UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number: 001-40611

NAUTICUS ROBOTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**85-1699753**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

17146 FEATHERCRAFT LANE, SUITE 450,
WEBSTER, TEXAS 77598
(Address of principal executive offices and zip code)

(281) 942-9069
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock	KITT	The Nasdaq Capital Market
Redeemable Warrants	KITTW	The Nasdaq Capital Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes o No x

As of May 12, 2026, the registrant had 5,002,925 shares of common stock outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements appear in a number of places in this Form 10-Q including, without limitation, in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "should," "would" and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements are based on the current expectations of our management and are inherently subject to uncertainties and changes in circumstances and their potential effects and speak only as of the date such statements are made. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those described in "Item 1A. Risk Factors" and other sections in the Annual Report on Form 10-K filed by us on April 15, 2026, and in our prospectus or any prospectus supplement which are on file with the Securities and Exchange Commission.

These and other factors could cause actual results to differ from those implied by the forward-looking statements. Forward-looking statements are not guarantees of performance and speak only as of the date hereof. There can be no assurance that future developments will be those that have been anticipated or that we will achieve or realize these plans, intentions, or expectations.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, statements of belief and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date they are made, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NAUTICUS ROBOTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2026 (Unaudited)	December 31, 2025
Assets		
Current Assets:		
Cash and cash equivalents	$ 5,285,230	$ 7,016,610
Restricted cash	602,796	600,342
Accounts receivable, net	-	378,683
Prepaid expenses	1,511,810	1,055,324
Other current assets	190,533	203,025
Total Current Assets	7,590,369	9,253,984
Property and equipment, net	21,251,878	21,827,769
Operating lease right-of-use assets, net	467,140	559,005
Other assets	71,290	91,276
Goodwill	9,600,745	9,600,745
Intangible assets, net	1,228,016	1,276,916
Total Assets	$ 40,209,438	$ 42,609,695
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,158,759	$ 3,128,459
Accrued liabilities	9,667,067	9,807,668
Operating lease liabilities - current	446,572	434,200
Notes payable - current	2,873,598	2,628,234
November 2024 Debentures - current, fair value option (related party)	1,298,728	163,672
Senior Secured Convertible Term Loan - current, net of discount (related party)	14,752,299	14,113,871
Senior Secured Convertible Term Loan - current, net of discount	4,974,978	4,939,247
Other liabilities	178,188	160,110
Total Current Liabilities	35,350,189	35,375,461
Warrant liabilities	8,262	11,281
Operating lease liabilities - long-term	87,925	203,547
Derivative liability	515,827	-
Total Liabilities	$ 35,962,203	$ 35,590,289
Stockholders' Equity:		
Series A Convertible Preferred Stock $0.0001 par value; 40,000 shares authorized and 5,546 shares issued and outstanding at March 31, 2026 and December 31, 2025.	1	1
Series B Convertible Preferred Stock $0.0001 par value; 50,000 shares authorized and 2,263 and 2,813 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively.	-	-
Series C Convertible Preferred Stock $0.0001 par value; 100,000 shares authorized and 3,777 and 2,154 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively.	-	-

Common stock, $0.0001 par value; 625,000,000 shares authorized and 4,291,998 and 3,601,400 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively.*	429	360
Additional paid-in capital	337,266,475	330,581,384
Accumulated other comprehensive income	(42,229)	(42,229)
Accumulated deficit	(332,977,441)	(323,520,110)
Total Stockholders' Equity	4,247,235	7,019,406
Total Liabilities and Stockholders' Equity	$ 40,209,438	$ 42,609,695

* Reflects the 1-for-9 reverse split effected September 5, 2025 and the 1-for-8 effected April 21, 2026.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NAUTICUS ROBOTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue:		
Service	$ 159,575	$ 165,256
Total revenue	159,575	165,256
Costs and expenses:		
Cost of revenue (exclusive of items shown separately below)	1,993,894	1,238,957
Depreciation and amortization	624,791	480,376
General and administrative	3,224,907	4,359,686
Total costs and expenses	5,843,592	6,079,019
Operating loss	(5,684,017)	(5,913,763)
Other (income) expense, net:		
Other (income) expense, net	(3,145)	(137,397)
Foreign currency transaction loss	970	3,267
Loss on extinguishment of debt	929,508	-
Change in fair value of derivative	515,827	-
Change in fair value of warrant liabilities	(3,019)	(50,888)
Change in fair value of November 2024 Debentures	1,188,840	723,926
Interest expense, net	953,083	1,114,516
Total other expense, net	3,582,064	1,653,424
Net loss	$ (9,266,081)	$ (7,567,187)
Basic and diluted loss per share*	$ (2.46)	$ (19.85)
Basic and diluted weighted average shares outstanding*	3,840,563	381,215

* Reflects the 1-for-9 reverse split effected September 5, 2025 and the 1-for-8 effected April 21, 2026.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NAUTICUS ROBOTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES OF STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock			Common Stock* (As adjusted, see Note 15)		Additional Paid-in Capital *	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	Amount				
Balance at December 31, 2024	**35,034 $**	**4**			**-**		**-**	**135,582**	**$ 14**	**$233,343,150**	**$ (42,229)**	**$(253,698,352)**	**$ (20,397,413)**
Stock-based compensation	-	-	-	-	-		-	-	-	312,679	-	-	312,679
Conversion of Term Loan notes to Common Stock	-	-	-	-	-		-	25,075	3	2,870,570	-	-	2,870,573
Conversion of Series A Preferred Stock to Common Stock	(15,188)	(2)	-	-	-		-	222,476	22	(20)	-	-	-
At the Market (ATM) share offering	-	-	-	-	-		-	104,012	10	19,438,111	-	-	19,438,121
Earnout shares	-	-	-	-	-		-	-	-	6,864,729	-	-	6,864,729
Vesting of RSUs	-	-	-	-	-		-	825	-	-	-	-	-
Other	-	-	-	-	-		-	272	-	-	-	-	-
Net loss	-	-	-	-	-		-	-	-	-	-	(7,567,187)	(7,567,187)
Balance at March 31, 2025	**19,846 $**	**2**	**0 $**	**-**	**0**	**$**	**-**	**488,242**	**$ 49**	**$ 262,829,219**	**$ (42,229)**	**$ (261,265,539)**	**$ 1,521,502**
Balance at December 31, 2025	**5,546 $**	**1**	**2,813**	**-**	**2,154**		**-**	**3,601,400**	**$ 360**	**$330,581,384**	**$ (42,229)**	**$(323,520,110)**	**$ 7,019,406**
Stock-based compensation	-	-	-	-	-		-			225,552	-	-	225,552
Conversion of November 2024 Debentures to Common Stock	-	-	-	- -	-		-	27,932	3	283,788			283,791
Exchange of November 2024 Debentures for Series C Preferred Stock	-	-	-	-	2,023		-	-	-	3,659,502	-	-	3,659,502
Conversion of Series B Preferred Stock to Common Stock	-	-	-550	-	-		-	146,781	15	(15)	-	-	-
Conversion of Series C Preferred Stock to Common Stock	-	-	-	-	-400		-	67,320	7	(7)	-	-	-
At the Market (ATM) share offering	-	-	-	-	-		-	364,264	36	2,343,108	-	-	2,343,144

Issuance of shares for settlement of Seatrepid Earnout	-	-	-	-	-	-	83,944	8	(8)	-	-	-
Vesting of RSUs	-	-	-	-	-	-	357	-	-	-	-	-
Preferred stock dividend	-	-	-	-	-	-	-	-	173,171	-	(191,250)	(18,079)
Net loss	-	-	-	-	-	-	-	-	-	-	(9,266,081)	(9,266,081)
Balance at March 31, 2026	**5,546**	**$ 1**	**2,263**	**$ -**	**3,777**	**$ -**	**4,291,998**	**$ 429**	**$ 337,266,475**	**$ (42,229)**	**$ (332,977,441)**	**$ 4,247,235**

* Reflects the 1-for-9 reverse split effected September 5, 2025 and the 1-for-8 effected April 21, 2026.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NAUTICUS ROBOTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash flows from operating activities:		
Net loss	$ (9,266,081)	$ (7,567,187)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	624,791	480,376
Accretion of debt discount	9,976	9,895
Amortization of debt issuance cost	111,840	173,447
Capitalized paid-in-kind (PIK) interest	179,939	166,882
Accretion of exit fee	12,600	24,152
Stock-based compensation	225,552	312,679
Change in fair value of warrant liabilities	(3,019)	(50,888)
Change in fair value of November 2024 Debentures	1,188,840	723,926
Loss on extinguishment of debt	929,508	-
Change in fair value of derivative	515,827	-
Non-cash lease expense	91,865	95,247
Changes in operating assets and liabilities:		
Accounts receivable	378,683	(115,200)
Other assets	(424,008)	(281,542)
Accounts payable and accrued liabilities	(1,478,833)	(517,629)
Operating lease liabilities	(103,249)	(103,552)
Net cash used in operating activities	(7,005,769)	(6,649,394)
Cash flows from investing activities:		
Capital expenditures	-	(47,989)
Acquisition of business, net of cash acquired	-	(3,871,992)
Net cash used in investing activities	-	(3,919,981)
Cash flows from financing activities:		
Proceeds from At the Market (ATM) offering, net	2,343,144	19,438,121
Proceeds from November 2024 Debentures	2,960,000	-
Repayment on AmeriState Loan	(26,301)	-
Net cash provided by financing activities	5,276,843	19,438,121
Net change in cash and cash equivalents	(1,728,926)	8,868,746
Cash, cash equivalents and restricted cash, beginning of period	7,616,952	1,238,198
Cash, cash equivalents and restricted cash, end of period	$ 5,888,026	$ 10,106,944
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 53,396	$ -
Non-cash investing and financing activities:		
Conversion of Term Loan notes and interest to Common Stock	$ -	$ 2,870,573

Series C Preferred Stock issued in exchange for convertible debt	$	3,659,502	$	-
Conversion of November 2024 Debentures to Common Stock	$	283,790	$	-
Conversion of Series B Preferred Stock to Common Stock	$	15	$	-
Conversion of Series C Preferred Stock to Common Stock	$	7	$	-
Preferred stock dividend	$	191,250	$	-
Earnout shares for acquisition	$	-	$	6,864,729
Debt assumed in acquisition	$	-	$	2,383,382
Accrued purchase price	$	-	$	3,549,196

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NAUTICUS ROBOTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of the Business

Nauticus Robotics, Inc. (the "Company", "our", "us" or "we") is a technology-driven Company specializing in the development of advanced fully electric autonomous robotic solutions for subsea applications. Our portfolio includes autonomous underwater vehicles (AUVs), electric robotic manipulators, an open robotic operating system, and related consulting and prototype services with a strong alignment to offshore energy and national security interests. Our technology solutions enable autonomous operations for both the commercial and defense sectors.

The Company’s addressable markets include upstream, midstream, and downstream oil and gas, defense, offshore renewables, seafloor telecommunications, aquaculture, port security, oceanographic research, and subsea mining. Currently, our primary focus is on oil and gas operations and defense applications.

Liquidity and Going Concern— The Company has incurred recurring losses each year since its inception and currently does not generate sufficient revenue to cover operating expenses, working capital and capital expenditures. The Company continues to develop its principal products and conduct research and development activities. The Company currently funds its operations with cash on hand, availability under the November 2024 Debentures (see Note 8 - Notes Payable) and the offer and sale of additional shares of Common Stock under the At The Market Offering Agreement (see Note 24 - Subsequent Events). The Company may require additional liquidity to continue its operations over the next twelve months. While a current investor has expressed an intention to provide financial support, factors such as stock price, volatility, trading volume, market conditions, demand and regulatory requirements may adversely affect the Company's ability to raise capital in an efficient manner. Because of these factors, the Company believes that this creates substantial doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the date these consolidated financial statements were issued. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

Reverse Stock Split - On September 5, 2025, the Company effected a 1-for-9 reverse stock split of the shares of the Company's common stock, par value $0.0001 per share. No fractional shares were issued in connection with the reverse stock split, but were instead rounded up to the nearest whole share. The Board of Directors of the Company approved the Certificate of Amendment to meet the share bid price requirements of the NASDAQ Capital Market. The Company’s stockholders authorized the reverse stock split and the Certificate of Amendment at a special meeting held on June 25, 2025.

On April 21, 2026, the Company effected a 1-for-8 reverse stock split of the shares of the Company's common stock, par value $0.0001 per share. No fractional shares were issued in connection with the reverse stock split, but were instead rounded up to the nearest whole share. The Board of Directors of the Company approved the Certificate of Amendment to meet the share bid price requirements of the NASDAQ Capital Market. The Company’s stockholders authorized the reverse stock split and the Certificate of Amendment at a special meeting held on January 28, 2026.

All common shares and per common share information in these condensed consolidated financial statements have been retroactively adjusted to reflect the 1-for-9 and the 1-for-8 reverse stock splits. All options, warrants and other convertible securities of the Company outstanding immediately prior to the splits have been adjusted in accordance with the terms of the plans, agreements or arrangements governing such options, warrants and other convertible securities and subject to rounding to the nearest whole share.

Each stockholder’s percentage ownership interest in the Company and proportional voting power remain virtually unchanged by the split, except for minor changes and adjustments that resulted from rounding fractional shares into whole shares. The rights and privileges of the holders of shares of the Company’s Common Stock were substantially unaffected.

2. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), under the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). All intercompany balances and transactions have been eliminated in preparation of these consolidated financial statements.

Use of Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the (i) estimates of future costs to complete customer contracts recognized over time, (ii) valuation allowances for deferred income tax assets, (iii) valuation of stock-based compensation awards, (iv) the valuation of conversion options, warrants and earnouts, (v) fair value of the November 2024 Debentures, (vi) the fair value of the SeaTrepid acquisition and (vii) fair value of Preferred Stock. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company classifies all highly-liquid instruments with an original maturity of three months or less as cash equivalents. The Company maintains cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits of $250,000. Historically, the Company has not experienced any losses in such accounts.

Restricted Cash – The Company had restricted cash of $602,796 and $600,342, held by a bank on our behalf as of March 31, 2026 and December 31, 2025, respectively, relating to a custom bond guarantee.

Accounts Receivable, Unbilled Revenues, and Allowance for Credit Losses - With the adoption of the Accounting Standards Update ("ASU") 2016-13 *Financial Instruments - Credit Losses (Topic 326)*, accounts receivable and contract assets are recorded at the invoiced amount and do not typically bear interest. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. At each consolidated balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. If applicable, accounts receivable and contract assets are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segments have remained constant since the Company's inception.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income in the year of recovery, in accordance with the entity's accounting policy election. There was no allowance for credit losses as of March 31, 2026 and December 31, 2025.

Property and Equipment – Property and equipment is recorded at cost and depreciated using the straight-line method. Expenditures which extend the useful lives of existing property and equipment are capitalized. Those costs which do not extend the useful lives are expensed as incurred. Upon disposition, the cost and accumulated depreciation are removed and any gain or loss on the disposal is reflected in the condensed consolidated statements of operations.

Goodwill – Goodwill represents the excess of purchase price over the fair value of net assets acquired in business combinations. Pursuant to Accounting Standards Codification ("ASC") Topic 350, Intangibles-Goodwill and Other, the Company tests goodwill for impairment on an annual basis in the fourth quarter, or between annual tests, in certain circumstances. Under authoritative guidance, the Company first assessed qualitative factors to determine whether it was necessary to perform the quantitative goodwill impairment test. The assessment considers factors such as, but not limited to, macroeconomic conditions, data showing other companies in the industry and our share price. An entity is not required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. Events or changes in circumstances which could trigger an impairment review include macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, other entity specific events and sustained decrease in share price.

Intangible Assets - Intangible assets consist primarily of trade-names/trademarks, intellectual property and non-compete agreements acquired through the SeaTrepid acquisition. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from 3 to 15 years.

***Impairment of Long-Lived Assets* -** The Company reviews long-lived assets for potential impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In this assessment, future pre-tax cash flows (undiscounted) resulting from the use of the asset and its eventual disposal are estimated. If the undiscounted future cash flows are less than the carrying amount of the asset, an impairment loss is recognized for the difference between its carrying value and estimated fair value. For the three months ended March 31, 2026 and 2025 no property and equipment was impaired.

***Segment Reporting* -** In November of 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. Operating segments refer to components of a company that engage in activities for which separate financial information is available and reviewed regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and assessing performance. The CODM reviews the consolidated balance sheets and consolidated statements of operations quarterly and reviews as a single reportable segment. The CODM is the Company's Chief Executive Officer. The Company manages its operations as a single segment because each revenue stream possesses similar production methods, distribution methods, and customer quality and consumption characteristics, resulting in similar long-term expected financial performance.

***Revenue* –** Our primary sources of revenue are from providing technology, engineering services and products to the offshore industry and governmental entities. Revenue is generated pursuant to contractual arrangements to design and develop subsea robots and software and to provide related engineering, technical, and other services according to the specifications of the customers. These contracts can be service sales (cost plus fixed fee or firm fixed price) or product sales. The Company had no product sales for the three months ended March 31, 2026 and 2025, respectively.

A performance obligation is a promise in a contract to transfer distinct goods or services to a customer. For all contracts, we assess if there are multiple promises that should be accounted for as separate performance obligations or combined into a single performance obligation. Our service arrangements generally represent a single performance obligation.

Our performance obligations under service agreements generally are satisfied over a short period of time as the service is provided. Revenue under these contracts is recognized using an input method based on costs incurred relative to total estimated costs. This requires management to make estimates and assumptions to estimate contract sales and costs associated with its contracts with customers. Changes in estimates are recognized in the period in which they become known. Where the estimated total costs to complete a contract exceed the expected consideration to be received, the full amount of the anticipated loss is recorded in the period the loss becomes evident.

***Leases* –** The Company’s lease arrangements are operating leases which are capitalized on the consolidated balance sheets as right-of-use (“ROU”) assets and obligations. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. These are recognized at the lease commencement date based on the present value of payments over the lease term. If leases do not provide for an implicit rate, we use our incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term as the lease payments. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less ("short-term leases") are not recorded on the consolidated balance sheets; and the lease expense on short-term leases is recognized on a straight-line basis over the lease term.

***Stock-Based Compensation* –** The Company accounts for employee stock-based compensation using the fair value method. Compensation cost for equity incentive awards is based on the fair value of the equity instrument generally on the date of grant and is recognized over the requisite service period. The Company’s policy is to issue new shares upon the exercise or conversion of options and recognize option forfeitures as they occur.

Income Taxes – Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax asset (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. A valuation allowance for deferred tax assets is recorded when it is more likely than not that the benefit from the deferred tax asset will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which a change in judgment occurs. The Company had no material uncertain income tax positions as of March 31, 2026 and December 31, 2025.

Fair Value Measurements - The Company categorizes financial assets and liabilities using a three-tier fair value hierarchy, based on the nature of the inputs used to determine fair value. Inputs refer broadly to assumptions that market participants would use to value an asset or liability and may be observable or unobservable. When determining the fair value of assets and liabilities, the Company uses the most reliable measurement available. See Note 22, “Fair Value Measurements.”

Common Stock Warrants – We account for common stock warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance. This assessment considers whether the warrants are freestanding financial instruments, meet the definition of a liability or requirements for equity classification, including whether the warrants are indexed to the Company’s Common Stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

We have determined that the private warrants sold in a private placement (the “Private Warrants”) and warrants sold to the public (the “Public Warrants”) should be accounted for as liabilities. The Private Warrants and Public Warrants were initially recorded at their estimated fair value on the issuance. They are then revalued at each reporting date thereafter, with changes in the fair value reported in the consolidated statements of operations. Derivative warrant liabilities are classified in the consolidated balance sheets as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the consolidated balance sheet date. The fair value of the Private Warrants was estimated using a Black-Scholes option pricing model (a Level 3 measurement). The Public Warrants are valued using their publicly-traded price at each measurement date (a Level 1 measurement).

We have determined that the SPA Warrants should be accounted for as liabilities. The SPA Warrants were initially recorded at their estimated fair value on the issuance and are then revalued at each reporting date thereafter, with changes in the fair value reported in the consolidated statements of operations. Derivative warrant liabilities are classified in our consolidated balance sheets as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the consolidated balance sheet date.

Fair Value Election for November 2024 Debentures - The Company has elected to measure its 2% Original Issue Discount Senior Secured Convertible Debentures (the "November 2024 Debentures") at fair value under the fair value option in accordance with ASC 825-10, Financial Instruments – Fair Value Option. This election was made to provide greater transparency and to more accurately reflect the economic value of the November 2024 Debentures in the Company's condensed consolidated financial statements.

Under the fair value option, the November 2024 Debentures are recorded at their estimated fair value at each reporting date, with changes in fair value recognized in earnings within "Other (income) expense" in the Condensed Consolidated

Statements of Operations. The fair value of the November 2024 Debentures are determined using a Monte Carlo simulation model that uses inputs such as the Company's stock price (KITT), stock price volatility, risk-free interest rate and conversion terms.

The fair value option eliminates the requirement to separately account for embedded conversion features that would otherwise be bifurcated under ASC 815-15, Derivatives and Hedging – Embedded Derivatives. Instead, all economic impacts of the November 2024 Debentures—including interest, conversion features, and market fluctuations—are captured in the fair value measurement.

The Company believes that the fair value measurement provides a more relevant representation of the liability's impact on financial position and performance, as it reflects the November 2024 Debentures current economic value and reduces potential measurement inconsistencies.

Earnout Shares – Earnout Shares that may be issued to former holders of Nauticus Robotics Holdings, Inc.'s common stock are held in escrow and will only be issued upon the occurrence of specified Triggering Events within 5 years of September 9, 2022. As of the reporting date, the Earnout Shares have not been issued and therefore are not considered issued or outstanding shares of common stock. The Company evaluated the earnout arrangement under ASC 815 – Derivatives and Hedging and concluded that, upon issuance, the Earnout Shares would qualify for equity classification. Accordingly, the Earnout Shares will be recognized in stockholders' equity at fair value on the issuance date and will not be subsequently remeasured. The fair value will be determined using a Monte Carlo simulation model, which represents a Level 3 fair value measurement under ASC 820 – Fair Value Measurement.

Earnings (Loss) per Share – Basic earnings per share is computed by dividing income attributable to common stockholders by the weighted average number of shares of Common Stock outstanding during the period. Diluted earnings per share is computed in the same manner as basic earnings per share except that the denominator is increased to include the number of additional shares of Common Stock that could have been outstanding assuming the exercise of stock options and warrants (determined using the treasury stock method) and conversion of convertible debt. The Earnout Shares, which are subject to forfeiture if the achievement of certain stock price thresholds is not met, are not considered participating securities and are not included in the weighted-average shares outstanding for purposes of calculating loss per share. The Company's Convertible Preferred Stock is considered a non-participating security as it does not have the right to participate in dividends with common stockholders beyond its stated dividend or share in undistributed earnings. Accordingly, the Company does not apply the two-class method in computing earnings (loss) per share. Dividends on preferred stock are recorded as a reduction to net income (loss) attributable to common stockholders in the calculation of basic earnings (loss) per share.

Major Customer and Concentration of Credit Risk – We have a limited number of customers. During the three months ended March 31, 2026, sales to two customers accounted for 100% of total revenue. Sales to Customer A accounted for 51.43% of total revenue and sales to Customer B accounted for 48.57% of total revenue. The total balance due from these customers as of March 31, 2026, was zero. During the three months ended March 31, 2025, sales to two customers accounted for 100% of total revenue. Sales to Customer C accounted for 75% of total revenue and sales to Customer D accounted for 25% of total revenue. Total accounts receivable as of December 31, 2025 was made up of three customers. Loss of these customers could have a material adverse impact on the Company.

Reclassifications – Consolidated financial statements presented for prior periods include reclassifications that were made to conform to the current year presentation. For the three months ended March 31, 2025, we reclassified $50,000 of franchise tax expense from other expense to general and administrative expense in the consolidated statements of operations to conform to the current year presentation. For the year ended December 31, 2025 we reclassified $331,607 of accrued insurance from accrued liabilities to notes payable in the consolidated balance sheets to conform to current year presentation. The reclassifications did not affect net loss or cash flows as presented, and there were no other reclassifications that materially impacted the consolidated financial statements.

Distinguishing Liabilities from Equity – The Company evaluates financial instruments, including preferred stock, convertible debt, equity line of credit, and warrants to determine whether they should be classified as liabilities or equity in accordance with ASC 480 and ASC 815. For warrants, the Company assesses whether the instrument is indexed to its own stock and meets the equity classification conditions. Instruments that fail equity classification are recorded as liabilities and measured at fair value, with changes recognized in earnings. This assessment is performed at issuance and reassessed each reporting period while outstanding.

Accounting for Business Combinations – The Company accounts for acquisitions in accordance with ASC 805, using the acquisition method. Under this method, the consideration transferred is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Any excess of the purchase price over the fair value of net identifiable assets acquired is recorded as goodwill. Identifiable intangible assets, are recognized separately from goodwill if they meet the separability criteria and are amortized over the estimated useful lives. Provisional amounts are adjusted during the measurement period as new information becomes available about facts and circumstances that existed as of the acquisition date.

Accounting Standards issued but not adopted as of March 31, 2026 – In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses, an update that improves income statement expense disclosure requirements. Under ASU 2024-03 issuers will be required to incorporate new tabular disclosures disaggregating prescribed expense categories within relevant income statement captions in the notes to their financial statements. These categories include purchases of inventory, employee compensation, depreciation and intangible asset amortization. The amendments are effective for fiscal years beginning after December 15, 2026 and should be applied prospectively. The adoption of ASU 2024-03 will require us to provide additional disclosures related to certain income statement expenses, but otherwise will not materially impact our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, *Accounting for Government Grants (Topic 832)*, which establishes guidance on the recognition, measurement, presentation and disclosure of government grants received by business entities. The Company does not currently receive government grants within the scope of this guidance. The Company is evaluating the potential impact of the adoption of this standard on its consolidated financial statements and if arrangements in the future meet the definition of a government grant, such arrangements would be evaluated under this provision.

All other new accounting pronouncements that have been issued, but not yet effective are currently being evaluated and at this time are not expected to have a material impact on our consolidated financial statements.

3. Revenue

The following table presents the components of our revenue:

	Three months ended March 31,	
	2026	**2025**
Cost plus fixed fee	$ 82,075	$ 165,256
Firm fixed-price	77,500	-
Total	$ 159,575	$ 165,256

Our performance obligations under service agreements are generally satisfied over time as the service is provided and, therefore, all revenue above has been recognized over time.

Contract Balances – As of March 31, 2026, accounts receivable, net totaled $0. There were no allowances for credit losses included in accounts receivable as of March 31, 2026 and December 31, 2025, respectively. Bad debt expense was $0 for the three months ended March 31, 2026 and 2025.

4. Cash and Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated statements of cash flows to the amounts shown in the condensed consolidated balance sheets:

	March 31, 2026	March 31, 2025
Cash and cash equivalents	$ 5,285,230	$ 10,054,304
Restricted cash	602,796	52,640
Total cash, cash equivalents and restricted cash	$ 5,888,026	$ 10,106,944

5. Prepaid Expenses

Prepaid expenses consisted of the following:

	March 31, 2026	December 31, 2025
Prepaid material purchases	$ -	$ 5,400
Prepaid insurance	1,278,151	827,713
Other prepayments	233,659	222,211
Total prepaid expenses	$ 1,511,810	$ 1,055,324

6. Property and Equipment

Property and equipment consisted of the following:

	Useful Life (years)	March 31, 2026	December 31, 2025
Land		$ 444,435	$ 444,435
Leasehold improvements	5	1,823,586	1,823,586
Property & equipment	3-5 years	11,242,513	11,242,513
Technology hardware equipment	3-5 years	1,973,983	1,973,983
Total		15,484,517	15,484,517
Less accumulated depreciation		(6,703,435)	(6,127,543)
Construction in progress		12,470,796	12,470,795
Total property and equipment, net		$ 21,251,878	$ 21,827,769

Depreciation expense for the three months ended March 31, 2026 and March 31, 2025 was $575,891 and $480,376, respectively.

7. Accrued Liabilities

Accrued liabilities consisted of the following:

	March 31, 2026	December 31, 2025
Accrued compensation	$ 355,330	$ 221,724
Accrued severance	274,038	274,038
Accrued professional fees	96,252	96,786
Accrued sales and property taxes	303,641	202,638
Accrued royalties	337,500	337,500
Accrued audit fees	191,000	531,000
Accrued settlement	219,641	319,546
Other accrued expenses	186,038	233,398
Accrued interest	4,530,112	4,303,157
Accrued purchase liability	3,173,515	3,287,881
Total accrued liabilities	$ 9,667,067	$ 9,807,668

On March 20, 2025, the Company completed the acquisition of SeaTrepid International LLC ("SeaTrepid"), an expert in providing subsea robotic services to customers throughout the world, for total consideration of $14,209,810. As of March 31, 2026, a liability of $3,173,515, was outstanding to SeaTrepid payable in cash which was due on September 30, 2025. During the quarter ended March 31, 2026, the Company made partial payments to the sellers and continues to accrue interest on the past due balance based on the initial Asset Purchase Agreement.

8. Notes Payable

Notes payable consisted of the following:

	March 31, 2026	December 31, 2025
November 2024 Debentures - (fair value)	$ 1,298,728	$ 163,672
Convertible senior secured term loan	19,824,812	19,284,709
SBA loan	485,300	485,300
AmeriState loan	1,785,026	1,811,327
Insurance Financing	603,272	331,607
Total	23,997,138	22,076,615
Less: debt discount, net	(16,249)	(26,225)
Less: capitalized debt issuance costs	(209,524)	(321,004)
2023 Term Loan Agreement exit fee provision	128,238	115,638
Total notes payable	$ 23,899,603	$ 21,845,024
November 2024 Debentures (principal amount)	$ 960,000	$ 100,000

November 2024 Debentures

On November 4, 2024, the Company entered into a Securities Purchase Agreement with ATW Special Situations I LLC ("ATW I"), pursuant to which ATW I purchased, in a private placement, $1,150,000 in principal amount of debentures, with an option to purchase up to an additional aggregate of $20,000,000 in principal amount of senior secured convertible debentures (the “November 2024 Debentures”). On December 11, 2024, ATW I purchased, in a private placement, $1,000,000 in principal amount of debentures.

The November 2024 Debentures provide for, among other items: (a) an interest rate of the Prime Rate published in the Wall Street Journal plus 2% per annum, payable quarterly and added to the principal amount of the November 2024 Debentures, and/or in cash, at the Company’s option; (b) conversion by the holder into shares of the Company’s Common Stock at any time (subject to limitations on conversion described therein); (c) a conversion price of $88.56 (subject to adjustment as provided therein) with shares of the Company’s Common Stock issuable on conversion determined by dividing 120% of the applicable “conversion amount” (as defined in the November 2024 Debentures) by the conversion price; (d) an alternate conversion price at the lower of (1) $88.56 (subject to adjustment as provided therein) and (2) the greater of a floor price of $17.71 (subject to adjustment as provided therein) and 98% of the lowest VWAP of the Company’s shares of Common Stock during the applicable 10-trading day period (subject to payment in cash if the applicable VWAP calculation is less than the floor price); (e) a maturity date of September 9, 2026, and (f) an option by the holder to extend the maturity date by an additional year. The Company has elected to add the interest payable to the principal amount of the November 2024 Debentures.

In addition, the exercise price of the November 2024 Debentures is subject to customary anti-dilution adjustments, and, in the case of a subsequent equity sale at a per share price below the exercise price, the exercise price will be adjusted to such lower price.

On February 9, 2026 and March 10, 2026, the Company issued Senior Secured Convertible Debentures Due 2026 to ATW Special Situations II LLC ("ATW II"), in aggregate principal amount of $1,960,000 and $1,000,000, respectively, pursuant to the Securities Purchase Agreement dated November 4, 2024.

During the three months ended March 31, 2026, November 2024 Debentures with a principal value of $100,000 and fair value of $283,790, were converted into 27,932 shares of Common Stock. During the three months ended March 31, 2026, November 2024 Debentures with a principal value of $2,000,000 and fair value of $2,729,994, were exchanged into 2,023 shares of Series C Preferred Stock. The fair value of the Series C Preferred Stock was $3,659,502 and a loss on extinguishment of debt of $929,508 was reported in the condensed consolidated statements of operations for the three months ended March 31, 2026**.**

The fair value of the November 2024 Debentures at March 31, 2026 and December 31, 2025 was estimated at $1,298,728 and $163,672, respectively, using Monte Carlo simulations with the following assumptions at March 31, 2026: stock price of $4.00, a risk free rate of 3.72% implied volatility of 196% and a remaining term of 0.44 years and assumptions at December 31, 2025: stock price of $6.16, a risk free rate of 3.55% implied volatility of 154% and a remaining term of 0.69 years. A loss on change in fair value of $1,188,840 and $723,926 was reported in the condensed consolidated statements of operations for the three months ended March 31, 2026 and 2025, respectively. The principal amount of the November 2024 Debentures at March 31, 2026 and December 31, 2025 was $960,000 and $100,000, respectively.

RCB Equities #1, LLC

On July 14, 2023, the Company issued a secured promissory note to RCB Equities #1, LLC (RCB) for $5,000,000. The promissory note included a 2.5% original issue discount or $125,000, interest at 15% per annum, and was scheduled to mature on September 9, 2026. The promissory note provided for an exit fee of $125,000 if paid off in full between October 12, 2023, and the maturity date, with no other considerations triggered for premiums or penalties. Further, the promissory note provided for an automatic rollover into the structure of certain future debt-financing transactions. On September 18, 2023, the RCB promissory note was rolled into the convertible senior secured term loan discussed below bearing interest at 12.5% per annum including the $125,000 exit fee.

Convertible Senior Secured Term Loan

On September 18, 2023, the Company entered into a convertible senior secured term loan agreement, the "2023 Term Loan Agreement", with ATW II as collateral agent (in such capacity, the “Collateral Agent”) and lender, and Transocean Finance Limited, ATW I, Material Impact Fund ("MIF"), and RCB, as lenders.

The 2023 Term Loan Agreement provides the Company with up to $20 million of secured term loans. Any portion of the outstanding principal amount of the loans is prepayable at the Company’s option pro rata to each Lender upon at least 5 days' prior written notice to each Lender.

The initial amount funded under the 2023 Term Loan Agreement was $11,600,000, (the "2023 Term Loan"). The 2023 Term Loan Agreement included a 2.5% exit fee of $290,000, bearing interest at 12.50% per annum, payable quarterly in arrears on the first day of each calendar quarter commencing April 1, 2024. The exit fee is being provided for over the period of the loan. The loan agreement included a 2.5% original issue discount of $125,000 from the RCB promissory note. The loan includes assumed debt issuance costs of $577,500 and deemed interest from convertible debentures of $378,118. The debt discount and debt issuance costs are being amortized to interest expense over the period of the loan. The Loans will mature on the earliest of (a) the third anniversary of the date of the 2023 Term Loan Agreement of September 17, 2026, (b) 91 days prior to the maturity of the 5% Original Issue Discount Senior Secured Convertible Debentures, dated as of September 9, 2022.

Subject to the terms and conditions of the 2023 Term Loan Agreement, the Company may, upon at least two trading days’ written notice to the Lenders, elect to redeem some or all of the then outstanding principal amount of the Loans. In connection with any such election, which shall be irrevocable, the Company shall pay each Lender, on a pro rata basis, an amount in cash equal to the greater of (x) the sum of (i) 100% of the then outstanding principal amount of the Loans, (ii) accrued but unpaid interest and (iii) all liquidated damages and other amounts due in respect of the Loans (including, without limitation, the Exit Fee (as defined in the 2023 Term Loan Agreement)) (the “Optional Redemption Amount”) and (y) the product of (i) the aggregate number of shares of the Company’s common stock, par value $0.0001 per share (“Common Stock”), then issuable upon conversion of the applicable Optional Redemption Amount (without regard to any limitations on conversion set forth in the 2023 Term Loan Agreement) multiplied by (ii) the highest closing sale price of the Common Stock on any trading day during the period commencing on the date immediately preceding the date that the applicable notice of redemption is delivered to the Lenders and ending on the trading day immediately prior to the date the Company makes the entire payment required to be made in connection with such redemption.

The Loans are convertible, in whole or in part, at the option of each Lender into shares of Common Stock until the date that the Loans are no longer outstanding, at a conversion rate equal to the outstanding principal amount of the Loans to be converted divided by a conversion price of $15,552 per share of Common Stock (the “Conversion Price”), subject to certain customary anti-dilution adjustments as described in the 2023 Term Loan Agreement.

First Amendment to Convertible Senior Secured Term Loan

On December 31, 2023, the Company entered into a First Amendment to 2023 Term Loan Agreement, dated as of December 31, 2023 (the “First Amendment”), by and among the Company, the subsidiary guarantors (as defined in the First Amendment) and ATW II which amended that certain 2023 Term Loan Agreement dated as of September 18, 2023 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Term Loan Agreement”) with ATW II, as collateral agent (as replaced by Acquiom Agency Services LLC, in such capacity, the “Collateral Agent”) and lender, and Transocean Finance Limited (“Transocean Finance”), ATW I, MIF, and RCB, as lenders (collectively, the “Initial Lenders”).

The First Amendment provided the Company with an incremental loan in the aggregate principal amount of $695,000 (the “December 2023 Incremental Loan”), subject to the terms and conditions set forth in the Term Loan Agreement and the First Amendment. The total loan funded under the Term Loan Agreement and First Amendment as of December 31, 2023 is $12,295,000. The December 2023 Incremental Loan was made on the same terms as the 2023 Term Loan and be deemed to be Additional Term Loans for all purposes under the Term Loan Agreement. The loan incurred debt issuance costs of $72,000 which are being amortized to interest expense over the period of the loan.

Second Amendment to Convertible Senior Secured Term Loan

On January 30, 2024, the Company entered into a Second Amendment to Term Loan Agreement, dated as of January 30, 2024 (the “Second Amendment”), by and among the Company, the guarantors (as defined in the Second Amendment) and the required lenders (as defined in the Second Amendment), which amended that certain Term Loan Agreement, dated as of September 18, 2023, by and among the Company, Transocean Finance, ATW I, MIF and RCB as lenders and ATW II, as collateral agent (as succeeded by Acquiom Agency Services LLC).

In connection with the Second Amendment, the Company also entered into a Second Agreement regarding incremental loans, dated as of January 30, 2024 (the “Second Agreement”), by and among the Company, the guarantors (as defined in the Second Agreement), and ATW II and MIF, as incremental lenders. The Second Agreement provides the Company with an incremental loan in the aggregate principal amount of $3,753,144 (the “January 2024 Incremental Loan”). The January 2024 Incremental Loan would be made on the same terms as the 2023 Term Loan and be deemed to be Additional Term Loans for all purposes under the Term Loan Agreement.

New Senior Secured Term Loan Agreement

On January 30, 2024, the Company also entered into a senior secured term loan agreement (the “2024 Term Loan Agreement”) with ATW Special Situations Management LLC (“ATW Management”), as collateral agent (in such capacity, the “Collateral Agent”) and lender, and ATW Special Situations III LLC (“ATW III”), MIF, VHG Investments, ATW II and ATW I, as lenders.

The 2024 Term Loan Agreement provides the Company with an aggregate $9,551,856 of secured term loans (the “2024 Loans”), including $1,000,000 which has an extended repayment period, (the "ATW Extended Maturity Term Loan"). Any portion of the outstanding principal amount of the 2024 Loans are prepayable at the Company’s option pro rata to each Lender upon at least 5 days’ prior written notice to each Lender. The 2024 Term Loan Agreement also provided for up to an additional $6 million of secured term loans within 180 days of signing. The 2024 Loans assumed debt issuance costs of $1,237,291 which are being amortized to interest expense over the period of the loan.

The 2024 Loans bear interest at the rate of 15% per annum, payable quarterly in arrears on the first day of each calendar quarter commencing April 1, 2024. The Company shall pay interest in cash or the Company may, at its option, elect for up to (x) 100% for the six (6) months after the Closing Date and (y) thereafter, 50%, in each case, of any accrued but unpaid interest that would otherwise be payable on an Interest Payment Date, to be capitalized and added as of such date to the principal amount of the Loans (the “PIK Interest”). The principal amount of the Loans shall be deemed to be increased by the PIK Interest so capitalized and added to the unpaid principal balance of the Loans in accordance with the provisions hereof. The Company opted to capitalize the interest payable.

The 2024 Loans (other than the ATW Extended Maturity Term Loan) will mature on the earliest of: (a) the third anniversary of the date of the Term Loan Agreement, (b) the maturity of the Indebtedness under the 2023 Term Loan Agreement among the Company, the lenders party thereto and Acquiom Agency Services LLC, as collateral agent, dated September 18, 2023, as amended on December 31, 2023, and as further amended on January 30, 2024, and (c) 91 days prior to the maturity of the 5% Original Issue Discount Senior Secured Convertible Debentures, dated as of September 9, 2022, issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of December 16, 2021, as amended on January 31, 2022, and as further amended on September 9, 2022, and as further amended on January 30, 2024. The ATW Extended Maturity Term Loan will mature on the earlier of the 30th anniversary of the date of the Term Loan Agreement or such earlier date as is required or permitted to be repaid under the Term Loan Agreement.

The 2024 Loans were convertible, in whole or in part, at the option of each Lender into shares of Common Stock until the date that the 2024 Loans are no longer outstanding. On January 3, 2025, the Company voluntarily reduced the conversion price of the loans under the 2024 Term Loan Agreement dated as of January 30, 2024 to $114.48, in accordance with the original terms and provisions of the note agreement.

Amendment to 2024 Term Loan Agreement

On May 1, 2024, the Company entered into an amendment (the "May 2024 Amendment") to the 2024 Term Loan Agreement dated January 30, 2024 between the Company, ATW Management as collateral agent, and the lenders party thereto. Pursuant to the Amendment, ATW I loaned an additional $1,000,000 (the "May 2024 Incremental Loan") to the Company. The May 2024 Incremental Loan has the same terms as the ATW Extended Maturity Term Loan under the 2024 Term Loan Agreement and will mature on the 30th anniversary of the date of the 2024 Term Loan Agreement or such earlier date as is required or permitted to be repaid under the 2024 Term Loan Agreement. The May 2024 Incremental Loan incurred debt issuance costs of $37,500 which are being amortized to interest expense over the period of the loan.

The 2023 Term Loan, the December 2023 Incremental Loan, the January 2024 Incremental Loan, 2024 Loans and the May 2024 Incremental Loan are collectively the Senior Secured Convertible Term Loan.

The principal amounts outstanding on the Senior Secured Convertible Term Loan as of March 31, 2026 to related parties ATW II, ATW III and MIF was $9,158,251, $1,222,518 and $4,444,042, respectively. The principal amount outstanding on the convertible senior term loans as of December 31, 2025 to related parties ATW II, ATW III and MIF was $2,687,981, $7,197,668, and $4,399,060, respectively.

Term Loan Note Conversions

During the three months ended March 31, 2025, ATW I and ATW II converted Term Loan notes with principal amount of $2,551,855 and interest payable of $318,718 into 25,075 shares of Common Stock.

Interest expense includes the following relating to the Senior Secured Convertible Term Loan:

	Three months ended March 31,	
	2026	**2025**
Debt discount amortization	$ 9,976	$ 9,895
Amortization of debt issuance costs	111,840	173,447
Provision for bridge note exit fee	12,600	24,152
Capitalized paid-in-kind (PIK) interest	179,939	166,882

For the three months ended March 31, 2026 interest expense attributable to related parties ATW II, ATW III and MIF, on the Senior Secured Convertible Term Loan was $95,255, $27,000 and $116,479. For the three months ended March 31, 2025 interest expense attributable to related parties ATW I, ATW II, ATW III and MIF was $58,609, $140,514, $25,000 and $4,167, respectively.

Small Business Association Loan (SBA)

On June 19, 2020, SeaTrepid entered into a term loan with the US Small Business Administration in response to the COVID-19 pandemic. The loan amount is $485,300 with an annual interest rate of 3.75%, and a maturity date of June 19, 2050. In connection with the acquisition of SeaTrepid on March 20, 2025, the loan, with an outstanding principal of $485,300 as of March 31, 2026, is now an obligation of the Company. The loan is secured by collateral which includes all tangible and intangible property of SeaTrepid. Under the terms of the agreement, the sale of collateral without lender consent constitutes a violation of the loan agreement. As of March 31, 2026, the lender had not issued a notice of default. As a result of this and as the Company intends to repay the loan on or before June 30, 2026, the outstanding loan balance has been classified as a current liability.

AmeriState Loan

On August 17, 2017, SeaTrepid entered into a term loan with AmeriState Bank. The loan amount was $2,335,000 with an annual interest rate of prime plus 2.5%, and a maturity date of May 4, 2036. In connection with the acquisition of SeaTrepid on March 20, 2025, the loan with an outstanding principal of $1,785,026 as of March 31, 2026 is now an obligation of the Company. The loan is secured by collateral which includes all assets of SeaTrepid. The loan agreement includes customary affirmative and negative covenants, including financial covenants that require SeaTrepid to maintain a maximum Debt-to-Net Worth Ratio of 9.0 to 1.0 and a minimum Debt Service Coverage Ratio of 1.0 to 1.0, measured annually. The agreement also restricts the Company's ability to incur additional indebtedness, pay dividends, compensate officers and owners, invest in fixed asset purchases, and dispose of collateral without the consent of the bank. Under the terms of the agreement, the sale of collateral without lender consent constitutes a violation of the loan agreement and as such constitutes a non compliance with the financial covenants related to the debt-to-net worth ratio and debt service coverage ratio. As of March 31, 2026 the lender had not issued a notice of default. As a result of this and as the Company intends to repay the loan on or before June 30, 2026, the outstanding loan balance has been classified as a current liability.

Insurance Financing

The Company finances certain insurance premiums through premium finance agreements with third-party lenders. The agreements are generally collateralized by the underlying insurance policies and require monthly installment payments over terms of twelve months or less.

At March 31, 2026, the outstanding balance under the agreements was $603,272, with interest rates ranging from 7.15% to 7.69%. The agreements mature at various dates through the fourth quarter of 2026.

9. Leases

The Company determines if an arrangement is a lease at inception based on whether the Company has the right to control the use of an identified asset, the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. After the criteria are satisfied, the Company accounts for these arrangements as leases in accordance with ASC 842, Leases. Right-of-use assets represent the Company's right to use the underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, including payments at commencement that depend on an index or rate. For leases in which the Company is the lessee and do not have a readily determinable implicit rate, an incremental borrowing rate, based on the information available at the lease commencement date, is utilized to determine the present value of lease payments. When a secured borrowing rate is not readily available, unsecured borrowing rates are adjusted for the effects of collateral to determine the incremental borrowing rate. The Company uses the implicit rate for agreements in which it is a lessor. The Company has not entered into any material agreements in which it is a lessor. Lease expense and lease income are recognized on a straight-line basis over the lease term for operating leases.

In March 2024, the Company extended the lease on its current office and manufacturing facility for an additional 3 years. The incremental borrowing rate on this lease of 8% was used to determine the present value of lease payments and establish the right-of-use asset and lease liability at lease inception for this lease.

In August 2023, the Company entered into an operating lease for office space in Norway. The lease has a term of 5 years. The Company's secured borrowing rate of 15% was used to determine the present value of the lease payments and establish the right-of-use asset and lease liability at lease inception for this lease.

In July 2023, the Company entered into an operating lease for office space in Scotland. The lease had a term of 5 years with two options to extend. The Company's secured borrowing rate of 15% was used to determine the present value of the lease payments and establish the right-of-use asset and lease liability at lease inception for this lease. During the fourth quarter of 2025 management agreed early termination of the lease with the landlord.

The Company's other operating leases include leases for certain office equipment.

The following table presents the Company's lease costs which are included in general and administrative expenses in the unaudited condensed consolidated statements of operations:

	Three months ended March 31,	
	2026	2025
Fixed lease expense	$ 103,329	$ 122,318
Variable lease expense	14,873	72,194
Total operating lease expense	118,202	194,512
Short-term lease expense	7,650	7,857
Total lease expense	$ 125,852	$ 202,369

Cash paid for operating leases was $91,865 and $95,247 for the three months ended March 31, 2026, and 2025, respectively.

The following table presents the balance and classifications of the Company's right-of-use assets and lease liabilities included in the unaudited condensed consolidated balance sheets:

	March 31, 2026	December 31, 2025
Operating lease right-of-use assets, net	$ 467,140	$ 559,005
Current portion of operating lease liabilities	446,572	434,200
Long-term operating lease liabilities	87,925	203,547
Total operating lease liabilities	$ 534,497	$ 637,747

For operating lease assets and liabilities, the weighted average remaining lease term was 2.5 years and 2.7 years as of March 31, 2026, and December 31, 2025, respectively. The weighted average discount rate used in the valuation over the remaining lease terms was 10.5% as of March 31, 2026, and December 31, 2025, respectively.

The following table presents the Company's maturities of lease liabilities as of March 31, 2026:

2026 (excluding the 3 months ended March 31, 2026)	$ 309,986
2027	310,855
2028	3,477
2029	3,477
2030	2,897
Total lease payments	630,692
Total present value discount	(96,195)
Operating lease liabilities	$ 534,497

10. Commitments and Contingencies

Litigation – From time to time, we may be subject to litigation and other claims in the normal course of business. While the Company records accruals for certain matters as appropriate, it does not believe that any currently pending or threatened matters, individually or in the aggregate, are material to its consolidated financial statements.

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11. Goodwill

The Company recognized goodwill as a result of the acquisition of SeaTrepid on March 20, 2025. The goodwill represents the excess of the purchase price over the fair value of net assets acquired and is attributable to expected synergies and the assembled workforce. The goodwill is not deductible for tax purposes.

As of March 31, 2026 and December 31, 2025, goodwill totaled $9,600,745. The Company did not have any goodwill recorded on its consolidated balance sheets prior to this acquisition.

The Company evaluates goodwill for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired. No indicators of impairment were identified through the first quarter of 2026.

12. Intangible Assets

Intangible assets consisted of the following:

		March 31, 2026		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Tradename- Trademark	15 years	$ 687,300	$ 47,175	$ 640,125
Intellectual property	5 years	731,900	150,708	581,192
Non-Competes	3 years	10,200	3,501	6,699
Total intangible assets		$ 1,429,400	$ 201,384	$ 1,228,016

Amortization expense for the three months ended March 31, 2026 was $48,900.

The following table presents the Company's estimated future amortization expense:

Years ending December 31,	Amount
2026 (excluding the 3 months ended March 31, 2026)	$ 146,700
2027	195,600
2028	192,949
2029	192,200
2030	78,087
2031	45,820
Thereafter	376,660
Total	$ 1,228,016

13. Income Taxes

Income tax provisions for interim periods are generally based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent, or unusual items related specifically to interim periods. No income tax expense was recognized for the three months ended March 31, 2026, or 2025, respectively. The Company has a full valuation allowance against its net deferred tax assets as of March 31, 2026, and December 31, 2025, respectively.

14. Preferred Stock

Rights and Preferences of the Series A, B and C Preferred Stock

Each share of Series A, B and C Preferred Stock has a stated value of $1,000 per share and, when issued, the Preferred Stock will be fully paid and non-assessable. The Preferred Stock, with respect to the payment of dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company, ranks senior to all capital stock of the Company, unless the Required Holders (as defined in the applicable Certificate of Designations) consent to the creation of other capital stock of the Company that is senior or equal in rank to the specific series of Preferred Stock. For the avoidance of doubt, the Series A, B and C Preferred Stock ranks in parity with each other.

The holders of Series B and C Preferred Stock will be entitled to a 10% per annum dividends and holders of Series A Preferred Stock will be entitled to 5% per annum dividends. The dividends are payable to each record holder of the Preferred Stock in shares of Common Stock so long as there has been no Equity Conditions Failure (as defined in the applicable Certificate of Designations), and the Company may, at its option, under certain circumstances, capitalize the dividend by increasing the stated value of each Preferred Shares or elect a combination of the capitalized dividend and a payment in dividend shares.

Management has elected to capitalize dividends on each dividend date, which is the first Trading Day of the quarter after to which the dividend relates. During the three months ended March 31, 2026, dividends relating to the Series A, B and C Preferred Stock of $71,958, $71,399 and $16,753, respectively, were capitalized. The stated value of the Series A, B and C Preferred Stock increased to $1,050.95, $1,040.66 and $1,007.78, respectively. At March 31, 2026, dividends payable of $72,857, $58,875 and $46,456 relating to Series A, B and C Preferred Stock, respectively, were reported under other creditors in the Condensed Consolidated Balance Sheets. At December 31, 2025, dividends payable of $71,958, $71,399 and $16,753 relating to Series A, B and C Preferred Stock, respectively, were reported under other liabilities in the Condensed Consolidated Balance Sheets.

If at any time the Company grants, issues or sells any options, convertible securities, or rights to purchase stock, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Stock (the “Purchase Rights”), then each holder of Preferred Stock will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder could have acquired if such holder had held the number of shares of Common Stock acquirable upon complete conversion of all the Preferred Stock held by such holder immediately prior to the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights at the Alternate Conversion Price (as defined below); subject to certain limitations on beneficial ownership.

Conversion at Option of Holder

At any time from and after the first date of issuance of any Preferred Shares, each holder of Preferred Stock may convert all, or any part, of the outstanding Preferred Stock, at any time at such holder’s option, into shares of the Common Stock (which converted shares of Common Stock are referred to as “Conversion Shares” herein) at the fixed “Conversion Price” of $7.60 for Series C, and $4.7520 for Series A and B respectively, which is subject to proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions. The amounts to be converted include unpaid dividends and other charges for the Preferred Shares.

Subject to the rules and regulations of the Nasdaq, the Company has the right, at any time, with the written consent of the Required Holders, to lower the fixed conversion price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

Alternate Conversion at the Holder’s Election

At any time after the Initial Issuance Date, a holder may elect to convert the Preferred Stock held by such holder at the “Alternate Conversion Price” equal to the lesser of:

- the Conversion Price; and
- the greater of:

◦the floor price of $1.52, $13.22 and $17.71 for Series C, B and A Preferred Stock respectively (the “Floor price”); and
◦98% of the lowest volume weighted average price ("VWAP") of the Common Stock during the 10 consecutive trading days immediately prior to such conversion.

Alternate Conversion Upon a Triggering Event

Following the occurrence and during the continuance of a Triggering Event (as defined below), each holder may alternatively elect to convert the Preferred Stock at the “Alternate Conversion Price”.

The Certificate of Designations contains standard and customary triggering events (each, a “Triggering Event” including certain Bankruptcy Triggering Event (as defined therein)), including but not limited to: (i) the suspension from trading or the failure to list the Common Stock within certain time periods; (ii) failure to declare or pay any dividend when due; (iii) the occurrence of any default under, redemption of or acceleration prior to maturity of at least an aggregate of $500,000 of Indebtedness (as defined in the applicable exchange or purchase agreements) of the Company, (iv) the Company’s failure to cure a conversion failure of failure to deliver shares of the Common Stock upon conversion, or notice of the Company’s intention not to comply with a request for conversion of any Preferred Stock, and (v) bankruptcy or insolvency of the Company.

From and after the occurrence and during the continuance of any Triggering Event, the Dividend Rate in effect shall automatically be increased to the lesser of 18% per annum and the maximum rate permitted under applicable law.

If at the time of a conversion the Alternate Conversion Price is determined to be the Floor Price because such Floor Price is greater than 98% of the lowest VWAP of a share of Common Stock during the ten (10) trading day period ending and including the trading day immediately preceding the delivery or deemed delivery of the applicable conversion notice, then the Conversion Amount (as defined in the applicable Certificate of Designations) shall automatically increase pro rata, by the applicable Alternate Conversion Floor Amount (as defined in the applicable Certificate of Designations).

Rights Upon Issuance of Other Securities

If the Company in any manner issues or sells (or enters into any agreement to issue or sell) any Convertible Securities and the lowest price per share for which one share of Common Stock is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such share of Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale (or the time of execution of such agreement to issue or sell, as applicable) of such Convertible Securities for such price per share.

For the purposes of this Section, the “lowest price per share for which one share of Common Stock is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof” shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale (or pursuant to the agreement to issue or sell, as applicable) of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security or otherwise pursuant to the terms thereof; and (y) the lowest conversion price set forth in such Convertible Security for which one share of Common Stock is issuable (or may become issuable assuming all possible market conditions) upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof, minus (2) the sum of all amounts paid or payable to the holder of such Convertible Security (or any other Person) with respect to any one share of Common Stock upon the issuance or sale (or the agreement to issue or sell, as applicable) of such Convertible Security plus the value of any other consideration received or receivable (including, without limitation, any consideration consisting of cash, debt forgiveness, assets or other property) by, or benefit conferred on, the holder of such Convertible Security (or any other Person).

In determining the classification of the Series A, B and C Preferred Stock, the Company considered ASC 480 - Distinguishing Liabilities from Equity and ASC 815 - Derivatives and Hedging. The Company concluded the Preferred Stock be classified as permanent equity because it is not mandatorily redeemable except upon a Bankruptcy Triggering Event, which the Company views as a liquidation-type contingency rather than a substantive redemption feature. The instrument also does not provide holders with a general put right, and any holder-controlled exchange is contingent upon a Change of Control, an event subject to the Company's governance and approval processes. In addition, the Company may settle the Change of Control Election Price in equity-linked rights convertible into the same consideration payable to common stockholders, and management has concluded that sufficient authorized shares exist to settle conversions in shares.

Series A Convertible Preferred Stock - A total of 5,546 shares of Series A Convertible Preferred Stock were outstanding as of March 31, 2026 of which 5,342 and 204 were held by related parties MIF and SLS Family Irrevocable Trust ("SLS"), respectively.

During the three months ended March 31, 2025, ATW I and SLS converted 13,188 and 2,000 shares of Series A Preferred Shares into 188,676 and 33,800 shares of Common Stock, respectively.

Series B Convertible Preferred Stock - A total of 2,263 shares of Series B Convertible Preferred Stock were outstanding at March 31, 2026, held by related party ATW II.

During the three months ended March 31, 2026, ATW II converted 550 Series B Convertible Preferred Stock into 146,781 shares of Common Stock.

***Series C Convertible Preferred Stock* -** A total of 3,777 shares of Series C Convertible Preferred Stock were outstanding at March 31, 2026, held by related party ATW I.

During the three months ended March 31, 2026, November 2024 Debentures with a principal value of $2,000,000 and fair value of $2,729,994, were exchanged into 2,023 shares of Series C Preferred Stock. The fair value of the Series C Preferred Stock was $3,659,502 and a loss on extinguishment of debt of $929,508 was reported in the condensed consolidated statements of operations for the three months ended March 31, 2026**.**

During the three months ended March 31, 2026, 400 Series C Convertible Preferred Stock were converted into 67,320 shares of Common Stock.

Series D Convertible Preferred Stock

On February 6, 2026, the Company entered into a Securities Purchase Agreement and a registration rights agreement with Master Investment Group ("Investor"), pursuant to which the Company agreed to issue and sell in a private offering to Investor, (1) certain shares of Series D Convertible Preferred Stock of the Company, $0.0001 par value (the "Series D Preferred Stock") for an aggregate purchase price of up to $3,000,000 and may issue additional shares of Series D Preferred Stock valued at up to $47,000,000 and (2) certain common stock purchase warrants (the "Warrants") to purchase up to a number of shares of the Company's common stock, par value $0.0001 per share (the "Common Stock"), equal to 30% of the aggregate purchase price (the "Preferred Offering"). The Preferred Offering also relates to the offering of the shares of the Common Stock issuable upon the conversion of or otherwise pursuant to the terms of the Series D Preferred Stock ("Conversion Shares") and the shares of the Common Stock issuable upon the exercise of the Warrants.

Pursuant to the Purchase Agreement, the Company agreed to issue the Initial Preferred Shares for an aggregate purchase price of $3,000,000 in two closings, in each case following the demonstration that Investor has made expenditures agreed by, and on behalf of, the Company in an aggregate amount equal to the applicable milestone aggregate investment amount specified in the Purchase Agreement. At each such milestone closing, the Company will issue to Investor a number of shares of Series D Preferred Stock equal to the applicable milestone aggregate investment amount invested by Investor, at a price of $1,000 per share. The Company and Investor agree that the proceeds of the Preferred Offering will be deployed to exclusively as UAE related working capital to fund and support, directly or indirectly, the establishment and operation of the Company's business in the United Arab Emirates.

In addition, for a period of up to 3 years from the date of the Purchase Agreement (or such later date as mutually agreed to by the Company and Investor), by written notice from the Company to Investor and subject to other terms and conditions set forth in the Purchase Agreement, the Company may require the Investor to participate in one or more additional milestone closings and issue additional shares of Series D Preferred Stock to Investor up to an aggregate maximum purchase price of $47,000,000 in one or more tranches, and additional Warrants exercisable for an amount of shares of

Common Stock with an aggregate initial value equal to 30% of the value of the Series D Preferred Stock to be issued at each such additional closings, subject to mutually agreed milestones, assignments, and definitive documentation, and in each case, consent of certain existing holders of securities of the Company.

The Purchase Agreement further provides for a two-year lock-up period, during which Investor shall not, without the prior written consent of the Company and certain existing holders of securities of the Company, sell, transfer, pledge or otherwise dispose of any shares of Common Stock upon conversion of the Series D Preferred Stock, nor enter into any swap or other arrangement that transfers the economic consequence of ownership of such shares.

Pursuant to the Registration Rights Agreement, the Company agreed that in the event that the Company files a registration statement with the Securities and Exchange Commission, registering the offer and sale of any shares of its Common Shares under the Securities Act, the Investor shall have the option to require the Company to include registration under the Securities Act of 1933, as amended (the “Securities Act”), of the resale by Investor of shares of Common Stock issuable upon conversion of the Series D Preferred Stock and upon the exercise of the Warrants.

The Purchase Agreement and the Registration Rights Agreement contain customary representations, warranties, conditions and indemnification obligations of the parties.

On or prior to the first milestone closing, the Company will designate 50,000 shares of the Company’s authorized and unissued preferred stock as Series D Preferred Stock and establish the rights, preferences and privileges of the Series D Preferred Stock pursuant to the Certificate of Designations of Series D Preferred Stock (the “Certificate of Designations”), to be filed with the Secretary of State of the State of Delaware.

As of March 31, 2026 no Series D Preferred Shares have been issued as no services have been provided or exchanges made under the agreement as of the date of the issuance of these financial statements.

Warrants

The Warrants, when issued pursuant to the Purchase Agreement, are immediately exercisable upon issuance and will expire on the fifth anniversary of the original issuance date. The Warrants have an initial exercise price equal to $8.90, subject to certain adjustments as described in the Warrant.

A Warrant holder will not have the right to exercise any portion of the Warrants to the extent that, after giving effect to such conversion, the holder would beneficially own in excess of 4.99% (the “Maximum Percentage”) of the number of shares of the Common Stock outstanding immediately after giving effect to such conversion.

15. Common Stock

In October 2025, the Company filed a prospectus supplement to its shelf registration statement on Form S-3 (File No. 333-284675), initially filed with the SEC on February 3, 2025 registering the sale of up to $92 million of its common stock pursuant to its ATM offering program. During the three months ended March 31, 2026, we issued and sold 364,264 shares, for gross proceeds of $2,464,316 and net proceeds of $2,343,144 after deducting commissions and offering expenses totaling $121,172. At March 31, 2026, $83,572,157 remains available for issuance under the Company's ATM program pursuant to the prospectus supplement filed on October 31, 2025 under a registration statement on Form S-1. During the three months ended March 31, 2025, the Company conducted ATM offerings to offer and sell shares of its common stock for an aggregate offering price of up to $20,189,798. Under this offering we issued and sold 104,012 shares for gross proceeds of $20,141,905 and net proceeds of $19,438,121 after deducting commissions and offering expenses totaling $703,784.

During the three months ended March 31, 2026, 550 Series B Convertible Preferred Stock and 400 Series C Convertible Preferred Stock were converted into 146,781 and 67,320 shares of Common Stock, respectively.

During the three months ended March 31, 2026, November 2024 Debentures with a principal value of $100,000 and fair value of $283,790, were converted into 27,932 shares of Common Stock.

During the three months ended March 31, 2025, ATW I and SLS converted 13,188 and 2,000 shares of Series A Preferred Shares into 188,676 and 33,800 shares of Common Stock, respectively. During the three months ended March 31, 2025, ATW I and ATW II converted Term Loan notes with principal amount of $2,551,855 and interest payable of $318,718 into 25,075 shares of Common Stock.

CleanTech Merger Earnout Shares

Following the closing of the Merger between CleanTech, Merger Sub and Nauticus Robotics Holdings on September 9, 2022, former holders of shares of Nauticus Robotics Holdings' Common Stock (including shares received as a result of the Nauticus Preferred Stock Conversion and the Nauticus Convertible Notes Conversion) are entitled to receive their pro rata share of up to 2,894 Earnout Shares which are held in escrow. The Earnout Shares will be released from escrow upon the occurrence of the following (each a "triggering event"):

i. one-half of the Earnout Shares will be released if, within a 5-year period from September 9, 2022, the volume-weighted average price of our Common Stock equals or exceeds $38,880 per share over any 20 trading days within a 30-day trading period;

ii. one-quarter of the Earnout Shares will be released if, within a 5-year period from September 9, 2022, the volume-weighted average price of our Common Stock equals or exceeds $45,360 per share over any 20 trading days within a 30-day trading period; and

iii. one-quarter of the Earnout Shares will be released if, within a 5-year period from September 9, 2022, the volume-weighted average price of our Common Stock equals or exceeds $51,840 per share over any 20 trading days within a 30-day trading period.

As of March 31, 2026, the earn out targets have not been achieved and the Earnout Shares remain in escrow.

SeaTrepid Acquisition Earnout Shares

The acquisition of SeaTrepid on March 20, 2025 included a contingent consideration arrangement in which the Company agreed to issue shares of its common stock to the sellers of SeaTrepid, subject to the achievement of $4 million of business revenue for the year ended December 31, 2025. As of December 31, 2025, the earnout target was achieved and 83,944 shares of Common Stock were issued to the sellers of SeaTrepid in March 2026.

16. Warrants

Public Warrants – As of March 31, 2026 there were 11,779,167 Public Warrants outstanding. For every 2,592 Public Warrants, the holder is entitled to purchase one share of Common Stock at a price of $11.50, subject to adjustment. However, no Public Warrants will be exercisable for cash unless we have an effective and current registration statement covering the shares of Common Stock issuable upon exercise of the Public Warrants and a current prospectus relating to such shares of Common Stock. The Public Warrants expire on September 9, 2027, or earlier upon redemption or liquidation. Our Public Warrants are listed on Nasdaq under the symbol "KITTW".

We may redeem the outstanding Public Warrants, in whole and not in part, at a price of $0.01 per warrant:

- at any time after the Public Warrants become exercisable,
- upon not less than 30 days' prior written notice of redemption to each warrant holder,
- if, and only if, the reported last sale price of the shares of Common Stock equals or exceeds $42,768 per share (subject to adjustment for splits, dividends, recapitalizations and other similar events), for any 20 trading days within a 30-day trading period ending on the third business day prior to the notice of redemption to warrant holders, and
- if, and only if, there is a current registration statement in effect with respect to the shares of Common Stock underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

If we call the Public Warrants for redemption as described above, we have the option to require all holders that wish to exercise warrants to do so on a "cashless basis."

The exercise price and number of shares of Common Stock issuable on exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or our recapitalization, reorganization, merger or consolidation.

The Public Warrants, which are accounted for as liabilities in our condensed consolidated balance sheets, were valued as of March 31, 2026 and December 31, 2025 at $1,769 and $1,612, respectively, based on their publicly-traded price. For the three months ended March 31, 2026 and 2025, the Company reported a gain and loss in value of the Public Warrants of $157 and $11,263, respectively. The change in fair value of the Public Warrants was reported within other (income) expense in our condensed consolidated statements of operations.

Private Warrants – We assumed 4,020,833 Private Warrants, which are not publicly traded, on September 9, 2022. These remained outstanding as of March 31, 2026. For every 2,592 Private Warrants, the holder is entitled to purchase one share of Common Stock at an exercise price of $11.50 and is identical in all material respects to the Public Warrants except that the Private Warrants are exercisable for cash (even if a registration statement covering the shares of Common Stock issuable upon exercise of such warrants is not effective) or on a cashless basis, at the holder's option, and will not be redeemable by us, in each case so long as they are still held by the initial purchasers or their affiliates. The Private Warrants purchased by CleanTech Investments, LLC are not exercisable after 5 years as long as Chardan Capital Markets, LLC or any of its related persons beneficially own these Private Warrants.

The Private Warrants, which are accounted for as liabilities in our condensed consolidated balance sheets, were valued as of March 31, 2026 and December 31, 2025 at $647 and $589, respectively. The fair value of the Private Warrants was estimated using a Black-Scholes option pricing model using the following assumptions: stock price of $4.00, no assumed dividends, a risk-free rate of 3.73%, implied volatility of 275.0%, and a remaining term of 1.44 years. The gain and loss in fair value of the Private Warrants during the three months ended March 31, 2026 and 2025 of $58 and $4,977, respectively, and was reported with other (income) expense in our consolidated statements of operations.

SPA Warrants – On September 9, 2022 and pursuant to the Securities Purchase Agreement, we issued an aggregate 1,127 Original SPA Warrants to the SPA Parties. Upon issuance, each whole Original SPA Warrant was exercisable over its 10-

year term for one share of Common Stock at a price of $51,840 per share, subject to certain adjustments including full ratchet anti-dilution price protections.

On June 22, 2023, we entered into the Letter Agreements with the SPA Parties (the "Letter Agreements"), pursuant to which the SPA Parties (also being the holders of the Original SPA Warrants) agreed to amend the exercise price of the Original SPA Warrants, which, since issuance, had been exercisable to purchase an aggregate 1,127 shares of Common Stock in exchange for the Company's agreement to (i) lower the exercise price of the Original SPA Warrants to a weighted average of $8,502 per share, with multiple tranches priced between $5,288 and $12,027 per share, and (ii) upon the SPA Parties' exercise of the Amended SPA Warrants, issue New SPA Warrants to the SPA Parties to purchase, in the aggregate, up to 1,127 shares of Common Stock.

During any period when we shall have failed to maintain an effective registration statement covering the shares of Common Stock issuable upon exercise of the Amended SPA Warrants, the registered holder may exercise its Amended SPA Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act.

The New SPA Warrants will be (and, with respect to those already issued, are) substantially in the form of the Amended SPA Warrants as described above except that the New SPA Warrants (i) have an exercise price of $51,840 per share (including, for purposes of clarification, full-ratchet anti-dilution on the exercise price and number of underlying shares issuable based on the aggregate exercise price using $51,840 as the base exercise price), (ii) are immediately exercisable upon issuance, and (iii) are exercisable until September 9, 2032.

Unless context otherwise requires, the term "SPA Warrants" means (i) before the entry into the Letter Agreements, the Original SPA Warrants, and (ii) upon and following the entry into the Letter Agreements, (a) the Amended SPA Warrants, and (b) the New SPA Warrants.

The SPA Warrants, which are accounted for as liabilities in our consolidated balance sheets, were valued as of March 31, 2026 and 2025 at $5,846 and $9,080, respectively, and were estimated using a Black-Scholes valuation model using the following assumptions: stock price $4.00, implied volatility of 151.4%, and remaining term of 6.5 years. The change in the value of the SPA Warrants during the three months ended March 31, 2026 and 2025 was a loss and gain of $3,235 and $67,128, respectively, and was reported with other (income) expense in our consolidated statements of operations.

17. Equity Purchase Facility Agreement and Derivative Liability

On October 24, 2025, the Company entered into an equity purchase facility agreement (the "EPFA") and a registration rights agreement (the "Registration Rights Agreement") with a certain institutional investor ("Investor"), pursuant to which the Investor has committed to purchase up to $250 million of the Company's common stock, par value $0.0001 per share.

Upon the terms and subject to the satisfaction of the conditions set forth in the EPFA, the Company has the right, but not the obligation, to sell to the Investor, and the Investor is obligated to purchase, up to $250 million (the "Commitment Amount") in shares of Common Stock. Such sales of Common Stock by the Company, if any, are subject to certain limitations set forth in the EPFA, and may occur from time to time, at the Company's sole discretion, over a period of up to 24 months, commencing on the date of the EPFA (such period, the "Commitment Period").

During the Commitment Period, the Company may from time to time, by written notice delivered by the Company to the Investor (each, an "Advance Notice"), direct the Investor to purchase a number of shares of Common Stock up to the Maximum Advance Amount (as defined therein) as set forth in the Advance Notice, subject to limitations and adjustments as set forth in the EPFA. The prices at which such shares will be sold will be based on the applicable Market Price (as defined therein). Unless earlier terminated as provided under the EPFA, the term of the facility provided under the EPFA expires on the earlier to occur of (i) the first day of the next month following the 24-month anniversary of the first trading date after the date of the EPFA (the "Effective Date"), (ii) the date on which the Investor shall have made payment of Advances (as defined therein) pursuant to the EPFA for shares of Common Stock equal to the Commitment Amount and all shares of Common Stock purchased pursuant to the EPFA have been delivered, and (iii) the date on which the Company announces or publicly discloses a material restatement of its consolidated financial statements for two or more fiscal quarters (the "Lapsed Registration Termination").

Under the EPFA, the Company will control the timing and amount of sales of Common Stock to the Investor, if any. The Investor has no right to require the Company to sell any shares of Common Stock to the Investor, but the Investor is obligated to make purchases as the Company directs, subject to certain conditions set forth in the EPFA. Actual sales of shares of Common Stock to the Investor, if any, will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, trading volume, the trading prices for the Common Stock, and determinations by the Company as to the appropriate sources of funding for the Company and its operations.

Consistent with the applicable Nasdaq listing rules, the aggregate number of shares of Common Stock that the Company may issue to the Investor under the EPFA may not exceed 19.99% of the shares of Common Stock issued and outstanding as of the execution date of the EPFA (the "Exchange Cap"), unless the Company first obtains stockholder approval to issue shares of Common Stock in excess of the Exchange Cap in accordance with applicable Nasdaq listing rules.

Pursuant to the EPFA, the Company is required to provide each stockholder entitled to vote at a meeting of stockholders of the Company (the "Stockholder Meeting"), which shall be promptly called and held not later than 60 days following the date of the EPFA, a proxy statement in a form reasonably acceptable to the Investor and its counsel, at the expense of the Company to solicit each of the Company's stockholders' affirmative vote at the Stockholder Meeting for approval of the proposal to authorize the issuance of all shares of Common Stock issuable thereunder in compliance with the rules and regulations of Nasdaq, and the Company is required to use its reasonable best efforts to solicit its stockholders' approval of such proposal and to cause the board of directors of the Company to recommend to the stockholders that they approve such proposal. A special meeting of stockholders was held on January 28, 2026 and the issuance of shares of Common Stock pursuant to the EPFA was approved.

In connection with the EPFA, on October 24, 2025, the Company also entered into the Registration Rights Agreement with the Investor with respect to the resale of the shares of Common Stock issuable under the EPFA Agreement and the Commitment Shares. The Registration Rights Agreement requires a registration statement registering such shares (the "Resale Registration Statement") to be filed and that to be declared effective under the Securities Act of 1933, as amended, by the earlier of the (i) 90th day after following the date the Resale Registration Statement is filed, or (ii) the fifth business day following the date when the SEC notifies the Company that the Resale Registration Statement will not be reviewed or is no longer subject to further review and comments of the SEC.

The Company evaluated the EPFA under ASC 815, Derivatives and Hedging, and concluded that the EPFA meets the definition of a derivative instrument. The Company further determined that the EPFA does not qualify for the scope exception for contracts indexed to and settled in the Company's own stock under ASC 815-40 due to certain provisions that adjust the number of shares deliverable based on trading volume and other factors that are not inputs to the fair value of a fixed-for-fixed equity instrument. Accordingly, the EPFA is accounted for as a freestanding derivative instrument and is measured at fair value at each reporting date, with changes in fair value recognized in earnings.

As of December 31, 2025, the Company determined that the fair value of the derivative associated with the EPFA was de minimis due to the low likelihood of utilization, the absence of any outstanding advances, and the Company's discretion over whether to access the EPFA. As of March 31, 2026, the Company recorded a derivative liability of $515,827 related to the EPFA. The increase in fair value during the three months ended March 31, 2026 was primarily attributable to an increase in the likelihood that the Company may utilize the EPFA, driven by increased liquidity needs and changes in market conditions affecting the Company's stock price.

The Company recognized a loss on derivative of $515,827 during the three months ended March 31, 2026 related to the change in fair value of the derivative liability, which is included in the condensed consolidated statements of operations within other (expense) income, net.

18. Stock-Based Compensation

Our 2022 Omnibus Incentive Plan provides for the grant of options, stock appreciation rights, restricted stock units (“RSU”s), restricted stock and other stock-based awards, any of which may be performance-based, and for incentive bonuses, which may be paid in cash, Common Stock, or a combination thereof. Total stock-based compensation expense including options and RSUs for the three months ended March 31, 2026, net of forfeiture adjustments, totaled $225,552 and $312,679, respectively.

19. Employee Benefit Plan

Nauticus offers a 401(k) plan which permits eligible employees to contribute portions of their compensation to an investment trust. The Company makes contributions to the plan totaling 3% of employees’ gross salaries and such contributions vest immediately. The 401(k) plan provides several investment options, for which the employee has sole investment discretion. The Company’s cost for the 401(k) plan was $43,848 and $55,003 for the three months ended March 31, 2026, and 2025, respectively.

20. Related Party Transactions

ATW I, ATW II, ATW III, MIF and SLS are considered related parties as they can significantly influence the management of the Company, and we require their consent on all material transactions. Further, MIF is considered a related party as Adam Sharkawy is a member of the Board of Directors of the Company and the founder and managing partner of MIF.

SPA Warrants – The SPA Warrants are held by related parties ATW I, MIF and SLS (see Note 16 – Warrants).

November 2024 Debentures - The November 2024 debentures are held by ATW II (see Note 8 - Notes Payable).

Senior Secured Convertible Term Loan - The Senior Secured Convertible Term Loan includes amounts outstanding to related parties, ATW II, ATW III and MIF (see Note 8 - Notes Payable).

Series A, B and C Convertible Preferred Stock - The Series A, B and C Convertible Preferred Stock is held by related parties ATW I, ATW II, MIF and SLS (see Note 14 - Preferred Stock).

Flexible Consulting, LLC - On December 1, 2023, the Board appointed Victoria Hay as the Interim Chief Financial Officer and principal financial officer of the Company. Victoria Hay is the co-owner and President of Flexible Consulting, LLC, a financial and accounting consulting firm, with which the Company has engaged with since January 2023 to provide it with accounting and finance services relating to its quarterly reporting and mergers/acquisition activity. On July 25, 2025, the Board appointed Jimena Begaries, also a Flexible Consulting LLC employee, as the Interim Chief Financial Officer succeeding Victoria Hay. Flexible Consulting, LLC is considered to be a related party from December 1, 2023. The total value of services provided by Flexible Consulting, LLC to the Company for the three months ended March 31, 2026 and 2025 was $250,000 and $332,994, respectively. Accounts payable included $40,000 and $45,000 due to Flexible Consulting, LLC at March 31, 2026 and December 31, 2025, respectively.

21. Loss Per Share

Following is the computation of loss per basic and diluted share:

	Three months ended March 31, 2026	2025
Numerator:		
Net loss	$ (9,266,081)	$ (7,567,187)
Preferred stock dividend	(191,250)	-
Net loss attributable to Common Stockholders	$ (9,457,331)	$ (7,567,187)
Denominator:		
Weighted average shares used to compute basic LPS	3,840,563	381,215
Basic and diluted loss per share	$ (2.46)	$ (19.85)
Anti-dilutive securities excluded from shares outstanding:		
Stock options	89	241
Restricted and performance stock units	1,331	1,972
Warrants	7,575	7,576
Earnout shares	2,894	2,894
SeaTrepid earnout shares	-	83,944
Convertible debt	328,448	107,909
Series A, B and C Convertible Preferred Stock	2,667,569	268,916
Total	3,007,906	473,452

Basic loss per share (“EPS”) is computed by dividing net loss by the weighted-average number of common shares outstanding during the period.

In computing the loss attributable to common shareholders, the Company deducts dividends on its preferred stock in accordance with ASC 260, Earnings Per Share. For the three months ended March 31, 2026, total preferred dividends of $191,250 were deducted from net loss, consisting of $13,062 of dividends that were capitalized and added to the stated value of the preferred stock in accordance with the Certificates of Designation; and $178,188 of dividends that were accrued but unpaid as of March 31, 2026.

Total preferred dividends increased the loss attributable to common shareholders for purposes of calculating basic and diluted earnings per share.

22. Fair Value Measurements

The Company measures and reports certain financial and non-financial assets and liabilities on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels related to fair value measurements are as follows:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The estimated fair values of accounts receivable, contract assets, accounts payable and accrued expenses approximate their carrying amounts due to the relatively short maturity or time to maturity of these instruments. Notes payable with related parties may not be arm's-length transactions and therefore may not reflect fair value.

The Company elected to measure the November 2024 Debentures at fair value under the fair value option in accordance with ASC 825-10, Financial Instruments - Fair Value Option. The fair value of the November 2024 Debentures are measured at each reporting date in accordance with ASC 820-10, Fair Value Measurement, using a Monte Carlo simulation model. This model incorporates Level 3 inputs, including, current stock price, stock price volatility (historical and implied), risk free interest rate (U.S. Treasury rates), and expected term to maturity. The fair value measurement is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. At March 31, 2026, the following assumptions were used in order to estimate the fair value of the November 2024 Debentures: stock price of $4.00, a risk free rate of 3.72%, implied volatility of 196% and a remaining term of 0.44 years.

The fair value of the Public, Private and SPA Warrants are measured at each reporting date in accordance with ASC 820-10. The Public Warrants were valued based on their publicly-traded price. The Private and SPA Warrants are considered Level 3 measurements as they involve significant unobservable inputs.

The fair value of notes payable acquired approximated their carrying values at the acquisition date as the Company plans to pay off the notes in the short-term. The fair values of working capital items, including cash, accounts receivable, accounts payable, and accrued expenses, approximated their carrying values at the acquisition date due to their short-term nature. These items are not presented in the table below.

The Company measures the derivative liability associated with the EPFA at fair value on a recurring basis. The fair value of the derivative liability is classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs. The fair value of the derivative liability was estimated using a Probability Weighted Expected Return Model ("PWERM") valuation model that incorporates probability-weighted scenarios regarding the Company’s expected utilization of the EPFA. The valuation model incorporates both observable and unobservable inputs at March 31, 2026 including stock price of $4.00, discount rate of 9.17%, expected timing and frequency of potential draws under the EPFA and probability of utilization. The probability of utilization represents a significant unobservable input and reflects management’s assessment of the likelihood that the Company will access the EPFA during its term. As of March 31, 2026, this probability increased compared to December 31, 2025, primarily due to increased liquidity needs and declines in the Company’s stock price, which resulted in a corresponding increase in the fair value of the derivative liability.

The fair value of the 2,023 Series C Preferred Stock was measured on the exchange date of March 27, 2026 in accordance with ASC 820-10, Fair Value Measurement, using a Monte Carlo simulation model. This model incorporates Level 3 inputs, including, current stock price, stock price volatility (historical and implied), risk free interest rate (U.S. Treasury rates), and expected term to maturity. The fair value measurement is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. The following assumptions were used in order to estimate the fair value of the Series C

Preferred Stock at March 27, 2026: stock price of $4.24, risk free rate of 3.77%, implied volatility of 152%, and remaining term of 1.01 years.

In accordance with the fair value hierarchy described above, the following tables show the fair value of the Company's financial liabilities that are required to be measured at fair value on a recurring and non-recurring basis and the related activity for periods presented:

	Fair Value as of March 31, 2026				Fair Value as of December 31, 2025			
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Financial liabilities:								
November 2024 Debentures	$ 1,298,728	$ -	$ -	$ 1,298,728	$ 163,672	$ -	$ -	$ 163,672
Derivative liability	$ 515,827	$ -	$ -	$ 515,827	$ -	$ -	$ -	$ -
Public Warrants	$ 1,769	$ 1,769	$ -	$ -	$ 1,612	$ 1,612	$ -	$ -
Private Warrants	$ 647	$ -	$ -	$ 647	$ 589	$ -	$ -	$ 589
SPA Warrants	$ 5,846	$ -	$ -	$ 5,846	$ 9,080	$ -	$ -	$ 9,080
Total warrant liability	$ 8,262	$ 1,769	$ -	$ 6,493	$ 11,281	$ 1,612	$ -	$ 9,669
Non-recurring fair value instruments:								
Series C Preferred Stock at March 27, 2026	$ 3,659,502	$ -	$ -	$ 3,659,502				

The following table sets forth a summary of the changes in fair value of the Company's financial liabilities categorized within Level 3:

	November 2024 Debentures	Warrant Liability	Derivative Liability
Balance, December 31, 2024	$ 2,583,832	$ 172,833	$ -
Change in fair value of November 2024 Debentures	723,926	-	-
Change in fair value of warrant liabilities	-	(62,151)	-
Balance March 31, 2025	$ 3,307,758	$ 110,682	$ -
Balance, December 31, 2025	$ 163,672	$ 9,669	$ -
Issuance of November 2024 Debentures	2,960,000	-	-
Fair value conversion of November 2024 Debentures to Common Stock	(283,790)	-	-
Exchange of November 2024 Debentures to Series C Preferred Stock	(2,729,994)	-	-
Change in fair value of November 2024 Debentures	1,188,840	-	-
Change in fair value of warrant liabilities	-	(3,176)	-
Change in fair value of derivative liability	-	-	515,827
Balance, March 31, 2026	$ 1,298,728	$ 6,493	$ 515,827

23. Segment Information

The Company operates as a single operating and reportable segment. The Company's Chief Operating Decision Maker ("CODM"), the Chief Executive Officer, reviews financial information presented on a consolidated basis for purposes of making operational decisions, allocating resources, and evaluating financial performance.

The Company’s operations are organized and managed as a single segment because its products and services share similar economic characteristics, including production processes, customer types, distribution methods and regulatory environment. Accordingly, the Company has determined that it has one reportable segment. The CODM assesses performance by reviewing the Consolidated Balance Sheets and Consolidated Statements of Operations quarterly. Segment assets are not regularly reviewed by the CODM and, therefore, are not disclosed.

Substantially all of the Company's revenues are derived from customers located in the United States, and substantially all long-lived assets are located in the United States.

24. Subsequent Events

ATM offering

From April 1, 2026 to May 14, 2026, the Company has conducted ATM offerings to offer and sell shares of the Company's Common Stock. Under this offering we issued and sold 422,902 shares, for gross proceeds of $1,281,488 and net proceeds of $1,240,248 after deducting commissions and offering expenses totaling $41,240.

Series B and C Preferred Stock Conversions

From April 1, 2026 to May 14, 2026, 250 and 325 shares of Series B and C Preferred Stock were converted into 67,436 and 165,026 shares of Common Stock, respectively.

Corrections to Certificates of Designations

On April 15, 2026, the Company filed with the Secretary of State of the State of Delaware, amendments to the Certificates of Designations of Rights and Preferences, respectively, of the Series A Convertible Preferred Stock, the Series B Convertible Preferred Stock, and the Series C Convertible Preferred Stock, to correct an error in each such instrument.

Nasdaq Compliance Letter

On April 27, 2026, the Company received a formal notice from The Nasdaq Capital Market ("Nasdaq") confirming that the Company has demonstrated compliance with all continued listing requirements through the end of the Nasdaq Hearing Panel's jurisdiction, which expired on April 14, 2026.

Second Amendment to the 2023 Term Loan Agreement

On May 11, 2026, the Company entered into a Second Amendment to the 2023 Term Loan Agreement, dated September 18, 2023, with each Lender, pursuant to which the conversion price was reduced to $2.20 for the period ending on May 21, 2026.

November 2024 Debentures

On May 12, 2026, the Company issued November 2024 Debentures to an institutional investor, in aggregate principal amount of $1,556,122, which are convertible into 204,753 shares of Common Stock of the Company calculated at a conversion price of $7.60, pursuant to the Securities Purchase Agreement dated November 4, 2024.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

Overview

Nauticus Robotics, Inc. (the "Company," "our," "us" or "we") is a developer of ocean robots, cloud software and intelligent services that transform operations in offshore energy, environmental monitoring, and defense. Our principal corporate offices are located in Webster, Texas. Our portfolio includes fully autonomous underwater vehicles ("AUVs"), remotely operated vehicles ("ROVs"), electric robotic manipulators, and the Nauticus ToolKITT™ software platform. Our technology solutions position us at the forefront of the global shift toward autonomy.

Our flagship autonomous vehicle, Aquanaut®, provides advantages over conventionally tethered ROVs and traditional AUVs. Leveraging advanced thruster configurations, a streamlined hull, payload capacity, and integrated electric manipulation, Aquanaut® performs complex subsea tasks with efficiency, precision, and minimal surface support. Nauticus ToolKITT™—our intelligent control and autonomy software—extends this capability across platforms, enabling robots to sense, decide, and act autonomously. Nauticus ToolKITT™ has already been deployed on third-party ROVs and is gaining traction as a transformative solution for inspection, maintenance, and intervention services. The Olympic Arm™ is a fully electric subsea manipulator designed for complex intervention tasks on both work-class ROVs and Aquanaut® . Its patented electric actuators replace traditional hydraulic systems. A next-generation manipulator is also under development to address known use cases requiring a less complex solution. These technologies, coupled with the integration of the SeaTrepid acquisition in March 2025, position Nauticus at the forefront of the industry's shift toward autonomy.

Recent Developments

We continued into the first quarter of 2026 with significant momentum, strengthened by both strategic execution and market penetration:

- **Operational Deployments** – During the quarter, our ROV fleet continued preparations for upcoming projects. One ROV completed system integration testing (SIT) for an upcoming project and is scheduled to mobilize in May 2026. This unit also has several potential opportunities with windfarm operators during the next quarter. Our second ROV remained in Louisiana to continue preparations for work planned in the Gulf of America in the following quarter. Aquanaut Vehicle 1 remained in Florida, where it advanced client-driven workflow testing related to vertical inspection capabilities, including autonomous mooring-line behaviors. Aquanaut Vehicle 2 also remained in Florida and continued system testing and preparation activities in advance of offshore deployment.
- **Industry Recognition** – Development of the next-generation manipulator continued during the quarter. The initial design of the fit-for-purpose electric manipulator was completed, and the team began sourcing components for the first prototype. Interest in the manipulator has continued to support broader discussions around the Aquanaut® platform as a differentiating technology. Recent engagement has been driven primarily by defense sector stakeholders evaluating the potential integration of the Aquanaut® vehicle with an electric manipulation system.
- **Integration Progress** – SeaTrepid integration is delivering tangible results. The combined ROV and Aquanaut® fleet is enabling us to engage a broader customer base, increase utilization, and expand into new geographies.
- **Customer and pipeline updates** – Market response to our expanded service offerings remains overwhelmingly positive. Oil-and-gas and environmental-agency customers are requesting operational windows within our Gulf Coast schedule. Customers continue to approach us for additional commercial work and also to sponsor additional testing and development to further expand our value proposition.

Market Environment and Outlook

The offshore energy market remains robust, with vessel and subsea asset utilization in the Gulf of America near multi-year highs. While the North American offshore wind sector experienced temporary delays due to policy shifts, recent easing of restrictions has revived select opportunities, and we are actively mobilizing for new wind-farm projects.

Adoption of autonomous subsea robotics is accelerating, driven by customer priorities around safety, efficiency, and data quality. Energy operators are increasingly leading this innovation push, creating tailwinds for advanced solutions like Aquanaut® and Nauticus ToolKITT™.
Defense sector engagement is also gaining momentum, with increased activity at the prime contractor level. While awards typically flow first to larger primes, we are strategically positioned through partnerships, such as our alliance with Leidos, to participate in future contracts.

Overall, our near-term pipeline is stronger than ever, supported by active contracts, prospective projects in multiple basins, and international interest in our autonomous services.

Operational Performance and Product Advancement

Service revenue in the quarter was fueled by SeaTrepid's ROV operations. Cross-selling momentum continues: SeaTrepid's longstanding customers are expressing interest in our autonomous solutions, while Nauticus' existing customers are contracting ROV services for both oil-and-gas and environmental projects. The integration of the SeaTrepid fleet and workforce has enabled higher utilization and broadened our geographic reach.

Aquanaut® achieved several milestones during the quarter. Vehicle 2 has completed over 500 hours of in-water testing on client driven workflows. The system has performed over 200 successful vertical inspection behaviors on mooring lines. These tests are small in scale, but relate directly to offshore operations, and have prepared the vehicle behaviors for offshore testing. Data from these tests are guiding software and engineering improvements and expanding our technical lead in untethered operations.

Nauticus ToolKITT™ commercialization remains on track. The software was exercised extensively during deepwater tests in 2025, and in testing at our location in Florida in Q4 2025 and Q1 2026, where we trained new autonomous behaviors to expand scope and improve reliability, repeatability, and usability. We continue to advance the software developed for Nauticus' ROVs and will continue to demonstrate the value of autonomy on traditional ROVs. This is advancing commercial discussions with existing and new clients to deploy Nauticus ToolKITT™ for a wider range of missions and on customer ROVs.

Following the closing of our Joint Manufacturing and Sales Agreement with Forum Energy Technology in Q4 of 2025, we continue to mature the Olympic Arm™ program as we jointly move towards a commercial product targeting the entire ROV market.

The smaller, observation work-class ROV and AUV markets' demand for a next-generation compact, fully electric manipulator remains strong, and we intend to capitalize on that demand as development proceeds.

Conclusion

The first quarter of 2026 set a strong technical and strategic foundation for the year. Customer demand remains robust across the oil and gas, wind, and environmental sectors, and our services pipeline is healthy. With a strong team, a differentiated technology suite and growing market acceptance, Nauticus is poised to lead the next phase of subsea autonomy and create long term value for our stakeholders.

Results of Operations

Three months ended March 31, 2026, compared to three months ended March 31, 2025

The following table sets forth summarized condensed consolidated financial information:

	Three months ended March 31,		Change	
	2026	2025	$	%
Revenue				
Service	$ 159,575	$ 165,256	$ (5,682)	-3%
Total revenue	159,575	165,256	(5,682)	-3%
Costs and Expenses				
Cost of revenue	1,993,894	1,238,957	754,937	61%
Depreciation	624,791	480,376	144,415	30%
General and administrative	3,224,907	4,359,686	(1,134,779)	-26%
Total costs and expenses	5,843,593	6,079,019	(235,426)	-4%
Operating loss	(5,684,017)	(5,913,763)	(229,746)	-4%
Other (income) expense:				
Other (income) expense, net	(3,145)	(137,397)	134,252	98%
Foreign currency transaction loss	970	3,267	(2,297)	-70%
Loss on extinguishment of debt	929,508	-	929,508	0%
Change in fair value of derivative	515,827	-	515,827	0%
Change in fair value of warrant liabilities	(3,019)	(50,888)	47,869	94%
Change in fair value of November 2024 Debentures	1,188,840	723,926	464,914	64%
Interest expense, net	953,083	1,114,516	(161,433)	-14%
Net income (loss)	$ (9,266,081)	$ (7,567,187)	$ 1,698,894	22%

Revenue. For the three months ended March 31, 2026, revenue decreased $5,682 or 3%, as compared to the three months ended March 31, 2025, driven by natural fluctuations in our revenue during the off-peak quarter.

Cost of revenue. For the three months ended March 31, 2026, cost of revenue increased $754,937 or 61% as compared to the three months ended March 31, 2025 due to additional costs primarily in salaries as well as direct materials.

Depreciation. For the three months ended March 31, 2026, depreciation increased $144,415 or 30% , as compared to the three months ended March 31, 2025, due to the increase in property and equipment primarily related to the acquisition of SeaTrepid.

General and administrative. For the three months ended March 31, 2026, general and administrative costs decreased $1,134,779 or 26%, compared to the three months ended March 31, 2025, as 2025 included non-recurring expenses related to the SeaTrepid acquisition.

Other (income) expense, net. For the three months ended March 31, 2026, other expense is minimal. For the three months ended March 31, 2025, other income related primarily to proceeds received from the sale of expensed equipment.

Loss on extinguishment of debt. For the three months ended March 31, 2026 a loss on the extinguishment of debt of $929,508 was reported driven by the exchange of November 2024 Debentures for Series C Preferred Stock. See Note 8 "Notes Payable".

Change in fair value of derivative. For the three months ended March 31, 2026, a loss on derivative of $515,827 was reported driven by the change in fair value of the EPFA. See Note 17 "Equity Purchase Facility Agreement and Derivative Liability".

Change in fair value of warrant liabilities. For the three months ended March 31, 2026 and 2025, the Company reported a gain in the fair value of warrant liabilities of $3,019 and $50,888, respectively.

Change in fair value of November 2024 Debentures. For the three months ended March 31, 2026 , the Company reported a loss on the fair value of the November 2024 convertible debentures of $1,188,840.

Interest expense, net. For the three months ended March 31, 2026, interest expense, net decreased $161,433, or 14%, driven by reduced outstanding balances on the convertible senior secured term loans due to conversions in 2025.

Liquidity and Capital Resources

The Company has incurred recurring losses each year since its inception and currently does not generate sufficient revenue to cover operating expenses, working capital and capital expenditures. The Company continues to develop its principal products and conduct research and development activities. The Company currently funds its operations with cash on hand, availability under the November 2024 Debentures (see Note 8 - "Notes Payable"), the Equity Purchase Facility Agreement (see Note 15 - "Common Stock") and the offer and sale of additional shares of Common Stock under the At The Market Offering Agreement (see Note 15 - "Common Stock" and Note 23 - "Subsequent Events"). The Company may require additional liquidity to continue its operations over the next twelve months. While a current investor has expressed an intention to provide financial support, factors such as stock price, volatility, trading volume, market conditions, demand and regulatory requirements may adversely affect the Company's ability to raise capital in an efficient manner. Because of these factors, the Company believes that this creates substantial doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the date the March 31, 2026 financial statements were issued.

As of March 31, 2026, the Company had $5,285,230 of cash and cash equivalents.

Significant sources and uses of cash during the three months ended March 31, 2026 and 2025

Sources of cash:

- During the three months ended March 31, 2026, the Company received net proceeds of $5,276,843 from financing activities attributable to proceeds from November 2024 debentures and the ATM share offering.

- During the three months ended March 31, 2025, the Company received net proceeds of $19,438,121 from equity financing attributable to the ATM share offering.

Uses of cash:

- Cash used in operating activities was $7,005,769 and $6,649,394 during the three months ended March 31, 2026 and 2025, respectively.

- Cash used in investing activities during the three months ended March 31, 2025 related to the acquisition of SeaTrepid of $3,871,992 and capital expenditures of $47,989.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations is based on our unaudited condensed consolidated financial statements included in this Form 10-Q, which have been prepared in accordance to US GAAP. Certain of our accounting estimates are important to the portrayal of our financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates are susceptible to material changes as a result of changes in facts and circumstances. Please refer to “Critical Accounting Policies and Estimates” contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with SEC for a complete discussion of our critical accounting estimates.

There have been no significant changes to our accounting policies as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. Our disclosure controls and procedures are designed to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation and under the supervision of our Chief Executive Officer and our Interim Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Based on such evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that, as of March 31, 2026, as a result of the previously disclosed material weakness discussed below, our disclosure controls and procedures were not effective. In light of this fact, our management, including our Chief Executive Officer and Interim Chief Financial Officer, have performed additional analyses, reconciliations, and other post-closing procedures in order to conclude that, notwithstanding such material weakness, the unaudited condensed consolidated financial statements included in this Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP as of the dates and for the periods presented in this Form 10-Q.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, as amended. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Previously identified material weakness. In 2024, the Company identified material weaknesses in its internal controls over financial reporting related to: (1) ineffective design and operation of controls over significant complex transactions, which resulted in restatements of all interim periods of 2024. As of March 31, 2026, the material weakness had not yet been remediated.

Remediation Plan. The company continues to implement remediation actions, including: (1) establishing a formal Significant and Complex Transaction review process that will identify transactions that should be reviewed by third party experts to ensure proper treatment. Due to the nature of the remediation process and the need for sufficient time after implementation to evaluate and test the effectiveness of the controls, no assurance can be given as to the timing for completion of remediation. The material weaknesses will be fully remediated when the Company concludes that the controls have been operating for sufficient time and independently validated by management.

Changes in internal control over financial reporting. During the fiscal quarter ended March 31, 2026, except as described above in "Remediation Plan" there were no other changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitation on the effectiveness of internal control. The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Although we may, from time to time, be subject to litigation and other claims in the normal course of business, we are currently not a party to any material legal proceeding. No amounts have been accrued in the condensed consolidated financial statements with respect to any such matters.

ITEM 1A. RISK FACTORS

The disclosure below supplements the risk factors previously disclosed under "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2025 filed by the Company with the SEC. The risks described therein are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

If we fail to satisfy the Nasdaq Capital Market continued listing requirements, our common stock could be delisted from the Nasdaq.

The listing of our common stock on the Nasdaq Capital Market is contingent on our compliance with the Nasdaq Capital Market's conditions for continued listing.

On October 16, 2025, the Company received a letter from Nasdaq notifying the Company that, for the preceding 30 consecutive trading days, the market value of the Company's listed securities had been below the minimum $35,000,000 requirement for continued listing on The Nasdaq Capital Market, pursuant to Nasdaq Listing Rule 5550(b)(2). The Company also did not meet the alternative $2,500,000 stockholders' equity requirement under Nasdaq Listing Rule 5550(b)(1) (the "Equity Rule"). Accordingly, the Company timely requested a hearing before the Nasdaq Hearings Panel (the "Panel"), which was held on December 4, 2025. The Panel granted the Company's request for continued listing on Nasdaq, subject to the following conditions: (1) From the date of the Panel decision until April 14, 2026 (the end of the Panel's jurisdiction in the matter), the Company shall maintain compliance with all Nasdaq listing rules; and (2) the Company shall maintain a shareholder equity value of $3,500,000 for each fiscal quarter until December 19, 2026.

On December 19, 2025, the Company received a letter from Nasdaq indicating that it had demonstrated compliance with the Equity Rule and, as a result, satisfied the continued listing requirements of The Nasdaq Capital Market.

On April 27, 2026, the Company received a letter from the Panel confirming that the Company satisfied the terms of the Panel's December 4, 2025 decision and is in compliance with the Nasdaq Listing Rules. Notwithstanding the foregoing, there can be no assurance that the Company will ultimately regain compliance with all applicable requirements for continued listing. As set forth in the Panel's determination and confirmed in the April 27, 2026 letter, the Company is still subject to a mandatory panel monitor pursuant to Nasdaq Listing Rule 5815(d)(4)(B). During the monitoring period, the Company is required to maintain a minimum stockholder's equity of $3,500,000 for each fiscal quarter until the end of the panel monitor period, December 19, 2026. If the Company fails to satisfy this requirement, the Company's common stock may be delisted.

A delisting of the Company's common stock could negatively impact the Company and its stockholders by, among other things: reduce the liquidity and market price of its common stock; reduce the number of investors willing to hold or acquire the Company's common stock, which could negatively impact its ability to raise equity financing; decrease the amount of news and analyst coverage of the Company; and limit the Company's ability to issue additional securities or obtain additional financing in the future. In addition, delisting from the Nasdaq might negatively impact the Company's reputation and, as a consequence, its business, operating results, cash flows, financial condition, or securities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2026, the company completed certain unregistered sales of securities previously disclosed in the Company's Current Reports on Form 8-K filed with the SEC on February 6, February 9, March 10 and March 30, 2026, which disclosures are incorporated herein by reference. Except as previously disclosed in such filings, the Company did not sell any securities during the quarter ended March 31, 2026 in transactions that were not registered under the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans

During the three months ended March 31, 2026, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

		Incorporated by Reference			
Exhibit	**Description**	**Schedule/ Form**	**File Number**	**Exhibits**	**Filing Date**
3.1	Second Amended and Restated Certificate of Incorporation of Nauticus Robotics, Inc.	Form 8-K	001-40611	3.1	September 15, 2022
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Nauticus Robotics, Inc.	Form 8-K	001-40611	3.2	July 18, 2024
3.3	Certificate of Designations of Rights and Preferences of Series A Convertible Preferred Stock of Nauticus Robotics, Inc.	Form 8-K	001-40611	3.3	December 27, 2024
3.4	Certificate of Designations of Rights and Preferences of Series B Convertible Preferred Stock of Nauticus Robotics, Inc.	Form 8-K	001-40611	3.1	August 7, 2025
3.5	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Nauticus Robotics, Inc.	Form 8-K	001-40611	3.1	September 2, 2025
3.6	Certificate of Designations of Rights and Preferences of Series C Convertible Preferred Stock of Nauticus Robotics, Inc.	Form 8-K	001-40611	3.1	December 3, 2025
3.7	Certificate of Correction (Series A CoD) 2026	Form 10-K	001-40611	3.9	April 15, 2026
3.8	Certificate of Corrections (Series B CoD) 2026	Form 10-K	001-40611	3.10	April 15, 2026
3.9	Certificate of Corrections (Series C CoD) 2026	Form 10-K	001-40611	3.11	April 15, 2026
3.10	Amended and Restated Bylaws of Nauticus Robotics Inc (as of May 11, 2023).	Form 8-K	001-40611	3.1	May 15, 2023
3.11	Amendment No. 1 to the Amended and Restated By-laws of Nauticus Robotics. Inc.	Form 8-K	001-40611	3.1	August 19, 2025
10.1	Securities Purchase Agreement, dated as of February 6, 2026, by and between Nauticus Robotics, Inc. and the investor party named therein	Form 8-K	001-40611	10.1	February 9, 2026
10.2	Registration Rights Agreement, dated as of February 6, 2026, by and among Nauticus Robotics, Inc. and the investor party named therein	Form 8-K	001-40611	10.2	February 9, 2026
10.3+	Offer Letter dated March 26, 2026, by and between Nauticus Robotics, Inc. and Michael Ferrier				
31.1+	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2+	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				

32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104.0	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\+ Filed herewith

* Furnished herewith

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NAUTICUS ROBOTICS, INC.

By: /s/ John W. Gibson, Jr.
John W. Gibson, Jr.
Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2026

By: /s/ Jimena Begaries
Jimena Begaries
Interim Chief Financial Officer
(Principal Financial Officer)

Date: May 14, 2026

nauticus robotics

March 26, 2026

Michael Ferrier

Re: Offer Letter Rev1

Dear Michael:

On behalf of Nauticus Robotics, Inc., a Texas corporation ("Nauticus" or the "Company"), I am delighted to confirm our offer to you for employment in the position of General Counsel of Nauticus. You shall report directly to the President & CEO of Nauticus. Your employment under this letter agreement (this "Agreement") will be effective on April 07, 2026 subject to the terms and conditions of this Agreement.

In connection with your employment, you will receive the following compensation and benefits package, as approved by the Board of Directors of Nauticus (the "Board") or its Compensation Committee (the "Committee"):

Compensation and Benefits

Base Salary: You will be paid a base salary of $275,000 annually, subject to all withholdings as required by law. Your base salary will be pro-rated for any partial year of employment.

Annual Cash Bonuses: You will be eligible to receive an annual cash bonus (each, an "Annual Cash Bonus") under the annual cash bonus plan adopted by the Board or the Committee at its discretion. The target amount of your Annual Cash Bonus will be 100% of your annual base salary received during the applicable performance year at the discretion of the compensation committee.

Sign-On Incentive Equity Award: As soon as reasonably practicable and subject to approval by the Board or the Committee and Nauticus' filing of a Form S-8 registration statement covering the underlying shares, you will be eligible for an initial sign-on grant equivalent to 50% of your Base Salary on the date of the grant. This sign-on equity grant will vest in equal portions over a five-year period, with the grant vesting on each of the 1st, 2nd, 3rd, 4th, and 5th anniversaries of your start date with the Company. The Initial Award will be subject to the terms of the Plan as well as any applicable award agreement and any time-based vesting conditions as determined by the Board or the Committee.

Annual Incentive Equity Award:, Inclusive of the calendar year 2026, if applicable, you will be eligible to participate in the Nauticus Robotics, Inc. 2022 Omnibus Incentive Plan (the "Plan") on an annual basis and in a manner consistent with other senior executives of Nauticus, subject to approval and as determined by the Board or the Committee in its discretion (such grant, the "Annual Equity Bonus"). Any Annual Equity Bonus granted to you under the Plan will be subject to the terms of the Plan, any applicable award agreement, and any time-based and/or performance-based vesting conditions as determined by the Board or the Committee.

NOTE: The Company is considering creating a "preferred share" program to reduce any impact of dilution and tax events for employees. You will be a principal negotiator of this new program. The program has support of the Board and principal lender. This program is in its early stages and Nauticus has not yet made any final decision on the new program or its structure.

Other Benefits: You will be eligible to participate in all other benefit plans generally offered to other non-CEO executives of Nauticus in similar positions and with similar responsibilities (subject to any applicable waiting periods and other restrictions). Nauticus reserve the right to amend, modify or terminate any of its benefit plans at any time.

Other Terms of Employment

At-Will Employment: Your employment is at-will, meaning that either party can terminate your employment without cause or reason at any time.

Severance: If your employment with Nauticus is (i) involuntarily terminated for reasons other than "for Cause" (as that term is defined below) or a breach by you of the terms and conditions of this Agreement, or (ii) voluntarily terminated "for Good Reason" (as that term is defined below), and subject to your execution, and non-revocation, of a release of claims in a form provided by Nauticus, you will be eligible to receive severance equal 50% of your then-current base salary, which shall be paid in equal installments in accordance with Nauticus' payroll practices over twenty-four months following the effective date of termination.

"For Cause" is defined as (a) your breach of fiduciary duty or duty of loyalty to Nauticus; (b) your conviction of or plea of nolo contendere to a felony or any crime involving moral turpitude; (c) your failure, refusal or neglect to perform and discharge your duties and responsibilities on behalf of Nauticus (other than by reason of disability) or to comply with any lawful directive of the Board or its designee; (d) your breach of any written material policy of Nauticus (including, without limitation, those relating to sexual harassment or the disclosure or misuse of confidential information); (e) your breach of any agreement with Nauticus (including, without limitation, any confidentiality, non-competition, non-solicitation or assignment of inventions agreement); (f) your commission of fraud, dishonesty, theft, embezzlement, self- dealing, misappropriation or other malfeasance against the business of Nauticus; or (g) your commission of acts or omissions constituting gross negligence or gross misconduct in the performance of any aspect of your lawful duties or responsibilities, which has or may be expected to have an adverse effect on Nauticus.

For the avoidance of doubt, the termination of your employment due to your death or disability shall not be considered a termination by Nauticus for a reason other than "for Cause".

"For Good Reason" is defined as the occurrence of any of the following events: (a) a diminution in your base salary of 10% or more, unless such reduction is part of an initiative that applies to and affects all similarly-situated senior executives of Nauticus substantially the same and proportionately; (b) a material diminution in your Annual Cash Bonus opportunity or a material diminution in your Annual Equity Bonus opportunity, unless such reduction is part of an initiative that applies to and affects all similarly situated senior executives of Nauticus substantially the same and proportionately; (c) a material diminution in your authority, duties, or responsibilities or you ceasing to serve as the General Counsel employed by Nauticus; or (d) a material breach by Nauticus or any successor thereto of this Agreement; or (e) a permanent relocation of the principal offices of Nauticus more than fifty (50) miles in the distance between your principal residence at the time of such relocation and your principal place of employment.

Outside Business Activities: During your employment, you will devote your best efforts and full business time and attention to Nauticus and its affiliates, you will not engage in any other business activity or have any other business pursuits or interests, unless such activity, pursuit or interest is approved by the Board in writing.

Restrictive Covenant Agreement: As a condition of your employment, you will be required to review and sign an executive restrictive covenant agreement that may include, among other things, confidentiality, work product assignment, and post-employment non-competition and non-solicitation provisions that will protect the ongoing interests of Nauticus and its affiliates.

Conditions to Employment: Your employment is conditioned upon your satisfactory completion of a background check. You will be required to confirm your right to work in the United States, as demonstrated by your completion of the Form I-9 upon employment and your submission of acceptable documentation verifying your identity and work authorization within three days of starting employment.

Offer Acceptance; No Legal Restrictions. By accepting this offer, you confirm that you are able to accept this position without breaching any legal restrictions on your activities, such as restrictions imposed by a current or former employer. You also confirm that you will inform Nauticus about any such restrictions and provide Nauticus with as much information about them as possible, including copies of any agreements between you and your current or former employer describing such restrictions on your activities.

Current or Prior Employer Materials and Information. You further confirm that you will not remove or copy any documents or proprietary data or materials of any kind, electronic or otherwise, from your current or former employer to Nauticus without written authorization from your current or former employer, nor will you use or disclose any such confidential information during the course and scope of your employment with Nauticus. If you have any questions about the ownership of

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particular documents or other information, discuss such questions with your former employer before removing or copying the documents or information.

This letter supersedes any prior oral or written agreements or understandings with Nauticus or their respective affiliates related to your employment and cannot be changed except in a writing signed by an authorized executive of Nauticus and you.

Please indicate your acceptance of this offer by signing in the space provided below and returning one copy of this letter to me at your earliest convenience. Should you have any questions, please feel free to call me.

By: John Gibson
Title: President & Chief Executive Officer
Nauticus Robotics, Inc.

Accepted and agreed:

Michael Ferrier
Date: March 26, 2026

NAUTICUS ROBOTICS
www.nauticusrobotics.com

17146 FEATHERCRAFT LANE, SUITE 450
WEBSTER, TX 77598
(281) 942-9069

Appendix
Outside Legal and Consulting Activities

Employee hereby discloses that he currently provides legal and consulting services to Nova Ukraine, a California nonprofit public benefit corporation recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (www.novaukraine.org).

Employee requests approval from the Board of Directors of Nauticus Robotics, Inc. to continue providing such services. Employee confirms that:

- All services provided to Nova Ukraine will be performed on Employee's personal time and will not interfere with Employee's duties, responsibilities, or obligations to Nauticus Robotics, Inc.
- Employee will not use any confidential or proprietary information of Nauticus Robotics, Inc. in connection with such services.
- Employee will not utilize Nauticus Robotics, Inc. resources, personnel, or equipment in performing such services.
- Employee does not anticipate any conflict of interest arising from these activities and will promptly disclose any potential conflict should one arise.

Employee reaffirms that his primary professional focus, loyalty, and fiduciary duties will remain with Nauticus Robotics, Inc.

By executing this Appendix, the parties acknowledge this disclosure and agreeto permit Employee to continue providing such services under the conditions set forth above.

Accepted and Approved:

NAUTICUS ROBOTICS, INC.

By: ______________________
Name:
Title:
Date:

EMPLOYEE:

____
Michael A. Ferrier
Date: 3/26/26

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, John W. Gibson, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Nauticus Robotics, Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

May 14, 2026

/s/ John W. Gibson, Jr.

John W. Gibson, Jr.
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Jimena Begaries, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Nauticus Robotics, Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

May 14, 2026

/s/ Jimena Begaries

Jimena Begaries
Interim Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT
TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, the undersigned Officer of Nauticus Robotics, Inc. (the "Company"), hereby certifies, that the Company's Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2026 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2026

/s/ John W. Gibson, Jr.

John W. Gibson, Jr.
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, the undersigned Officer of Nauticus Robotics, Inc. (the "Company"), hereby certifies, that the Company's Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2026 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2026

/s/ Jimena Begaries

Jimena Begaries
Interim Chief Financial Officer