmark ApS, a wholly-owned subsidiary of KRSI registered under the laws of Denmark.
"**KRG**"	Means Kraken Robotik GmbH, a wholly-owned subsidiary of the Company registered under the laws of the Republic of Germany.
"**KRSI**"	Means Kraken Robotic Systems Inc., a wholly-owned subsidiary of the Company registered under the federal laws of Canada.
"**KRSUK**"	Means Kraken Robotics Services UK Limited., a wholly owned subsidiary of KRSI registered under the laws of the United Kingdom.
"**KRSUS**"	Means Kraken Robotics Services US Inc., a wholly-owned subsidiary of the Company registered under the laws of Delaware, USA.
"**KRUS**"	Means Kraken Robotics US Inc., a wholly-owned subsidiary of KRSI registered under the laws of Delaware, USA.
"**LARS**"	Means Launch and Recovery System, an electro-mechanical system used to both deploy and remove underwater vehicles from launch and recovery point (the surface vessel or dock).
"**MINSAS**"	Means Miniature Interferometric Synthetic Aperture Sonar.
"**Ocean Infinity**"	Means Ocean Infinity Limited.
"**PanGeo**"	Refers to PanGeo SubSea Inc., which is now part of KRSUK.
"**Person**"	Means a company or an individual.
"PGH Capital"	Means PGH Capital Inc., a prior subsidiary of KRSI.
"**RaaS**"	Means the Company's Robotics as a Service business.
"**ROV**"	Means Remotely Operated Vehicle, tethered underwater vehicles remotely controlled by an operator on a surface ship.
"**SAR**"	Means Synthetic Aperture Radar, a form of radar that is used to create high resolution images of objects, such as landscapes. SAR uses the motion of the radar antenna over a target region to provide finer spatial resolution than conventional beam-scanning radars. SAR is typically mounted on a moving platform, such as an aircraft or spacecraft.
"**SAS**"	Means Synthetic Aperture Sonar, the underwater cousin of SAR. SAS is a form of sonar in which sophisticated signal processing is used in combining a number of acoustic pings to form an image with much higher along-track resolution than conventional sonars.
"**SSS**"	Means Side Scan Sonar, a specialized system for detecting objects on the seafloor. Like other sonars, a side scan transmits sound energy and analyses the return signal (echo) that has bounced off the seafloor or other objects.
"**Stock Option Plan**"	Means the incentive stock option plan of the Company.

"**Stock Options**"	Means the incentive stock options to purchase Common Shares pursuant to the terms of the Stock Option Plan.
"**Towfish**"	Means underwater vehicles that are tethered to a ship and towed below the water surface.
"**UMS**"	Means Unmanned Maritime System.
"**UMV**"	Means Unmanned Maritime Vehicle.
"**USV**"	Means Unmanned Surface Vessel, a vehicle that operates on the surface of the water without a crew.
"**UUV**"	Means Unmanned Underwater Vehicle.
"**XLUUV**"	Means Extra Large Unmanned Underwater Vehicle.

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