

**Action Summary – 7 April 2025**

Analyst Theodore R. O'Neill – 4Q24 solid results – *Reiterate Buy and \$6 PT down from \$7 PT.*

- **Met EPS estimates on higher sales.** KULR reported 4Q24 revenue and EPS of \$3.4MM and a loss of \$0.02, respectively. We had anticipated revenue of \$3.0MM and an EPS loss of \$0.02. There was no consensus. To meet our EPS estimates, the company posted higher revenue and margins offset by higher operating and non-operating expenses. The margin improvement was due to the product mix.
- **2025 is likely to see a little more variability in quarterly results.** The company has guided revenue to double in 2025, which we don't doubt. The issue is how that plays out per quarter. In our model, we have back end loaded it, but it isn't clear that is the way it will go. You can see it in the split between Products, Services and licensing. In 2024, product sales were down \$3.3MM but it was more than offset by sales of services and licensing. Sales are lumpy and some orders may be quite large given the expected growth in nuclear energy, missiles and defense, satellites, and data center growth fueled by AI.
- **Balance sheet is on solid ground.** Cash at the end of the year stood at \$30MM.
- **Revision of estimates and target.** Our 2025 revenue and EPS estimates rise slightly to \$20MM and a loss of \$0.07 from \$19MM and a loss of \$0.08. For 2026, we are initiating estimates of revenue and EPS of \$39.5MM and a loss of \$0.02. Taking into account the increased share count, we have lowered our target to \$6 from \$7.
- **We consider the shares undervalued.** Based on our discounted earnings model, we believe the shares should trade at \$6. Shares are currently selling at a premium to peers, and we would argue it deserves the premium because of its product and customer profile.

4/4 Closing price: \$1.20	Market cap: \$342 million	2026 P/E: NMF	2026 EV / Sales: 4.9
Shares outstanding: 285 million	Insider ownership: 14%	3-month avg. trading volume: >100,000	Dividend/Yield: NA/NA

**GAAP estimates (EPS in USD – Revenue in USD thousands)**

Period	EPS	Revenue	GP Margin
1Q23A	\$(0.06)	\$1,760	37%
2Q23A	\$(0.05)	\$2,696	37%
3Q23A	\$(0.05)	\$3,040	44%
4Q23A	<u>\$(0.04)</u>	<u>\$2,334</u>	<u>29%</u>
FY23A	<u>\$(0.20)</u>	<u>\$9,830</u>	<u>37%</u>
1Q24A	\$(0.04)	\$1,749	29%
2Q24A	\$(0.03)	\$2,432	24%
3Q24A	\$(0.01)	\$3,186	71%
4Q24A	<u>\$(0.02)</u>	<u>\$3,371</u>	<u>64%</u>
FY24A	<u>\$(0.09)</u>	<u>\$10,737</u>	<u>51%</u>
1Q25E	\$(0.02)	\$2,500	45%
2Q25E	\$(0.02)	\$3,500	45%
3Q25E	\$(0.02)	\$6,000	45%
4Q25E	<u>\$(0.01)</u>	<u>\$8,000</u>	<u>45%</u>
FY25E	<u>\$(0.07)</u>	<u>\$20,000</u>	<u>45%</u>
FY26E	<u>\$(0.02)</u>	<u>\$39,500</u>	<u>50%</u>

Note: Numbers may not add up due to rounding. See our full model at the back of this report.

**Cash balance (in USD thousands)**

• 2021A	• \$14,863
• 2022A	• \$10,334
• 2023A	• \$1,195
• 2024A	• \$29,832
• 2025E	• \$24,611

**Debt (in USD thousands)**

• 2021A	• \$0
• 2022A	• \$0
• 2023A	• \$250
• 2024A	• \$11
• 2025E	• \$0

**EBITDA (in USD millions)**

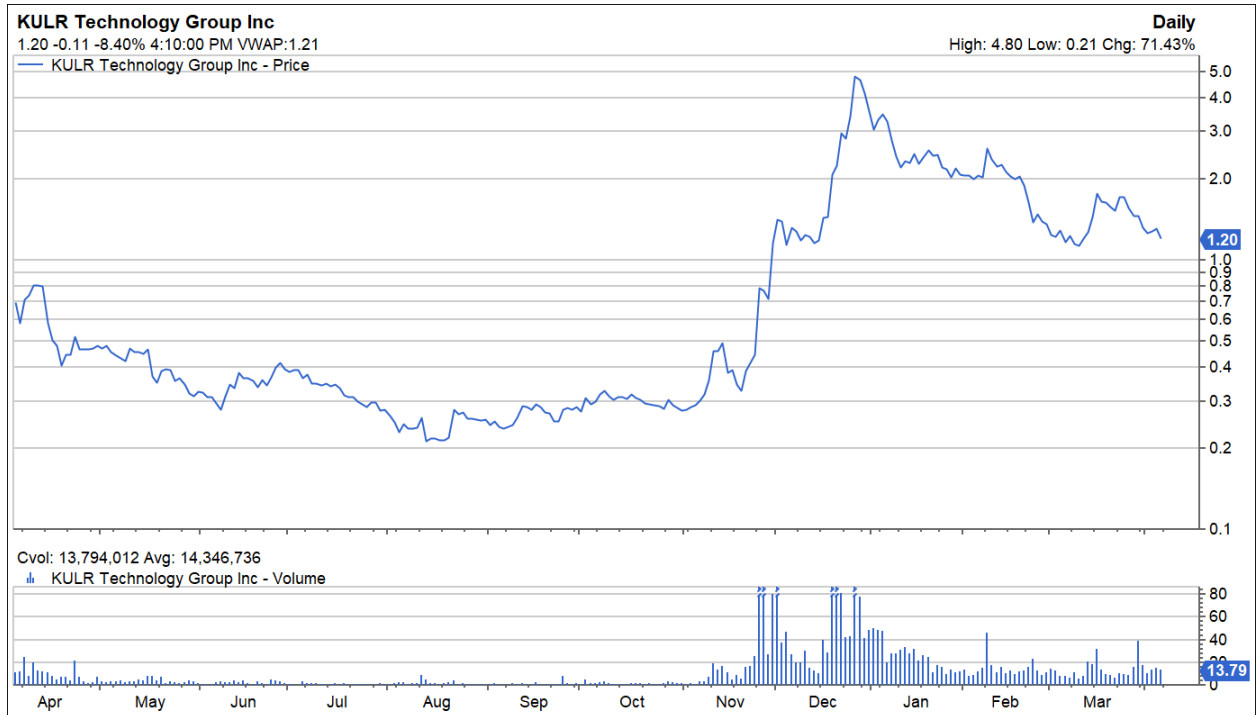
• 2021A	• (\$11.4)
• 2022A	• (\$17.8)
• 2023A	• (\$20.2)
• 2024A	• (\$15.5)
• 2025E	• (\$13.3)

**Risks/Valuation**

- Risks include Highly competitive business, changes in customer demand, commercialization of technology.
- Our \$6 target is derived using a discounted future earnings model.

**Company description:** KULR Technology Group Inc. (NYSE American: KULR) delivers cutting edge energy storage solutions for space, aerospace, and defense by leveraging a foundation of in-house battery design expertise, comprehensive cell and battery testing suite, and battery fabrication and production capabilities. The Company's holistic offering allows delivery of commercial-off-the-shelf and custom next generation energy storage systems in rapid timelines for a fraction of the cost compared to traditional programs.

Figure 1 – KULR Technology Group, Inc. – One-Year Trading snapshot



Source: FactSet

## Quarterly Results

**Met EPS estimates on higher sales.** KULR reported 4Q24 revenue and EPS of \$3.4MM and a loss of \$0.02, respectively. We had anticipated revenue of \$3.0MM and an EPS loss of \$0.02. There was no consensus. To meet our EPS estimates, the company posted higher revenue and margins offset by higher operating and non-operating expenses (see Figure 2). The margin improvement was due to the product mix.

*Figure 2 – KULR Technology Group, Inc. – Quarterly Variance Analysis (\$000)*

	2024	2024	Better/(worse) than forecast
	Q4E	Q4A	
Total Revenue	\$3,000	\$3,371	\$371
Total cost of revenue	<u>1,650</u>	<u>1,228</u>	<u>422</u>
Total Gross Profit	1,350	2,142	792
Operating expenses:			
R&D	1,200	1,246	(46)
General and administrative	<u>3,000</u>	<u>4,437</u>	<u>(1,437)</u>
Total Expenses	<u>4,200</u>	<u>5,683</u>	<u>(1,483)</u>
Earnings (loss) from Operations	(\$2,850)	(\$3,541)	(\$691)
Total Other income/(expense)	<u>(100)</u>	<u>(1,080)</u>	<u>(980)</u>
Earnings before taxes	(2,950)	(4,620)	(1,670)
Tax expense/(benefit)	<u>0</u>	<u>0</u>	<u>0</u>
Net income	<u>(\$2,950)</u>	<u>(\$4,620)</u>	<u>(\$1,670)</u>
EPS	(\$0.02)	(\$0.02)	(\$0.01)

Source: Company filings and Litchfield Hills Research LLC

## Valuation Methodology

We believe KULR is undervalued, and we support that belief with two valuation techniques: one absolute and one relative. We used the following valuation techniques:

- 1) The discounted value of all future earnings for our price target (see Figure 3)
- 2) Valuation relative to peers (see Figure 4)

## Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$6 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings, discounted at 8%. We make two main assumptions:

- Near-term rapid growth in earnings, which steps down to GDP rates after 5 years.
- The company will reach breakeven sometime in 1H27.

Our valuation model is shown in Figure 3 below. Note that this model may understate future new products and growth through acquisitions and possibly understates the tax benefits. However, as a counterbalance, our projections do not foresee earnings having a down year. The implied share price is \$5.88, which we round to \$6.

Figure 3 - KULR Technology Group, Inc. - Discounted Future Earnings

<b>Discounted Earnings</b>		<b>\$ 5.89</b>
Year 1 is Forecast		Discounted
2025	EPS	EPS
1	(0.07)	(\$0.07)
2	(0.02)	(\$0.02)
3	0.10	\$0.08
4	0.20	\$0.15
5	0.40	\$0.27
Terminal Value		\$5.48

Source: Litchfield Hills Research LLC

## Valuation Relative to Peers

In Figure 4, we provide a summary of metrics for KULR's peers. When comparing KULR to the simple average of its peers, the shares, on average, trade just slightly below par. We believe KULR shares should command a premium over its peers because of its product/customer profile that combines diversity and growth. Thus, a high multiple for KULR isn't out of the ordinary. Details on each of the peers are in Figure 5.

Figure 4 – KULR Technology Group, Inc. – Valuation Relative to Peers

	2026 EV / Sales	2026 Sales Multiple
Average	3.61	3.85
KULR	4.93	8.64
<b>Premium/(Discount) to peers</b>	<b>37%</b>	<b>124%</b>

Source: Litchfield Hills Research LLC and Refinitiv Eikon (Formerly Thomson Reuters Eikon)

## Guidance and Financial Forecasts

The company is providing guidance for revenue to double in 2025. The company owns a meaningful number of crypto coins that have to be market to market each reporting period. We have made no assumptions about how that will impact our model. It is booked in Other income/expense.

*Figure 5 – KULR Technology Group, Inc. – Comp Table*

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2026 Consensus Multiples	
					EV /Sales	Market Cap / Sales
RKLB-US	Rocket Lab USA, Inc.	\$16.37	7,425	8,174	9.13	8.29
TSLA-US	Tesla Inc	\$239.43	770,131	814,859	6.18	5.84
RIVN-US	Rivian Automotive, Inc.	\$11.21	12,588	8,665	1.15	1.68
QS-US	QuantumScape Corporation	\$3.83	1,929	1,129	NMF	NMF
ENVX-US	Enovix Corporation (US Listing)	\$6.31	1,207	1,029	7.13	8.35
ASPN-US	Aspen Aerogels Inc.	\$5.47	449	415	0.79	0.86
MVST-US	Microvast Holdings, Inc.	\$1.79	582	789	1.26	0.93
NVX-AU	NOVONIX Ltd (AU Listing)	\$0.25	158	155	1.05	1.07
ATOM-US	Atomera Incorporated	\$3.50	107	70		
LICY-US	Li-Cycle Holdings Corp.	\$0.28	12	421		
IPWR-US	Ideal Power Inc.	\$4.52	38	22	2.16	3.77
	<b>AVERAGE</b>				<b><u>3.61</u></b>	<b><u>3.85</u></b>
KULR-US	KULR Technology Group Inc	\$1.20	341	195	4.93	8.64
<b>KULR-US Premium/(Discount) to peers:</b>					<b>37%</b>	<b>124%</b>

Source: Litchfield Hills Research LLC and FactSet

Figure 6 – KULR Technology Group, Inc. – Income Statement (\$000)

December year-end	2022A YEAR	2023A YEAR	2024A				2024A YEAR	2025E				2025E YEAR	2026E				2026E YEAR
			Q1A	Q2A	Q3A	Q4A		Q1E	Q2E	Q3E	Q4E		Q1E	Q2E	Q3E	Q4E	
<b>Total revenue</b>	\$3,995	\$9,830	\$1,749	\$2,432	\$3,186	\$3,371	\$10,737	\$2,500	\$3,500	\$6,000	\$8,000	\$20,000	\$8,500	\$9,000	\$10,000	\$12,000	\$39,500
<i>Growth</i>	66%	146%	-1%	-10%	5%	44%	9%	43%	44%	88%	137%	86%	240%	157%	67%	50%	98%
Cost of Goods	1,631	6,164	1,238	1,859	928	1,228	5,254	1,375	1,925	3,300	4,400	11,000	4,250	4,500	5,000	6,000	19,750
<b>Gross Profit</b>	<b>2,364</b>	<b>3,666</b>	<b>511</b>	<b>573</b>	<b>2,257</b>	<b>2,142</b>	<b>5,483</b>	<b>1,125</b>	<b>1,575</b>	<b>2,700</b>	<b>3,600</b>	<b>9,000</b>	<b>4,250</b>	<b>4,500</b>	<b>5,000</b>	<b>6,000</b>	<b>19,750</b>
<b>Gross Margin</b>	<b>59.2%</b>	<b>37.3%</b>	<b>29.2%</b>	<b>23.5%</b>	<b>70.9%</b>	<b>63.6%</b>	<b>51.1%</b>	<b>45.0%</b>	<b>45.0%</b>	<b>45.0%</b>	<b>45.0%</b>	<b>45.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>
Operating Expenses																	
R&D	\$3,978	\$6,195	\$955	\$1,305	\$1,232	\$1,246	\$4,738	\$1,200	\$1,200	\$1,300	\$1,300	\$5,000	\$1,300	\$1,300	\$1,400	\$1,400	\$5,400
% of total revenue	100%	63%	55%	54%	39%	37%	44%	48%	34%	22%	16%	25%	15%	14%	14%	12%	14%
General and administrative	\$16,673	\$19,882	\$4,213	\$4,595	\$2,735	\$4,437	\$15,980	\$4,000	\$4,000	\$4,300	\$4,800	\$17,100	\$5,000	\$5,000	\$5,500	\$5,500	\$21,000
% of total revenue	417%	202%	241%	189%	86%	132%	149%	160%	114%	72%	60%	86%	59%	56%	55%	46%	53%
Total Operating Expenses	20,650	26,078	5,168	5,900	3,968	5,683	20,718	5,200	5,200	5,600	6,100	22,100	6,300	6,300	6,900	6,900	26,400
<b>Operating Income</b>	<b>(18,286)</b>	<b>(22,412)</b>	<b>(4,657)</b>	<b>(5,327)</b>	<b>(1,710)</b>	<b>(3,541)</b>	<b>(15,235)</b>	<b>(4,075)</b>	<b>(3,625)</b>	<b>(2,900)</b>	<b>(2,500)</b>	<b>(13,100)</b>	<b>(2,050)</b>	<b>(1,800)</b>	<b>(1,900)</b>	<b>(900)</b>	<b>(6,650)</b>
<b>Operating Margin</b>	<b>-457.8%</b>	<b>-228.0%</b>	<b>-266.2%</b>	<b>-219.0%</b>	<b>-53.7%</b>	<b>-105.1%</b>	<b>-141.9%</b>	<b>-163.0%</b>	<b>-103.6%</b>	<b>-48.3%</b>	<b>-31.3%</b>	<b>-65.5%</b>	<b>-24.1%</b>	<b>-20.0%</b>	<b>-19.0%</b>	<b>-7.5%</b>	<b>-16.8%</b>
Total Other Items	(1,150)	(1,282)	(352)	(563)	(293)	(1,080)	(2,289)	(100)	(100)	(100)	(100)	(400)	(100)	(100)	(100)	(100)	(400)
<b>Pre-Tax Income</b>	<b>(19,436)</b>	<b>(23,694)</b>	<b>(5,009)</b>	<b>(5,891)</b>	<b>(2,004)</b>	<b>(4,620)</b>	<b>(17,524)</b>	<b>(4,175)</b>	<b>(3,725)</b>	<b>(3,000)</b>	<b>(2,600)</b>	<b>(13,500)</b>	<b>(2,150)</b>	<b>(1,900)</b>	<b>(2,000)</b>	<b>(1,000)</b>	<b>(7,050)</b>
<b>Pre-Tax Margin</b>	<b>-486.6%</b>	<b>-241.0%</b>	<b>-286.4%</b>	<b>-242.2%</b>	<b>-62.9%</b>	<b>-137.1%</b>	<b>-163.2%</b>	<b>-167.0%</b>	<b>-106.4%</b>	<b>-50.0%</b>	<b>-32.5%</b>	<b>-67.5%</b>	<b>-25.3%</b>	<b>-21.1%</b>	<b>-20.0%</b>	<b>-8.3%</b>	<b>-17.8%</b>
Taxes (benefit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>(\$19,436)</b>	<b>(\$23,694)</b>	<b>(\$5,009)</b>	<b>(\$5,891)</b>	<b>(\$2,004)</b>	<b>(\$4,620)</b>	<b>(\$17,524)</b>	<b>(\$4,175)</b>	<b>(\$3,725)</b>	<b>(\$3,000)</b>	<b>(\$2,600)</b>	<b>(\$13,500)</b>	<b>(\$2,150)</b>	<b>(\$1,900)</b>	<b>(\$2,000)</b>	<b>(\$1,000)</b>	<b>(\$7,050)</b>
<b>EPS</b>	<b>(0.18)</b>	<b>(0.20)</b>	<b>(0.04)</b>	<b>(0.03)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.09)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.07)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.02)</b>
Diluted Shares Outstanding	105,656	117,821	142,362	181,467	194,500	195,000	186,597	196,000	197,000	198,000	199,000	197,500	275,000	285,000	285,000	285,000	282,500

Source: Company reports and Litchfield Hills Research LLC

Figure 7 – KULR Technology Group, Inc. – Balance Sheet (\$'000)

December year-end	FY2025E	FY2024A	FY2023A	FY2022A
<b>Balance sheet</b>				
Current Assets				
Cash and S.T.I.	\$24,611	\$29,832	\$1,195	\$10,334
Accounts receivable	3,000	2,645	902	1,542
Inventories	1,000	545	1,149	1,962
Other assets	<u>1,200</u>	<u>1,142</u>	<u>659</u>	<u>1,898</u>
<b>Total Current Assets</b>	<b>29,811</b>	<b>34,164</b>	<b>3,904</b>	<b>15,736</b>
Net PP&E	3,700	3,677	4,698	3,193
Goodwill & Intangible	500	577	719	721
Other non-current assets	<u>24,000</u>	<u>24,509</u>	<u>1,542</u>	<u>3,976</u>
<b>Total Assets</b>	<b><u>\$58,011</u></b>	<b><u>\$62,927</u></b>	<b><u>\$10,864</u></b>	<b><u>\$23,626</u></b>
Current Liabilities				
Accounts payable	\$5,000	\$2,061	\$2,770	\$1,408
Accrued exp. & other	\$3,000	\$1,559	\$3,476	\$2,370
Deferred revenue	\$0	\$0	\$0	\$23
Other current liabilities	<u>\$1,000</u>	<u>\$1,045</u>	<u>\$653</u>	<u>\$5,879</u>
<b>Total current liabilities</b>	<b><u>9,000</u></b>	<b><u>4,666</u></b>	<b><u>6,899</u></b>	<b><u>9,681</u></b>
Notes payable	0	11	250	0
Other Liabilities	<u>1,000</u>	<u>823</u>	<u>5,898</u>	<u>3,452</u>
<b>Total Liabilities</b>	<b>10,000</b>	<b>5,499</b>	<b>13,047</b>	<b>13,132</b>
Stockholders' Equity				
Preferred stock	0	0	0	0
Common stock	26	26	13	11
Additional paid-in-capital	145,000	141,509	64,388	53,373
Retained earnings	(97,311)	(83,811)	(66,288)	(42,594)
Cum. Other comp and treasury stock	296	(296)	(296)	(296)
Total stockholders' equity	<u>48,011</u>	<u>57,428</u>	<u>(2,183)</u>	<u>10,494</u>
<b>Total Liabilities and equity</b>	<b><u>\$58,011</u></b>	<b><u>\$62,927</u></b>	<b><u>\$10,864</u></b>	<b><u>\$23,626</u></b>

Source: Company reports and Litchfield Hills Research LLC

Figure 8 – KULR Technology Group, Inc. – Cash Flow (\$000)

	FY25E	FY24A	FY23A	FY22A
Net Income	(\$13,500)	(\$17,524)	(\$23,694)	(\$19,436)
Accounts receivable	(355)	(1,744)	640	(1,406)
Inventories	(455)	604	813	(1,771)
Other assets	(58)	(483)	1,239	(1,328)
PP&E	(23)	1,022	(1,505)	(2,819)
Goodwill & Intangible	77	142	1	(504)
Other non-current	509	(22,967)	2,434	(1,098)
Accounts payable	2,939	(708)	1,362	954
Accrued exp & other - related party	0	0	0	0
Accrued exp. & other	1,441	(1,917)	1,106	916
Deferred revenue	0	0	(23)	(109)
Other current liabilities	(45)	392	(5,226)	5,462
Notes payable	(11)	(239)	250	0
Other Liabilities	177	(5,075)	2,446	3,044
Common stock	(0)	13	2	1
Additional paid-in-capital	3,491	77,121	11,015	13,861
Cum. trans. adj. and treasury stock	592	0	0	(296)
Dividends	0	0	0	0
Total Cash Flow	(5,221)	28,637	(9,139)	(4,530)

Source: Company reports and Litchfield Hills Research LLC

#### Disclosures:

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**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

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