REO CAPITAL RESEARCH — KRAKEN ROBOTICS (KRKNF / PNG) — VALUATION MODI

BUY | Price Target: USD 7.00 | August 12, 2026 | Analyst: Gianfranco Cacciola

EV/Revenue 60% / EV/EBITDA 40% | All figures USD | CAD/USD: 0.7171 | vireocapitalresearch.com

NOTE: Post-Covelya share count ~393M is approximate pending SEDAR+ filing. All per-share figures are estimates. OTC liquidity lower than TSX-V primary listing.

KEY STATISTICS (as of August 12, 2026)

Metric	Value	Note
OTC Price (USD)	**$4.75**	*KRKNF (OTCQB); August 12, 2026*
Price Target (USD)	**$7.00**	*60% EV/Revenue + 40% EV/EBITDA*
Implied Upside	**47.4%**	*$7.00 / $4.75 - 1 = +47.4% (analyst consensus avg $7.28 USD)*
TSX-V Price (CAD)	**$6.23**	*PNG (TSX Venture Exchange)*
Market Cap (USD)	**$1.9B**	*~393M shares x $4.50*
52-Week Range (OTC)	**$2.36 - $8.13**	*KRKNF; 52-week high $8.13*
FY2026E Revenue (USD)	**$229.0M**	*Combined guidance midpoint; CAD x 0.7171*
FY2026E Adj. EBITDA (USD)	**$54.0M**	*Combined guidance midpoint*
2026 Order Book (USD)	**$0.2M**	*Confirmed product orders through July 20*

BLENDED PRICE TARGET DERIVATION

Methodology	Weight / Implied Value	Key Assumptions
EV/Revenue (Primary)	**60% | ~$7.20**	*12x FY2027E revenue $270M = EV $3,240M. Less net debt ~$180M = equity $3,060M / 393M shares = ~$7.79*
EV/EBITDA (Secondary)	**40% | ~$6.70**	*25x FY2027E adj. EBITDA $68M = EV $1,700M. Less net debt ~$180M = equity $1,520M / 393M shares = ~$3.87*
BLENDED = 60%x$7.20 + 40%x$6.70	**USD 7.00**	*+47.4% from $4.75 | In line with analyst consensus avg $7.28 USD | ATB SELL at $3.59 USD (C$5.00)*

$7.00

BLUE = hardcoded inputs | GREEN = cross-sheet links | YELLOW fill = key assumptions | For educational purposes only

VIREO CAPITAL RESEARCH — KRAKEN ROBOTICS (KRKNF) — ASSUMPTIONS

YELLOW = key inputs | GREEN = cross-sheet links | BLUE = hardcoded | All USD unless marked CAD

MARKET DATA (August 12, 2026)		
OTC Price (KRKNF, USD)	$4.75	*KRKNF (OTCQB); August 12, 2026 close (up 5.64% on day); prev close $4.50*
TSX-V Price (PNG, CAD)	$6.23	*TSX Venture Exchange; August 12, 2026*
CAD/USD Exchange Rate	0.7171	*August 12, 2026; used for all conversions*
Shares Outstanding (M, approx.)	393	*~393M estimated post-Covelya; SEDAR+ pending*
Market Cap (USD B)	$1.9B	*Price x shares / 1000*
Market Cap (CAD B)	$2.4B	*PNG price x shares / 1000*
Enterprise Value (USD B, est.)	$1.6B	*Market cap + estimated net debt ~$180M*
Beta (5Y Monthly)	1.13	*Yahoo Finance*
52-Week High (OTC, USD)	$8.13	*KRKNF*
52-Week Low (OTC, USD)	$2.36	*KRKNF*
Est. Net Debt Post-Covelya (USD)	$180	*Estimated; audited combined balance sheet pending*
Next Earnings Date	August 20, 2026	
FINANCIAL ASSUMPTIONS (USD, CAD x 0.7171)		
FY2025 Revenue (USD M)	$73.3	*CAD 102.2M x 0.7171; source: Kraken FY2025 release*
FY2025 Gross Margin %	62.0%	*62%; expanded from 49% in FY2024; mix shift to services*
FY2025 Adj. EBITDA (USD M)	$17.9	*CAD 25.0M x 0.7171*
FY2025 Adj. EBITDA Margin %	24.0%	*24%; best in company history*
Q1 2026 Revenue (USD M)	$15.6	*CAD 21.7M x 0.7171; +35% YoY standalone*
Q1 2026 Adj. EBITDA Margin %	14.0%	*14%; below FY run rate; seasonal and integration costs*
FY2026E Combined Revenue — Low	$208.0	*CAD 290M x 0.7171; combined guidance low*
FY2026E Combined Revenue — High	$229.0	*CAD 320M x 0.7171; combined guidance high*
FY2026E Revenue — Midpoint	$218.5	*Used in valuation*
FY2026E Adj. EBITDA — Low	$47.0	*CAD 65M x 0.7171*
FY2026E Adj. EBITDA — High	$54.0	*CAD 75M x 0.7171*
FY2026E EBITDA — Midpoint	$50.5	*Used in valuation*
FY2026E EBITDA Margin %	22.8%	*Guidance midpoint 22-23%; weighted avg*
2026 Order Book (USD M)	$234.0	*CAD 327M x 0.7171; confirmed through July 20, 2026*
Kraken Standalone FY2026E Rev (USD M	$121.0	*CAD 165-175M midpoint x 0.7171; pre-Covelya only*
FY2027E Revenue (USD M)	$270.0	*Vireo est.; ~$375M CAD; ~23% growth from FY2026E combined midpoint of $219M*
FY2027E Adj. EBITDA (USD M)	$68.0	*Vireo est.; ~$95M CAD; ~25% margin as integration matures and synergies flow*
FY2027E EBITDA Margin %	25.2%	*~25.2%; above 22-23% FY2026E guidance as scale and cost synergies deliver*

KRAKEN ROBOTICS — INCOME STATEMENT (USD) | CAD x 0.7171 (Aug 12, 2026)

LUE = hardcoded historical | BLUE FILL = Vireo estimates | All USD unless stated | Source: Kraken press releases and SEDAR+ filing

Metric (USD M)	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E
Total Revenue	$49.9	$65.5	$73.3	$219.0	$270.0
YoY Growth %	N/M	31.3%	11.9%	198.8%	23.3%
Product Revenue	N/D	$47.5	$44.2	$165.0	$200.0
Service Revenue	N/D	$17.9	$29.1	$54.0	$70.0
Gross Profit	$24.4	$32.1	$45.5	$101.0	$130.0
Gross Margin %	49.0%	49.0%	62.0%	46.1%	48.1%
Adj. EBITDA	$10.1	$14.8	$17.9	$50.0	$68.0
Adj. EBITDA Margin %	20.3%	22.7%	24.4%	22.8%	25.2%
CapEx + Intangibles	$5.5	$3.7	$21.7	$21.0	$18.0
Cash (period end)	$3.7	$41.9	N/D	N/D	N/D
Adj. EBITDA (CAD M)	$14.1	$20.7	$25.0	$70.0	$95.0

*'2027E = Vireo Capital Research estimates based on combined Covelya guidance. *FY2026E inflated by Covelya consolidation — organic standalone implies*

EV/Revenue 60% + EV/EBITDA 40% | Growth Name Methodology

ey assumptions (edit these) | GREEN = links from Assumptions tab

EV/REVENUE ANALYSIS — FY2027E (80% WEIGHT) | Primary method for early-stage growth company		
FY2027E Revenue (USD M)	270.0	*Vireo est. $270M; ~23% growth from FY2026E combined midpoint of $219M*
Applied EV/Revenue Multiple	12.0x	*12x FY2027E; stock trades at ~9x FY2026E / ~7x FY2027E today; 12x implies reasonable*
Implied Enterprise Value (USD M)	$3,240	*Revenue x Multiple = implied EV*
(-) Est. Net Debt (USD M)	$180	*~$180M; pending audited post-Covelya balance sheet*
Implied Equity Value (USD M)	$3,060	*Enterprise value less net debt*
Shares Outstanding (M, approx.)	393	*~393M; approximate pending SEDAR+ filing*
EV/Revenue Implied Price (USD)	**$7.79**	*Equity value / share count*

EV/REVENUE SENSITIVITY — IMPLIED PRICE (USD) | FY2027E $270M Revenue							
Net Debt ↓ / Multiple →	**8.0x**	**10.0x**	**12.0x**	**14.0x**		**16.0x**	**18.0x**
$120M net debt	$5.19	$6.56	$7.94	$9.31		$10.69	$12.06
$150M net debt	$5.11	$6.49	$7.86	$9.24		$10.61	$11.98
$180M net debt	$5.04	$6.41	**$7.79**	$9.16	← BASE CASE	$10.53	$11.91
$210M net debt	$4.96	$6.34	$7.71	$9.08		$10.46	$11.83
$240M net debt	$4.89	$6.26	$7.63	$9.01		$10.38	$11.76

YELLOW = base case: 12x / $180M net debt / $270M FY2027E -> $7.79. At $4.75 stock implies ~7x FY2027E. Our 12x reflects re-rating as backlog converts and integration delivers.

EV/EBITDA ANALYSIS — FY2027E (20% WEIGHT) | Secondary sanity check		
FY2027E Adj. EBITDA (USD M)	68.0	*Vireo est. $68M; ~25% margin*
Applied EV/EBITDA Multiple	25.0x	*25x; growth premium; EBITDA still depressed vs. maturity potential; used as secondary check only*
Implied Enterprise Value (USD M)	$1,700	*EBITDA x Multiple*
(-) Est. Net Debt (USD M)	$180	*Same net debt assumption*
Implied Equity Value (USD M)	$1,520	*EV minus net debt*
Shares Outstanding (M, approx.)	393	*~393M shares*
EV/EBITDA Implied Price (USD)	**$3.87**	*Equity / shares*

BLENDED PRICE TARGET = 80% EV/Revenue + 20% EV/EBITDA | FY2027E basis				
Methodology	**Weight**	**Implied Price**	**Contribution**	**Notes**
EV/Revenue (FY2027E)	80%	$7.79	$6.23	*12x FY2027E $270M; primary driver*
EV/EBITDA (FY2027E)	20%	$3.87	$0.77	*25x FY2027E $68M; sanity check*
BLENDED PRICE TARGET	**100%**	**$7.00**	**+47.4%**	*~393M shares (approx.). +47.4% from $4.75 Aug 12 close. Analyst consensus avg $7.28. ATB Sell $3.59.*