

Action Summary – 1 May 2025

Analyst Theodore R. O'Neill – Moving to annual from quarterly estimates – *Reiterate Buy and \$6 PT.*

- **2025 is likely to see a little more variability in quarterly results.** We are retaining our annual estimates while dropping our quarterly estimates for KULR. At this stage in the company's development, it has several large orders that, due to revenue recognition, may result in one quarter where the work has been accomplished by KULR, but the accounting for it requires action by the customer that occurs in the following quarter. This isn't uncommon for a smaller company that is awarded sizable contracts. Because we cannot forecast customer acceptance, if we maintain quarterly estimates the company is likely to experience a miss in one quarter followed by a blowout quarter and those variances make good headlines, but don't have any real meaning.
- The company has guided revenue to double in 2025, which we don't doubt.
- **No revision of estimates and target.** Our 2025 revenue and EPS estimates are unchanged at \$20MM and a loss of \$0.07, respectively. For 2026, our revenue and EPS estimates are unchanged at \$39.5MM and a loss of \$0.02, respectively.
- **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.

4/30 Closing price: \$1.25	Market cap: \$356 million	2026 P/E: NMF	2026 EV / Sales: 8.5
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
FY23A	<u>\$<u>(0.20)</u></u>	<u>\$<u>9,830</u></u>	<u>37%</u>
FY24A	<u>\$<u>(0.09)</u></u>	<u>\$<u>10,737</u></u>	<u>51%</u>
FY25E	<u>\$<u>(0.07)</u></u>	<u>\$<u>20,000</u></u>	<u>45%</u>
FY26E	<u>\$<u>(0.02)</u></u>	<u>\$<u>39,500</u></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, and 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

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 2)
- 2) Valuation relative to peers (see Figure 3)

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 2 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 \$5.89, which we round to \$6.

Figure 2 - KULR Technology Group, Inc. - Discounted Future Earnings

Discounted Earnings		\$ 5.89
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 3, 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 4.

Figure 3 – KULR Technology Group, Inc. – Valuation Relative to Peers

	2026 EV / Sales	2026 Sales Multiple
Average	4.41	4.63
KULR	8.46	9.22
Premium/Discount) to peers	92%	99%

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 marked 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 4 – KULR Technology Group, Inc. – Comp Table

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2026 Consensus Multiples	
					Market Cap / Sales	EV / Sales
TSLA-US	Tesla Inc	\$292.03	939,319	1,004,720	7.40	7.89
RIVN-US	Rivian Automotive, Inc.	\$13.30	15,143	10,782	1.98	1.42
RKLB-US	Rocket Lab USA, Inc.	\$22.40	10,159	11,165	11.12	12.21
QS-US	QuantumScape Corporation	\$3.95	2,037	1,396	NMF	NMF
ENVX-US	Enovix Corporation (US Listing)	\$6.77	1,300	1,110	9.40	7.99
MVST-US	Microvast Holdings, Inc.	\$2.02	657	863	1.02	1.36
ASPN-US	Aspen Aerogels Inc.	\$5.40	443	410	0.83	0.77
NVX-AU	NOVONIX Ltd (AU Listing)	\$0.29	183	175	1.17	1.13
ATOM-US	Atomera Incorporated	\$4.19	129	89		
IPWR-US	Ideal Power Inc.	\$5.21	43	27	4.12	2.50
LICY-US	Li-Cycle Holdings Corp.	\$0.27	12	421		
AVERAGE					<u>4.63</u>	<u>4.41</u>
KULR-US	KULR Technology Group Inc	\$1.28	364	334	9.22	8.46
KULR-US Premium/(Discount) to peers:					99%	92%

Source: Litchfield Hills Research LLC and FactSet

Figure 5 – KULR Technology Group, Inc. – Income Statement (\$000)

December year-end	2022A YEAR	2023A YEAR	2024A				2024A YEAR	2025E YEAR	2026E YEAR
			Q1A	Q2A	Q3A	Q4A			
Total revenue	\$3,995	\$9,830	\$1,749	\$2,432	\$3,186	\$3,371	\$10,737	\$20,000	\$39,500
<i>Growth</i>	66%	146%	-1%	-10%	5%	44%	9%	86%	98%
Cost of Goods	1,631	6,164	1,238	1,859	928	1,228	5,254	11,000	19,750
Gross Profit	2,364	3,666	511	573	2,257	2,142	5,483	9,000	19,750
Gross Margin	59.2%	37.3%	29.2%	23.5%	70.9%	63.6%	51.1%	45.0%	50.0%
Operating Expenses									
R&D	\$3,978	\$6,195	\$955	\$1,305	\$1,232	\$1,246	\$4,738	\$5,000	\$5,400
% of total revenue	100%	63%	55%	54%	39%	37%	44%	25%	14%
General and administrative	\$16,673	\$19,882	\$4,213	\$4,595	\$2,735	\$4,437	\$15,980	\$17,100	\$21,000
% of total revenue	417%	202%	241%	189%	86%	132%	149%	86%	53%
Total Operating Expenses	20,650	26,078	5,168	5,900	3,968	5,683	20,718	22,100	26,400
Operating Income	(18,286)	(22,412)	(4,657)	(5,327)	(1,710)	(3,541)	(15,235)	(13,100)	(6,650)
Operating Margin	-457.8%	-228.0%	-266.2%	-219.0%	-53.7%	-105.1%	-141.9%	-65.5%	-16.8%
Total Other Items	(1,150)	(1,282)	(352)	(563)	(293)	(1,080)	(2,289)	(400)	(400)
Pre-Tax Income	(19,436)	(23,694)	(5,009)	(5,891)	(2,004)	(4,620)	(17,524)	(13,500)	(7,050)
Pre-Tax Margin	-486.6%	-241.0%	-286.4%	-242.2%	-62.9%	-137.1%	-163.2%	-67.5%	-17.8%
Taxes (benefit)	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%
Net income	(\$19,436)	(\$23,694)	(\$5,009)	(\$5,891)	(\$2,004)	(\$4,620)	(\$17,524)	(\$13,500)	(\$7,050)
EPS	(0.18)	(0.20)	(0.04)	(0.03)	(0.01)	(0.02)	(0.09)	(0.07)	(0.02)
Diluted Shares Outstanding	105,656	117,821	142,362	181,467	194,500	195,000	186,597	197,500	282,500

Source: Company reports and Litchfield Hills Research LLC

Figure 6 – KULR Technology Group, Inc. – Balance Sheet (\$000)

December year-end	FY2025E	FY2024A	FY2023A	FY2022A
Balance sheet				
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>
Total Current Assets	29,811	34,164	3,904	15,736
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>
Total Assets	<u>\$58,011</u>	<u>\$62,927</u>	<u>\$10,864</u>	<u>\$23,626</u>
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>
Total current liabilities	<u>9,000</u>	<u>4,666</u>	<u>6,899</u>	<u>9,681</u>
Notes payable	0	11	250	0
Other Liabilities	<u>1,000</u>	<u>823</u>	<u>5,898</u>	<u>3,452</u>
Total Liabilities	10,000	5,499	13,047	13,132
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	<u>296</u>	<u>(296)</u>	<u>(296)</u>	<u>(296)</u>
Total stockholders' equity	<u>48,011</u>	<u>57,428</u>	<u>(2,183)</u>	<u>10,494</u>
Total Liabilities and equity	<u>\$58,011</u>	<u>\$62,927</u>	<u>\$10,864</u>	<u>\$23,626</u>

Source: Company reports and Litchfield Hills Research LLC

Figure 7 – 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:

Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

FINRA Compliant Research Report

We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, and the report has been reviewed by a Supervisory Analyst.

MiFID II Compliant Research Report

Our research is classified as a minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website, and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv, Wind and 13 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, website, and financial platforms.

Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

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.

Total return is defined as price appreciation plus dividend yield.

Other Disclosures

Litchfield Hills Research, LLC ("LHR") is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of Financial Industry Regulatory Authority. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied, or distributed to any other party, without the prior express written permission of LHR or the subject company. All trademarks, service marks and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. The information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

Ownership and Material Conflicts of Interest

The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report.

Investment Banking and Fees for Services

Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from the company for distribution and investor targeting services.

Market Making

Litchfield Hills Research LLC does not make a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.