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DELTA REPORT

10-Q

KULR - KULR TECHNOLOGY GROUP, IN

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	821
CHANGES	157
DELETIONS	292
ADDITIONS	372

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **March 31, June 30, 2023**

OR

☐ 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:
001-40454

KULR TECHNOLOGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**81-1004273**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

4863 Shawline Street, San Diego, California 92111
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **408-663-5247**

(Former name, former address and former fiscal year, if changed since last report) **N/A**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	KULR	NYSE American LLC

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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

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 ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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. ☐

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

As of May 12, 2023 August 15, 2023, there were 118,322,603 118,782,666 shares outstanding.

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, JUNE 30, 2023

TABLE OF CONTENTS

Table of Contents

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2023 (unaudited)	December 31, 2022

Assets		
Current Assets:		
Cash	$ 7,186,034	$ 10,333,563
Accounts receivable	1,654,700	1,542,118
Inventory	1,669,634	1,962,035
Inventory deposits	264,384	285,260
Prepaid expenses and other current assets	1,138,331	1,613,008
Total Current Assets	11,913,083	15,735,984
Property and equipment, net	5,750,672	3,193,041
Equipment deposits	1,238,486	3,514,937
Security deposits	65,536	60,441
Intangible assets, net	750,445	720,768
Right of use asset	318,628	328,941
Deferred financing costs	71,818	71,818
Total Assets	$ 20,108,668	$ 23,625,930
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 895,372	$ 1,408,017
Accrued expenses and other current liabilities	2,758,595	2,142,277
Accrued issuable equity	271,478	227,956
Lease liability, current portion	269,967	223,645
Prepaid advance liability, net of discount, current portion	7,302,196	5,655,612
Deferred revenue	1,141	23,000
Total Current Liabilities	11,498,749	9,680,507
Lease liability, non-current portion	39,427	97,958
Prepaid advance liability, net of discount, non-current portion	345,376	3,196,678
Accrued interest, non-current	—	157,054
Total Liabilities	11,883,552	13,132,197
Commitments and contingencies (Note 11)		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 20,000,000 shares authorized;		
Series A Preferred Stock, 1,000,000 shares designated; none issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Series B Convertible Preferred Stock, 31,000 shares designated; none issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Series C Preferred Stock, 400 shares designated; none issued and outstanding at March 31, 2023 and December 2022	—	—
Series D Preferred Stock, 650 shares designated; none issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized; 117,959,793 shares issued and 117,828,631 shares outstanding at March 31, 2023; 113,202,749 shares issued and 113,071,587 shares outstanding at December 31, 2022	11,796	11,320
Treasury stock, at cost; 131,162 shares held at March 31, 2023 and December 31, 2022	(296,222)	(296,222)
Additional paid-in capital	57,706,441	53,372,673
Accumulated deficit	(49,196,899)	(42,594,038)

Total Stockholders' Equity	8,225,116	10,493,733
Total Liabilities and Stockholders' Equity	$ 20,108,668	$ 23,625,930

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	For the Three Months Ended March 31, 2023	2022
Revenue	$ 1,759,802	$ 200,499
Cost of revenue	1,116,414	122,918
Gross Profit	643,388	77,581
Operating Expenses		
Research and development	1,388,215	721,347
Selling, general, and administrative	5,515,891	3,534,923
Total Operating Expenses	6,904,106	4,256,270
Loss From Operations	(6,260,718)	(4,178,689)
Other (Expense) Income		
Interest expense	(159,931)	(906)
Amortization of debt discount	(246,320)	—
Change in fair value of accrued issuable equity	64,108	43,040
Total Other (Expense) Income, net	(342,143)	42,134
Net Loss	$ (6,602,861)	$ (4,136,555)
Net Loss Per Share		
- Basic and Diluted	$ (0.06)	$ (0.04)
Weighted Average Number of Common Shares Outstanding		
- Basic and Diluted	112,877,236	102,496,310

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

[Table of Contents](#)

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2023 and 2022

(unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31, 2023						
	Common Stock		Additional Paid-In	Treasury Stock		Accumulated	Total Stockholders'
	Shares	Amount	Capital	Shares	Amount	Deficit	Equity
Balance - January 1, 2023	113,202,749	$ 11,320	$ 53,372,673	131,162	$ (296,222)	$ (42,594,038)	$ 10,493,733
Common stock issued for the repayment of prepaid advance liability and related interest accrual	3,153,036	315	3,750,653	—	—	—	3,750,968
Shares repurchased for payroll taxes and canceled	(175,000)	(17)	(229,232)	—	—	—	(229,249)
Stock-based compensation:							
Restricted stock awards granted	1,848,508	185	(185)	—	—	—	—
Unvested restricted stock awards forfeited	(75,000)	(8)	8	—	—	—	—
Common stock issued for services	5,500	1	6,819	—	—	—	6,820
Amortization of restricted common stock	—	—	765,100	—	—	—	765,100
Amortization of stock options	—	—	40,605	—	—	—	40,605
Net loss	—	—	—	—	—	(6,602,861)	(6,602,861)
Balance - March 31, 2023	117,959,793	$ 11,796	$ 57,706,441	131,162	$ (296,222)	$ (49,196,899)	$ 8,225,116

	June 30, 2023 (unaudited)	December 31, 2022
Assets		
Current Assets:		
Cash	$ 1,320,651	$ 10,333,563
Accounts receivable	2,588,650	1,542,118
Inventory	1,380,401	1,962,035
Inventory deposits	44,728	285,260
Prepaid expenses and other current assets	1,730,656	1,613,008
Total Current Assets	7,065,086	15,735,984
Property and equipment, net	5,471,965	3,193,041
Equipment deposits	1,537,656	3,514,937
Security deposits	65,536	60,441
Intangible assets, net	790,122	720,768
Right of use asset, net	256,346	328,941
Deferred financing costs	71,818	71,818
Total Assets	$ 15,258,529	$ 23,625,930
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,102,546	$ 1,408,017

Accrued expenses and other current liabilities	2,894,875	2,142,277
Accrued issuable equity	293,749	227,956
Lease liability, current portion	242,078	223,645
Prepaid advance liability, net of discount, current portion	7,250,507	5,655,612
Deferred revenue	1,141	23,000
Total Current Liabilities	11,784,896	9,680,507
Lease liability, non-current portion	—	97,958
Prepaid advance liability, net of discount, non-current portion	—	3,196,678
Accrued interest, non-current	—	157,054
Total Liabilities	11,784,896	13,132,197
Commitments and contingencies (Note 12)		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 20,000,000 shares authorized;		
Series A Preferred Stock, 1,000,000 shares designated; none issued and outstanding at June 30, 2023 and December 31, 2022	—	—
Series B Convertible Preferred Stock, 31,000 shares designated; none issued and outstanding at June 30, 2023 and December 31, 2022	—	—
Series C Preferred Stock, 400 shares designated; none issued and outstanding at June 30, 2023 and December 31, 2022	—	—
Series D Preferred Stock, 650 shares designated; none issued and outstanding at June 30, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized; 118,885,728 shares issued and 118,754,566 shares outstanding at June 30, 2023; 113,202,749 shares issued and 113,071,587 shares outstanding at December 31, 2022	11,889	11,320
Additional paid-in capital	59,289,857	53,372,673
Treasury stock, at cost; 131,162 shares held at June 30, 2023 and December 31, 2022	(296,222)	(296,222)
Accumulated deficit	(55,531,891)	(42,594,038)
Total Stockholders' Equity	3,473,633	10,493,733
Total Liabilities and Stockholders' Equity	$ 15,258,529	$ 23,625,930

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	For the Three Months Ended	For the Six Months Ended

	June 30,		June 30,	
	2023	2022	2023	2022
Revenue	$ 2,695,506	$ 587,546	$ 4,455,308	$ 788,045
Cost of revenue	1,693,318	423,672	2,809,732	546,590
Gross Profit	1,002,188	163,874	1,645,576	241,455
Operating Expenses				
Research and development	1,408,079	999,484	2,796,294	1,720,831
Selling, general, and administrative	5,591,516	4,326,162	11,107,407	7,861,085
Total Operating Expenses	6,999,595	5,325,646	13,903,701	9,581,916
Loss From Operations	(5,997,407)	(5,161,772)	(12,258,125)	(9,340,461)
Other (Expense) Income				
Interest expense	(197,110)	(42,374)	(357,041)	(43,280)
Amortization of debt discount	(214,554)	(103,219)	(460,874)	(103,219)
Change in fair value of accrued issuable equity	74,079	52,680	138,187	95,720
Total Other Expense, net	(337,585)	(92,913)	(679,728)	(50,779)
Net Loss	$ (6,334,992)	$ (5,254,685)	$ (12,937,853)	$ (9,391,240)
Net Loss Per Share				
- Basic and Diluted	$ (0.05)	$ (0.05)	$ (0.11)	$ (0.09)
Weighted Average Number of Common Shares Outstanding				
- Basic and Diluted	115,380,700	104,545,799	114,133,873	103,537,473

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

(unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31, 2022						
	Common Stock		Additional Paid-In	Treasury Stock		Accumulated	Total Stockholders'
	Shares	Amount	Capital	Shares	Amount	Deficit	Equity
Balance - January 1, 2022	104,792,072	$ 10,479	$ 39,512,122	—	$ —	$ (23,157,559)	$ 16,365,042
Treasury stock held upon the vesting of restricted common stock	—	—	—	194,704	(439,728)	—	(439,728)

Common stock issued upon the exercise of warrants	70,143	7	87,672	—	—	—	87,679
Common stock issued upon the exercise of options	2,500	—	5,075	—	—	—	5,075
Stock-based compensation:							
Common stock issued for services	6,000	1	43,159	—	—	—	43,160
Amortization of restricted common stock	—	—	519,231	—	—	—	519,231
Amortization of stock options	—	—	15,883	—	—	—	15,883
Amortization of market-based awards	—	—	730,048	—	—	—	730,048
Net loss	—	—	—	—	—	(4,136,555)	(4,136,555)
Balance - March 31, 2022	104,870,715	$ 10,487	$ 40,913,190	194,704	$ (439,728)	$ (27,294,114)	$ 13,189,835

	FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023						
	Common Stock		**Additional Paid-In**	**Treasury Stock**		**Accumulated**	**Total Stockholders'**
	Shares	**Amount**	**Capital**	**Shares**	**Amount**	**Deficit**	**Equity**
Balance - January 1, 2023	113,202,749	$ 11,320	$ 53,372,673	131,162	$ (296,222)	$ (42,594,038)	$ 10,493,733
Common stock issued for the repayment of prepaid advance liability and related interest accrual	3,153,036	315	3,750,653	—	—	—	3,750,968
Shares repurchased for payroll taxes and canceled	(175,000)	(17)	(229,232)	—	—	—	(229,249)
Stock-based compensation:							
Restricted stock awards granted	1,848,508	185	(185)	—	—	—	—
Unvested restricted stock awards canceled	(75,000)	(8)	8	—	—	—	—
Common stock issued for services	5,500	1	6,819	—	—	—	6,820
Amortization of restricted common stock	—	—	765,100	—	—	—	765,100
Amortization of stock options	—	—	40,605	—	—	—	40,605
Net loss	—	—	—	—	—	(6,602,861)	(6,602,861)
Balance - March 31, 2023	117,959,793	11,796	57,706,441	131,162	(296,222)	(49,196,899)	8,225,116
Common stock issued for the repayment of prepaid advance liability and related interest accrual	925,935	93	715,565	—	—	—	715,658
Stock-based compensation:							
Amortization of restricted common stock	—	—	823,540	—	—	—	823,540
Amortization of stock options	—	—	44,311	—	—	—	44,311
Net loss	—	—	—	—	—	(6,334,992)	(6,334,992)
Balance - June 30, 2023	118,885,728	$ 11,889	$ 59,289,857	131,162	$ (296,222)	$ (55,531,891)	$ 3,473,633

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

(unaudited)

	FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022						
	Common Stock		Additional Paid-In	Treasury Stock		Accumulated	Total Stockholders'
	Shares	Amount	Capital	Shares	Amount	Deficit	Equity
Balance - January 1, 2022	104,792,072	$ 10,479	$ 39,512,122	—	$ —	$ (23,157,559)	$ 16,365,042
Treasury stock held upon the vesting of restricted common stock	—	—	—	194,704	(439,728)	—	(439,728)
Common stock issued upon the exercise of warrants	70,143	7	87,672	—	—	—	87,679
Common stock issued upon the exercise of options	2,500	—	5,075	—	—	—	5,075
Stock-based compensation:							
Common stock issued for services	6,000	1	43,159	—	—	—	43,160
Amortization of restricted common stock	—	—	519,231	—	—	—	519,231
Amortization of stock options	—	—	15,883	—	—	—	15,883
Amortization of market-based awards	—	—	730,048	—	—	—	730,048
Net loss	—	—	—	—	—	(4,136,555)	(4,136,555)
Balance - March 31, 2022	104,870,715	10,487	40,913,190	194,704	(439,728)	(27,294,114)	13,189,835
Treasury stock issued upon the exercise of options	—	—	(46,305)	(33,000)	74,529	—	28,224
Common stock issued upon the exercise of warrants	2,346,525	234	2,932,922	—	—	—	2,933,156
Stock-based compensation:							
Common stock issued for services	6,000	1	10,260	—	—	—	10,261
Amortization of restricted common stock	—	—	422,128	—	—	—	422,128
Amortization of stock options	—	—	26,535	—	—	—	26,535
Amortization of market-based awards	—	—	565,421	—	—	—	565,421
Net loss	—	—	—	—	—	(5,254,685)	(5,254,685)
Balance - June 30, 2022	107,223,240	$ 10,722	$ 44,824,151	161,704	$ (365,199)	$ (32,548,799)	$ 11,920,875

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Cash Flows From Operating Activities:		
Net loss	$ (6,602,861)	$ (4,136,555)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	246,320	—

Non-cash lease expense	61,467	51,144
Depreciation and amortization expense	250,189	41,461
Change in fair value of accrued issuable equity	(64,108)	(43,040)
Stock-based compensation	920,155	1,242,922
Changes in operating assets and liabilities:		
Accounts receivable	(112,582)	(56,766)
Inventory	292,401	(96,017)
Prepaid expenses and other current assets	474,677	(1,347,651)
Inventory deposits	20,876	—
Security deposits	(5,095)	—
Accounts payable	(715,200)	(265,770)
Accrued expenses and other current liabilities	559,944	197,262
Lease liability	(63,363)	(49,177)
Deferred revenue	(21,859)	(112,303)
Total Adjustments	1,843,822	(437,935)
Net Cash Used In Operating Activities	(4,759,039)	(4,574,490)
Cash Flows From Investing Activities:		
Deposits for purchase of property and equipment	—	(227,538)
Purchases of property and equipment	(298,490)	(21,351)
Acquisition of intangible assets	(60,000)	—
Net Cash Used In Investing Activities	(358,490)	(248,889)
Cash Flows from Financing Activities:		
Net proceeds from the prepaid advance liability	2,000,000	—
Issuance costs on prepaid advance liability	(30,000)	—
Proceeds from the exercise of options	—	5,075
Proceeds from the exercise of warrants	—	87,679
Net Cash Provided By Financing Activities	1,970,000	92,754
Net Decrease In Cash	(3,147,529)	(4,730,625)
Cash - Beginning of Period	10,333,563	14,863,301
Cash - End of Period	$ 7,186,034	$ 10,132,676

	For the Six Months Ended June 30,	
	2023	**2022**
Cash Flows From Operating Activities:		
Net loss	$ (12,937,853)	$ (9,391,240)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	460,874	103,219
Non-cash rent expense	123,749	102,905
Depreciation and amortization expense	862,086	88,548
Change in fair value of accrued issuable equity	(138,187)	(95,720)
Stock-based compensation	1,884,356	2,286,467
Changes in operating assets and liabilities:		
Accounts receivable	(1,046,532)	(427,903)
Inventory	581,634	(93,261)
Inventory deposits	240,532	—
Prepaid expenses and other current assets	(117,648)	(1,187,561)
Security deposits	(5,095)	—
Accounts payable	(643,578)	(153,028)
Accrued expenses and other current liabilities	1,029,513	(31,199)
Lease liability	(130,679)	(99,619)

Deferred revenue	(21,859)	(112,303)
Total Adjustments	3,079,166	380,545
Net Cash Used In Operating Activities	(9,858,687)	(9,010,695)
Cash Flows From Investing Activities:		
Deposits for purchase of property and equipment	(567,332)	(429,008)
Purchases of property and equipment	(192,644)	(117,776)
Acquisition of intangible assets	(135,000)	—
Net Cash Used In Investing Activities	(894,976)	(546,784)
Cash Flows from Financing Activities:		
Proceeds from prepaid advance liability	2,000,000	—
Financing costs of prepaid advance liability	(30,000)	—
Proceeds from notes payable (1)	—	4,750,000
Payment of issuance costs	—	(17,200)
Payment of financing costs incurred in connection with the SEPA	—	(72,800)
Repurchase of common stock	(229,249)	—
Proceeds from the exercise of options	—	5,075
Proceeds from the exercise of warrants	—	3,020,835
Net Cash Provided By Financing Activities	1,740,751	7,685,910
Net Decrease In Cash	(9,012,912)	(1,871,569)
Cash - Beginning of Period	10,333,563	14,863,301
Cash - End of Period	$ 1,320,651	$ 12,991,732

(1) Face value of $5,000,000, less $250,000 original issue discount.

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(unaudited)

	For the Three Months Ended March 31,	
	2023	**2022**
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ —	$ 642
Taxes	$ —	$ —

Non-cash investing and financing activities:		
Right of use asset for lease liability	$ 51,154	$ —
Shares repurchased for payroll taxes (not paid as of period-end) and canceled	$ 229,249	$ —
Common stock held in treasury upon the vesting of restricted common stock	$ —	$ (439,728)
Original issue discount on prepaid advance liability	$ 105,263	$ —
Common stock issued in satisfaction of prepaid advance liability and interest	$ 3,750,968	$ —
Deposits applied to purchase of property and equipment	$ 2,276,451	$ —
Additions to property and equipment included in accounts payable	$ 202,554	$ —

	For the Six Months Ended June 30,	
	2023	2022
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ —	$ 43,553
Taxes	$ —	$ —
Non-cash investing and financing activities:		
Right of use asset for lease liability	$ 51,154	$ 143,640
Common stock held in treasury upon the vesting of restricted common stock	$ —	$ (439,728)
Treasury stock issued upon the exercise of stock options	$ —	$ 74,529
Receivable recorded for pending cash deposit of stock option exercise proceeds	$ —	$ 28,224
Original issue discount on prepaid advance liability	$ 105,263	$ —
Common stock issued in satisfaction of prepaid advance liability and interest	$ 4,466,626	$ —
Deposits applied to purchases of property and equipment	$ 2,716,057	$ —
Additions to property and equipment included in accounts payable	$ 166,663	$ —
Equipment deposits included in accounts payable	$ 171,444	$ —

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

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 ORGANIZATION, NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Organization and Operations

KULR Technology Group, Inc., through its wholly-owned subsidiary, KULR Technology Corporation (collectively referred to as “KULR” or the “Company”), develops and commercializes high-performance thermal management technologies for electronics, batteries, and other components across a range of applications. Currently, the Company is focused on targeting both high performance aerospace and United States Department of Defense ("DOD") applications, such as space exploration, satellite communications, and underwater vehicles, and applying them to mass market commercial applications, such as lithium-ion battery energy storage, electric vehicles, 5G communication, cloud computer infrastructure, consumer and industrial devices.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of March 31, 2023 June 30, 2023 and for the three and six months ended March 31, 2023 June 30, 2023 and 2022. The results of operations for the three and six months ended March 31, 2023 June 30, 2023 are not necessarily indicative of the operating results for the full year ending December 31, 2023 or any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and related disclosures as of December 31, 2022 and for the year then ended, which were filed with the Securities and Exchange Commission ("SEC") on Form 10-K on March 28, 2023. The accompanying condensed consolidated balance sheet as of December 31, 2022 has been derived from the audited financial statements included in the Form 10-K.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Since the date of the Annual Report on Form 10-K for the year ended December 31, 2022, there have been no material changes to the Company's significant accounting policies, except as disclosed in this note.

Going Concern and Management's Liquidity Plans

As of March 31, 2023 June 30, 2023, the Company had cash of $7,186,034 $1,320,651 and a working capital deficit of $414,334. $4,719,810. For the three six months ended March 31, 2023 June 30, 2023, the Company incurred a net loss of $6,602,861 $12,937,853 and used cash in operations of $4,759,039.

Subsequent to the three months ended March 31, 2023, the Company issued 493,972 shares of common stock in satisfaction of the Initial Advance liability in the amount of $350,000 and interest accrued through March 2023 in the amount of $20,479 (see Note 8, Prepaid Advance Liability). As a result, $345,376 of Prepaid Advance Liability at March 31, 2023 (consisting of $350,000 of Initial Advance balance, plus $18,421 original issue discount, less $23,045 of unamortized debt discount), is classified as a non-current liability on the accompanying consolidated balance sheet. $9,858,687.

The Company's primary source of liquidity has historically been cash generated from equity and debt offerings. Under ASC Subtopic 205-40, Presentation of Financial Statements—Going Concern ("ASC 205-40"), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet future financial obligations as they become due within one year after the date that the these financial statements are issued. The above conditions accompanying consolidated financial statements have been prepared on the basis that we will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business. However, since the Company's inception we have had a history of recurring net losses from operations, recurring use of cash in operating activities and declining working capital.

Future cash requirements for our current liabilities include $3,939,449 for accounts payable and accrued expenses and $242,078 for future payments under operating leases. Further, pursuant to an agreement with Yorkville executed on August 16, 2023, $3,150,000 owed in connection with the Company's prepaid advance liability must be paid by August 25, 2023, and three additional payments, each in the amount of $1,383,333, are indicators that there is to be paid on the last day of each of October 2023, November 2023, and December 2023. The Company has also committed to spend $807,515 related to capital expenditures for automation equipment, $500,000 in connection with an asset purchase agreement, and $441,192 for research and development. These factors raise substantial doubt about the Company's ability to continue meet its obligations as a going concern as they become due within the Company has a history of recurring net losses, recurring use of cash in operations and declining working capital. Despite twelve months from the date these conditions, the Company has a successful track record of raising capital as needed and continues to have a positive, ongoing relationship with a condensed consolidated financial institution that has provided access to capital and will continue to support KULR. Accordingly, management's plans alleviate the substantial doubt about the Company's ability to continue as a going concern. statements are issued.

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

While Management's plans to mitigate the factors which raise substantial doubt include (i) revenue growth, (ii) reducing operating expenses through careful cost management, (iii) raising additional funds through future financings, and (iv) negotiating an extension and/or conversion to equity of the Company's prepaid advance liability (see Note 14 – Subsequent Events).

The Company's ability to continue as a going concern is dependent upon its ability to successfully execute the aforementioned initiatives.

As of the date of the issuance of these financial statements, the Company anticipates it will continue has no additional commitments to incur operating losses obtain additional funding through future financings and use cash in operating activities for the foreseeable future, there is no assurance that the Company believes that its current working capital, combined with the cash availability pursuant to the Standby Equity Purchase Agreement described in Note 8, will be sufficient able to meet our working capital and capital expenditure requirements successfully negotiate an extension of the prepaid advance liability repayments or its conversion to equity, or that the Company will be able to obtain additional funds on commercially acceptable terms, if at all. There is also no assurance that the amount of funds the Company might raise will enable the Company to complete its development initiatives or attain profitable operations. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern for a period of at least twelve months after one year from the filing date issuance of these financial statements.

The condensed consolidated financial statements. statements do not include any adjustments relating to the recoverability and classification of liabilities that may be necessary should we be unable to continue as a going concern.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the financial statements. The Company's significant estimates used in these unaudited condensed consolidated financial statements include, but are not limited to, fair value calculations for equity securities, stock-based compensation and the valuation allowance related to the Company's deferred tax assets. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is possible that these external factors could have an effect on the Company's estimates and could cause actual results to differ from those estimates.

Concentrations of Credit Risk

Balances that potentially subject the Company to significant concentrations of credit risk consisted primarily of cash, accounts receivable, revenue and accounts payable.

Cash Concentrations

A significant portion of the Company's cash is held at one major financial institution. The Company has not experienced any losses in such accounts. Cash held in US bank institutions is currently insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each institution. There were uninsured balances of $6,686,034 $820,651 and $9,709,169 $12,491,732 as of March 31, 2023 June 30, 2023 and 2022, respectively.

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Customer and Revenue Concentrations

The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable, as follows:

	Revenues		Accounts Receivable		Revenues				Accounts Receivable	
	For the Three Months Ended March 31,		As of	As of	For the Three Months Ended June 30,		For the Six Months Ended June 30,		As of June 30,	As of December 31,
	2023	2022	March 31, 2023	December 31, 2022	2023	2022	2023	2022	2023	2022
Customer A	*	*	*	34 %	46 %	56 %	63 %	42 %	48 %	61
Customer B	*	43 %	*	*	17 %	*	10 %	*	18 %	*
Customer C	*	37 %	*	*	*	28 %	*	21 %	*	*
Customer D	86 %	*	91 %	61 %	19 %	*	*	*	20 %	*
Customer E					*	*	*	11 %	*	*
Customer F					*	*	*	12 %	*	*
Customer G					*	*	*	*	*	34
Total	86 %	80 %	91 %	95 %	83 %	84 %	73 %	86 %	86 %	95

* Less than 10%

There is no assurance the Company will continue to receive significant revenues from any of these customers. Any reduction or delay in operating activity from any of the Company's significant customers, or a delay or default in payment by any significant customer, or termination of agreements with significant customers, could materially harm the Company's business and prospects. As a result of the Company's significant customer concentrations, its gross profit and results of operations could fluctuate significantly due to changes in political, environmental, or economic conditions, or the loss of, reduction of business from, or less favorable terms with any of the Company's significant customers.

Table of Contents

Vendor Concentrations

Vendor purchase concentrations are as follows for the three and six months ended March 31, 2023 June 30, 2023 and 2022, respectively:

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Vendor A	*	69 %	*	65 %	*	*
Vendor B	12 %	*	10 %	*	*	51 %
Vendor C	*	14 %	*	*	*	17 %
Vendor D			16 %	*	14 %	*
	12 %	83 %	26 %	65 %	14 %	68 %

* Less than 10%

Inventory

The Company capitalizes inventory costs associated with products when future commercialization is considered probable, and a future economic benefit is expected to be realized. These costs consist of finished goods, raw materials, manufacturing-related costs, transportation and freight, and other indirect overhead costs.

Inventory is comprised of carbon fiber velvet ("CFV") thermal interface solutions and internal short circuit batteries, which are available for sale, as well as raw materials and work in process related primarily to the manufacture of safe cases. Inventories are stated at the lower of cost or net realizable value. Cost is determined using the standard costing method, which approximates cost determined on a first-in, first-out basis. method. The cost of inventory that is sold to third parties is included within cost of sales and the cost of inventory that is given as samples is included within operating expenses. The

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Company periodically reviews for slow-moving, excess or obsolete inventories. Products that are determined to be obsolete, if any, are written down to net realizable value. Finished goods inventory is held on-site at the Company's San Diego, California location. Certain raw materials are held off-site with our contract manufacturers.

Inventory at March 31, 2023 June 30, 2023 and December 31, 2022 was comprised of the following:

	March 31,	December 31,	June 30,	December 31,

	2023	2022	2023	2022
Raw materials	$ 732,623	$ 1,075,310	$ 348,217	$ 1,075,310
Work-in-process	—	2,977	—	2,977
Finished goods	937,011	883,748	1,032,184	883,748
Total inventory	$ 1,669,634	$ 1,962,035	$1,380,401	$ 1,962,035

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers" ("ASC 606"). The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the company satisfies a performance obligation.

The Company recognizes revenue primarily from the following different types of contracts:

- Product sales – Revenue is primarily recognized at the point in time the customer obtains control of the goods and the Company satisfies its performance obligation, which is generally at the time it ships the product to the customer. However, for internally developed, customized products with no alternative use where the Company has an enforceable right to payment for performance completed to date, revenue is recognized over time as the Company satisfies its performance obligations.
- Contract services – Revenue is recognized at the point in time that the Company satisfies its performance obligation under the contract, which is generally at the time the services are fulfilled and/or accepted by the customer.

Table of Contents

The following table summarizes the Company's revenue recognized in its condensed consolidated statements of operations:

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Product sales	$ 1,629,258	$ 172,599	$ 1,957,370	$ 557,664	$ 3,586,628	$ 730,263
Contract services	130,544	27,900	738,136	29,882	868,680	57,782
Total revenue	$ 1,759,802	$ 200,499	$ 2,695,506	$ 587,546	$ 4,455,308	$ 788,045

The contract liabilities represent payments received from customers for which the Company had not yet satisfied its performance obligation under the contract, or the customers have not officially accepted the goods or services provided under the contract. The Company expects to satisfy the remaining performance obligations and recognize the revenue related to its deferred revenue balance within the next twelve months. During the three and six months ended March 31, 2023June 30, 2023 and 2022, there was no revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods.

As of March 31, 2023June 30, 2023 and December 31, 2022, the Company had $41,261 and $34,402 of deferred labor and other costs, respectively, which is included in prepaid expenses and other current assets in the Company's unaudited condensed consolidated balance sheets. Deferred labor and other costs represent costs to fulfill the Company's contract service revenue. The Company will recognize the deferred labor and other costs as cost of revenues at the point in time that the Company satisfies its performance obligation under recognizes the respective contract, related revenue, which is generally at the time the services are fulfilled provided and/or the product/service is accepted by the customer.

Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted average number of vested common shares outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of common and dilutive common-equivalent shares outstanding during each period.

The following table presents the computation of basic and diluted net loss per common share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to common stockholders	$ (6,334,992)	$ (5,254,685)	$ (12,937,853)	$ (9,391,240)
Denominator (weighted average quantities):				
Common shares issued	118,617,860	106,509,943	116,846,331	105,740,017
Less: Treasury shares purchased	(131,162)	(161,704)	(131,162)	(161,704)
Less: Unvested restricted shares	(3,240,679)	(2,019,011)	(2,708,655)	(2,187,514)
Add: Accrued issuable equity	134,681	216,571	127,359	146,674
Denominator for basic and diluted net loss per share	115,380,700	104,545,799	114,133,873	103,537,473
Basic and diluted net loss per common share	$ (0.05)	$ (0.05)	$ (0.11)	$ (0.09)

The following shares were excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table presents the computation of basic and diluted net loss per common share:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Numerator:		
Net loss attributable to common stockholders	$ (6,602,861)	$ (4,136,555)
Denominator (weighted average quantities):		
Common stock issued	115,055,115	104,843,100
Less: Treasury shares purchased	(131,162)	(64,901)
Less: Unvested restricted shares	(2,170,717)	(2,357,889)
Add: Accrued issuable equity	124,000	76,000
Denominator for basic and diluted net loss per share	112,877,236	102,496,310
Basic and diluted net loss per common share	$ (0.06)	$ (0.04)

The following shares were excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	March 31, 2023	March 31, 2022
Unvested issued restricted stock awards	3,276,008	1,925,000
Unvested market-based equity awards	—	3,000,000
Restricted stock units	3,000,000	—
Options	765,216	462,716
Warrants	2,524,410	2,524,410
Total	9,565,634	7,912,126

	June 30, 2023	June 30, 2022
Prepaid advance (1)	10,168,469	—
Unvested restricted stock awards	3,116,008	1,957,500
Unvested market-based equity awards	—	3,000,000

Restricted stock units	3,000,000	—
Options	795,216	482,216
Warrants	2,524,410	2,524,410
Total	19,604,103	7,964,126

(1) Shares issuable estimated using the floor price of $0.75 per share pursuant to the supplemental agreement to the SEPA (see Note 9 – Prepaid Advance Liability).

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13 – *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Since June 2016, the FASB issued clarifying updates to the new standard including changing the effective date for smaller reporting companies. The guidance is effective for the Company for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption permitted. The Company adopted this ASU on January 1, 2023, using the modified retrospective approach and it did not have a material impact on its condensed consolidated financial statements.

NOTE 3ASSET ACQUISITION

On May 4, 2023 (the "Asset Purchase Date"), KULR Technology Group, Inc. (the "Company") entered into an agreement (the "Asset Purchase Agreement") with a seller (the "Seller"), pursuant to which the Company purchased all of the assets, primarily intellectual property, of the Seller (the "Acquired Assets") for consideration of $75,000 (the "Total Consideration"), which was paid in cash on May 11, 2023. In addition, the seller has been employed by the Company.

The Asset Purchase Agreement includes customary representations, warranties and covenants of the Company and the Seller. The Asset Purchase Agreement also contains post-closing indemnification provisions pursuant to which the parties have agreed to indemnify each other against losses resulting from certain events, including breaches of representations and warranties, covenants and certain other matters.

The Company determined that the transaction should be accounted for as an asset acquisition because substantially all of the fair value of the Acquired Assets is concentrated in a single asset. The total cost of the intellectual property acquired of $75,000 is included in intangible assets on the accompanying condensed consolidated balance sheet and is being amortized over its estimated useful life of 5 years.

NOTE 34 INVENTORY DEPOSITS

Inventory deposits consists of amounts paid in advance to vendors to secure future deliveries of specific finished goods and raw materials which will be received and sold in future periods.

As of March 31, 2023June 30, 2023 and December 31,2022, the Company had outstanding inventory deposits of $264,384 $44,728 and $285,260, respectively.

Table of Contents

NOTE 45 PREPAID EXPENSES AND OTHER CURRENT ASSETS

As of March 31, 2023 June 30, 2023 and December 31, 2022, prepaid expenses and other current assets consisted of the following:

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Marketing and sponsorships	$ 610,572	$ 574,636	$ 710,341	$ 574,636
Compensation costs	250,000	375,000	625,000	375,000
Dues and subscriptions	120,224	75,889	163,528	75,889
Conferences and seminars	46,416	—	44,418	—
Deferred labor costs	34,402	34,402		
Deferred expenses			41,261	34,402
Professional fees	24,467	25,787	37,764	25,787
Insurance	13,813	12,776	41,223	12,776
Vendor receivables	—	368,069	24,183	368,069
Research and development	—	62,329	—	62,329
Other	38,437	84,120	42,938	84,120
Total prepaid expenses and other current assets	$ 1,138,331	$ 1,613,008	$1,730,656	$ 1,613,008

Prepaid marketing and sponsorships shown in the table above, as of June 30, 2023, includes $531,250 $658,333 of prepaid marketing expenses pursuant to certain sponsorship agreements which will be amortized over the respective service periods of the agreements.

NOTE 56 EQUIPMENT DEPOSITS

The Company entered into agreements with third party contractors for facility improvements, the design and build of a battery packaging and inspection automation system, and automated robotic tending system.

As of March 31, 2023 June 30, 2023 and December 31,2022, the Company had outstanding deposits of $1,238,486 $1,537,656 and $3,514,937, respectively, in connection with these agreements. The decrease is due to equipment being transferred to property and equipment upon completion by third party contractors.

NOTE 67 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

As of March 31, 2023 June 30, 2023 and December 31, 2022, accrued expenses and other current liabilities consisted of the following:

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Professional fees	$ 1,320,800	$ 1,180,000	$1,361,000	$ 1,180,000
Payroll and vacation	818,099	464,453	738,640	464,453
Research and development	364,549	196,409	436,619	196,409
Inventory	104,204	58,804	107,039	58,804
Board compensation	85,000	122,500	—	122,500
Other	58,321	49,112		
Marketing and advertising fees	6,026	3,999	—	3,999
Legal fees	1,596	2,000	—	2,000
Subscriptions	—	65,000	—	65,000
Other			251,577	49,112
Total accrued expenses and other current liabilities	2,758,595	2,142,277	2,894,875	2,142,277
Add: Accrued interest, non-current	—	157,054	—	157,054

Total accrued expenses and other current liabilities	$ 2,758,595	$ 2,299,331	$2,894,875	$ 2,299,331

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 7 8 ACCRUED ISSUABLE EQUITY

A summary of the accrued issuable equity activity during the three six months ended March 31, 2023 June 30, 2023 is presented below:

	For the Three Months Ended March 31, 2023
Beginning balance	$ 227,956
Grant date value of share obligations	107,630
Mark-to-market	(64,108)
Ending balance	$ 271,478

	For the Six Months Ended June 30, 2023
Beginning Balance	$ 227,956
Additions	203,980
Mark-to market	(138,187)
Ending Balance	$ 293,749

During the three six months ended March 31, 2023 June 30, 2023, the Company entered into certain contractual arrangements for services in exchange for a fixed number of shares of common stock of the Company. On the respective dates the contracts were entered into, the estimated fair value of the shares to be issued was an aggregate of $107,630. $203,980.

During the three months ended March 31, 2023 and 2022, the The Company recorded gains (losses) in the aggregate amount of $64,108 $74,079 and $43,040, $138,187 during the three and six months ended June 30, 2023, respectively, and recorded gains in the aggregate amount of $52,680 and $95,720 during the three and six months ended June 30, 2022, respectively, related to changes in the fair value of accrued issuable equity (see Note 12 13 – Stockholders' Equity, *Stock-Based Compensation* for additional details). The fair value of the accrued but unissued shares as of March 31, 2023 June 30, 2023 was $271,478.

Table $293,749, based on Level 1 inputs, which consist of Contentsquoted prices for the Company's common stock in active markets.

NOTE 89 PREPAID ADVANCE LIABILITY

The Company's prepaid advance liability consists of the following:

	Gross Amount of Prepaid Advance Liability	Original Issue Discount	Less: Debt Discount	Prepaid Advance Liability, net of discount	Gross Amount of Prepaid Advance Liability	Original Issue Discount	Less: Debt Discount	Prepaid Advance Liability, net of discount
Balance, December 31, 2022	$ 9,000,000	$ 473,631	$ (621,341)	$ 8,852,290	$ 9,000,000	$ 473,631	$(621,341)	$ 8,852,290
Proceeds from prepaid advance	2,000,000	—	—	2,000,000	2,000,000	—	—	2,000,000
Original issue discount on prepaid advance	—	105,263	(105,263)	—	—	105,263	(105,263)	—
Legal fees	—	—	(30,000)	(30,000)	—	—	(30,000)	(30,000)
Repayments in cash	—	—	—	—				
Repayments in shares of common stock	(3,250,000)	(171,038)	—	(3,421,038)	(3,850,000)	(182,657)	—	(4,032,657)
Amortization of original issue discount	—	—	—	—				
Amortization of debt discount	—	—	246,320	246,320	—	—	460,874	460,874
Outstanding, March 31, 2023	$ 7,750,000	$ 407,856	$ (510,284)	$ 7,647,572				
Outstanding, June 30, 2023					$ 7,150,000	$ 396,237	$(295,730)	$ 7,250,507

On September 23, 2022, the Company entered into a Supplemental Agreement (the "Supplemental Agreement") to its Standby Equity Purchase Agreement (the "SEPA") with YA II PN, Ltd. ("Yorkville"). Under the Supplemental Agreement, the Company may from time-to-time request advances of up to $15,000,000 (each, a "Prepaid Advance") from Yorkville with a limitation on the aggregate amount of such advances of $50,000,000. At any time that there is a balance outstanding under a Prepaid Advance, the Company is not permitted to deliver Advance Notices (as defined in Note 12, 13, Stockholders' Equity) under the SEPA.

Each Prepaid Advance matures 12 months after the date of the closing of such advance (the "Prepaid Advance Date"), and accrues interest at 10% per annum, subject to an increase to 15% per annum upon events of default as defined. Any Prepaid Advance balance that remains outstanding at maturity must be repaid in cash.

Pursuant to the terms of the Supplemental Agreement, Yorkville has the right to receive shares to pay down Prepaid Advances, and may select the timing and delivery of such shares (via an "Investor Notice"), in an amount up to the balance of the Prepaid Advance at a price equal to the lower of (a) 135% of the volume weighted average price ("VWAP") of the Company's common stock on the day immediately prior the closing of the Prepaid Advance, or (b) 95% of the lowest VWAP during the three days immediately prior to the Investor Notice.

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

On March 10, 2023, the Company and Yorkville agreed and closed on a second Prepaid Advance (the "Second Advance"). The Company recorded additional prepaid advance liability in the amount of $2,105,263, which consisted of $2,000,000 cash proceeds received, plus an original issue discount of $105,263. Interest accrues on the outstanding balance of each Prepaid Advance at an annual rate of 10%, subject to an increase to 15% upon events of default, as defined.

During the three six months ended March 31, 2023 June 30, 2023, the Company issued 3,153,036 4,078,971 shares of common stock, at purchase prices per share ranging from $0.90 $0.57 to $1.20, pursuant to Investor Notices submitted by Yorkville for aggregate proceeds of $3,750,968. $4,466,626. The proceeds were applied against the principal and interest due for the Initial Advance in the aggregate amounts of $3,250,000 $4,032,656 and $500,968, $433,970, respectively. As of March 31, 2023 June 30, 2023, the remaining gross principal balance on the Prepaid Advance liability is $7,546,237, which consists of Initial Advance and Second Advance is $5,750,000 of $5,440,974 and $2,000,000, $2,105,263, respectively, including the original issue discount of $290,974 and $105,263, respectively.

During the three and six months ended March 31, 2023 June 30, 2023, the Company recorded interest expense in the amount of $159,931 $197,110 and $357,041, respectively, and recorded amortization of debt discount in the amount of $246,320 $214,554 and $460,874, respectively, in connection with the Prepaid Advance liability.

15

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

See Note 14 – Subsequent Events, *Repayment Agreement* for additional information related to the three months ended March 31, 2023, the Company issued 493,972 shares of common stock in satisfaction of the Initial Advance liability in the amount of $350,000 and interest accrued through the date of issuance in the amount of $20,479 (see Note 13, Subsequent Events). As a result, $345,376 of Prepaid Advance Liability at March 31, 2023 (consisting of $350,000 of Initial Advance balance, plus $18,421 original issue discount, less $23,045 of unamortized debt discount), is classified as a non-current liability on the accompanying condensed consolidated balance sheet. prepaid advance liability.

NOTE 9 10 LEASES

On January 18, 2023, the Company entered into a new lease agreement for office space in Webster, Texas. The initial lease term is twelve months and thirteen days. Monthly rental payments under the new lease are $5,047, which is comprised of $4,245 of base rent plus $802 of common area maintenance fees. The Company determined that the value of the lease liability and the related right-of-use asset at inception was $51,154, using an estimated incremental borrowing rate of 5%.

The Company also leases office space in San Diego, California pursuant to an operating lease which expires May 31, 2024. As of March 31, 2023June 30, 2023, the Company does not have any financing leases.

During the three and six months ended March 31, 2023 and 2022,June 30, 2023, operating lease expense was $65,873 and $74,080,$131,746, respectively. During the three and six months ended June 30, 2022, operating lease expense was $57,849 and $131,930, respectively.

Maturities of lease liabilities as of March 31, 2023June 30, 2023 were as follows:

Maturity Date		
2023		215,399
2024		103,432
Total lease payments		318,831
Less: Imputed interest		(9,438)
Present value of lease liabilities		309,394
Less: current portion		(269,967)
Lease liabilities, non-current portion	$	39,427

For the period from July 1, 2023 through December 31, 2023	$	144,494
2024		103,432
Total future minimum lease payments	$	247,926
Less: amount representing imputed interest		(5,848)
Present value of lease liabilities	$	242,078
Less: current portion		(242,078)
Lease liabilities, non current portion	$	—

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Supplemental cash flow information related to the leases was as follows:

	For the Three Months Ended March 31,				For the Six Months Ended June 30,
	2023		2022		2023
Cash paid for amounts included in the measurement of lease liabilities					
Operating cash flows for operating lease	$	63,363	$	49,176	
Right-of-use asset obtained in exchange for lease obligations					
Operating lease	$	51,154	$	—	
Cash paid for amounts included in the measurement of lease liabilities:					

Operating cash flows used in operating activities	$	130,678
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$	51,154
Weighted Average Remaining Lease Term (Years)		
Operating leases		0.88 years
Weighted Average Discount Rate		
Operating leases		5.0 %

NOTE 10 11 RELATED PARTY TRANSACTIONS

The Effective August 26, 2022, the Company entered into an eight-month consulting agreement with the father of the Company's Chief Technology Officer (the "Related Consultant"), to perform due diligence support which shall automatically renew for a potential research an additional four months unless otherwise terminated. During the three and development facility in Texas. The Company agreed to compensate the Related Consultant at a rate of $30/hour for services performed. Total six months ended June 30, 2023, expense recognized for services provided by the Related Consultant was $10,455 during $16,755 and $27,210, respectively are included within selling, general and administrative expenses on the three months ended March 31, 2023. unaudited condensed consolidated statements of operations. No related party expense was recognized during the three six months ended March 31, 2022 June 30, 2022.

As of March 31, 2023 June 30, 2023 and December 31, 2022, the Company did not have material accounts payable outstanding with related parties.

Table of Contents

NOTE 11 12 COMMITMENTS AND CONTINGENCIES

Patent License Agreement

During February 2023, the Company entered into a licensing agreement whereby the Company obtained an exclusive license to commercialize its patented Format Fractional Thermal Runaway Calorimeter. The agreement is effective as long as the licensed patents are enforceable, subject to certain early termination provisions specified in the agreement. In consideration, the Company agreed to pay the following: (i) a cash payment of $60,000 payable upon the execution of this agreement (which was capitalized as an intangible asset and will be amortized over its useful life, life), and (ii) royalties of 5.5% on the net sales price of royalty-based products and services for each accounting period, as defined in the agreement, with minimum annual royalty payments of $20,000.

Appointment of Vice President, Sales

On January 16, 2023, the Company appointed a Vice President of Sales (the "VP of Sales"), upon which and issued the Company issued VP of Sales 298,507 shares of restricted common stock. The restricted common stock with had a grant date fair value of $400,000, which vest and vests in four equal annual installments beginning January 16, 2024. based solely on continued service. The grant date fair value will be amortized ratably over the vesting period. In addition, the Company committed to a one-year guaranteed commission of $200,000, payable in four quarterly installments as well as a severance package of $250,000 and one-year of family health insurance if the VP of Sales is terminated without cause (as defined) within one year of hire.

Appointment of Chief Financial Officer

On March 31, 2023, the Company appointed an individual to serve as Chief Financial Officer (the "CFO") of the Company, upon which and issued the Company issued CFO 1,500,000 shares of restricted stock. The restricted common stock with had an aggregate grant date fair value of $1,380,000, which vest and vests in five equal annual installments beginning March 31, 2024. based solely on continued service.

Table of Contents

NOTE 12 13 STOCKHOLDERS' EQUITY

Standby Equity Purchase Agreement ("SEPA") and Supplemental SEPA

On May 13, 2022, the Company entered into the SEPA with Yorkville. Pursuant to the SEPA, the Company has the right, but not the obligation, to sell to Yorkville up to an aggregate of $50,000,000 of its shares of common stock, par value $0.0001 per share, at the Company's request any time during the commitment period commencing on May 13, 2022 and terminating on the first day of the month following the 24-month anniversary of the SEPA.

Each sale (an "Advance") that the Company requests under the SEPA (via an "Advance Notice") may be for a number of shares of common stock with an aggregate value of up to $5,000,000. Shares are sold under the SEPA at 98.0% of the average of the VWAPs during each of the three consecutive trading days commencing on the trading day following the Company's submission of an Advance Notice to Yorkville. Advances are subject to certain limitations, including that Yorkville will not purchase any shares that would result in it owning more than 4.99% of the Company's outstanding common stock at the time of an Advance, or more than the amount of shares registered under the registration statement in effect at the time of the Advance. Further, the aggregate amount of shares purchased under the SEPA (as defined) cannot exceed 19.9% of the Company's outstanding common stock as of the date of the SEPA. There were no issuances under the SEPA during the three and six months ended June 30, 2023.

See Note 8 9 – Prepaid Advance Liability, for details related to a supplemental agreement to the SEPA.

Common Stock

During the three six months ended March 31, 2023 and 2022, June 30, 2023, the Company issued an aggregate of 5,500 and 6,000 shares of immediately vested common stock with a grant date value of $6,820 for legal services.

Stock Options

The Company has computed the fair value of stock options granted using the Black-Scholes option pricing model. In applying the Black-Scholes option pricing model, the Company used the following range of weighted average assumptions:

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2023	2022	2023	2022
Risk free interest rate	4.07% - 4.52%	2.28% - 2.94%	3.92% - 4.52%	1.18% - 2.94%
Expected term (years)	3.5	3.8 - 3.9	3.5	3.5 - 3.9

Expected volatility	107%	116%	105% - 107%	116%
Expected dividends	0%	0%	0%	0%

For the three and $13,859, six months ended June 30, 2023, the weighted average grant date fair value per share of options was $0.48 and $0.74, respectively, compared to $2.97 and $1.47, respectively, for legal the three and consulting services. six months ended June 30, 2022.

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Stock Options

The Company has computed the fair value of stock options granted using the Black-Scholes option pricing model. In applying the Black-Scholes option pricing model, the Company used the following assumptions:

	For The Three Months Ended March 31, 2023	For The Three Months Ended March 31, 2022
Risk free interest rate	3.92% - 4.52%	1.18% - 2.28%
Expected term (years)	3.5	3.5 - 3.8
Expected volatility	105%	116%
Expected dividends	0%	0%

For the three months ended March 31, 2023 and 2022, the weighted average grant date fair value per share of options was $0.67 and $3.23, respectively.

A summary of options activity during the three six months ended March 31, 2023 June 30, 2023 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term (Yrs)	Intrinsic Value	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term (Yrs)	Intrinsic Value
Outstanding, January 1, 2023	640,216	$ 1.72			640,216	$ 1.72		
Granted	135,000	1.18			165,000	1.09		
Exercised	—	—			—	—		
Expired	—	—			—	—		
Forfeited	(10,000)	2.08			(10,000)	2.08		
Outstanding, March 31, 2023	765,216	$ 1.62	3.6	$ 24,307				
Outstanding, June 30, 2023					795,216	$ 1.58	3.4	$ —

Exercisable, March 31, 2023	220,216	$	1.51	2.1	$	23,665						
Exercisable, June 30, 2023							254,591	$	1.58	2.0	$	—

The following table presents information related to stock options as of March 31, 2023 June 30, 2023:

Options Outstanding	Options Outstanding	Options Exercisable		Options Outstanding	Options Exercisable	
		Weighted			Weighted	
	Outstanding	Average	Exercisable			
Range of				Outstanding	Average	Exercisable
Exercise	Number of	Remaining Life	Number of	Number of	Remaining Term	Number of
Price	Options	In Years	Options			
Prices				Options	In Years	Options
$0.66 - $0.99	135,486	0.1	107,570	165,486	0.6	108,820
$1.21 - $1.50	250,000	—	—	250,000	3.9	2,500
$1.55 - $1.99	90,000	3.2	5,833	90,000	3.4	11,458
$2.05 - $2.44	289,730	3.3	106,813	289,730	3.1	131,813
	765,216	2.1	220,216	795,216	2.0	254,591

As of March 31, 2023 June 30, 2023, there was $505,926 $476,124 of unrecognized stock-based compensation expense related to the above stock options, which will be recognized over the weighted average remaining vesting period of 3.2 3.0 years.

Restricted Stock Awards

The following table presents information related to restricted stock awards as of June 30, 2023:

	Shares of Restricted Common Stock	Weighted Average Grant Date Fair Value
Non-vested RSAs, January 1, 2023	2,042,500	$ 2.50
Granted	1,848,508	1.00
Vested	(700,000)	2.43
Forfeited	(75,000)	2.08
Non-vested RSAs, June 30, 2023	3,116,008	$ 1.64

On March 31, 2021, the Company granted 2,000,000 restricted shares of common stock to the Company's President and Chief Operating Officer. The restricted shares vest in four (4) equal annual installments, the first installment of which vested on March 1, 2023. On March 31, 2023, and effective as of March 1, 2023, the Company withheld and cancelled 175,000 shares of its common stock to satisfy an aggregate of $229,249 of payroll tax withholdings and remittance obligations in connection with vesting of 500,000 shares of restricted stock, resulting in a net settlement of 325,000 shares. The withholding and cancellation of the 175,000 shares represented a retirement of shares at a price per share equal to $1.31, the closing price per share of our common stock on the trading day prior to the March 1, 2023, the effective date of the share cancellation.

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Restricted Stock Awards

The following table presents information related to restricted stock awards as of March 31, 2023:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Non-vested RSAs, January 1, 2023	2,042,500	$ 2.50
Granted	1,848,508	1.00
Vested	(540,000)	2.57
Canceled	(75,000)	2.08
Non-vested RSAs, March 31, 2023	3,276,008	$ 1.84

As previously reported, as compensation for his services as President and Chief Operating Officer, Keith Cochran was granted 2,000,000 shares of our common stock, subject to four (4) equal annual vesting installments, the first installment of which vested on March 1, 2023. On March 31, 2023, and effective as of March 1, 2023, the Company withheld and cancelled 175,000 shares of its common stock to satisfy an aggregate of $229,249 of payroll tax withholdings and remittance obligations in connection with the net settlement of 325,000 shares. The withholding and cancellation of the 175,000 shares represented a retirement of shares at a price per share equal to $1.31, the closing price per share of our common stock on the trading day prior to the March 1, 2023, the effective date of the share cancellation.

As of March 31, 2023 June 30, 2023, there was $5,052,687 $8,009,225 of unrecognized stock-based compensation expense related to restricted stock awards that will be recognized over the weighted average remaining vesting period of 3.0 2.91 years.

Restricted Stock Units

The following table presents information related to restricted stock units ("RSUs") as of March 31, 2023 June 30, 2023:

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Shares of Restricted Common Stock	Weighted Average Grant Date Fair Value
Non-vested RSUs, January 1, 2023	3,000,000	$ 2.05	3,000,000	$ 2.05
Granted	—	—	—	—
Vested	—	—	—	—
Canceled	—	—		
Non-vested RSUs, March 31, 2023	3,000,000	$ 2.05		
Forfeited			—	—
Non-vested RSUs, June 30, 2023			3,000,000	$ 2.05

As of March 31, 2023 June 30, 2023, there was $3,780,078 $3,510,072 of unrecognized stock-based compensation expense related to restricted stock units that will be recognized over the weighted average remaining vesting period of 3.6 3.3 years.

Stock-Based Compensation

During the three and six months ended March 31, 2023 and 2022, June 30, 2023, the Company recognized stock-based compensation expense of $920,155 $964,201 and $1,242,922, $1,884,356, respectively, related to restricted common stock, warrants and stock options, of which $903,995 $927,375 and $1,234,814, $1,831,370, respectively are included within selling, general and administrative expenses, and $16,160 $36,826 and $8,108, $52,986, respectively are included within research and development expenses on the unaudited condensed consolidated statements of operations.

During the three and six months ended June 30, 2022, the Company recognized stock-based compensation expense of $1,043,545 and $2,286,467, respectively, related to restricted common stock, warrants and stock options, of which $1,033,851 and $2,268,665, respectively are included within selling, general and administrative expenses, and $9,694 and $17,802, respectively are included within research and development expenses in the unaudited condensed consolidated statements of operations.

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table presents information related to stock-based compensation for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

	For the Three Months Ended March 31,		For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Common stock issued for services	$ 6,820	$ 43,160				
Common stock for services			$ —	$ 10,261	$ 6,820	$ 53,421
Accrued issuable equity (common stock)	107,630	(65,400)	96,350	19,200	203,980	(46,200)
Amortization of stock options	40,605	15,883	44,311	26,535	84,916	42,418
Amortization of market-based awards	—	730,048	—	565,421	—	1,295,469
Amortization of restricted stock awards and units	765,100	519,231	823,540	422,128	1,588,640	941,359
Total	$ 920,155	$ 1,242,922	$ 964,201	$ 1,043,545	$1,884,356	$2,286,467

NOTE 13 14 SUBSEQUENT EVENTS

Supplemental Agreement to the SEPA *Restricted Stock Award*

Subsequent to the three months ended March 31, 2023 On July 12, 2023, the Company issued 493,972 granted an award for 350,000 shares of restricted common stock with an aggregate grant date value of $266,000, which shall vest in partial satisfaction four equal annual installments beginning July 12, 2024.

Table of Contents

KULR TECHNOLOGY GROUP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Director Resignation

As disclosed in a Form 8-K filed with the SEC on August 7, 2023, on August 4, 2023, Dr. Timothy Knowles resigned from the Board of Directors of the Initial Advance liability in the amount of $350,000 and interest accrued through March 2023 in the amount of $20,479 (see Note 8, Prepaid Advance Liability). As Company, as well as his role as Executive Technical Fellow. Dr. Knowles' resignation is a result $345,376 of Prepaid Advance Liability at March 31, 2023 (consisting of $350,000 of Initial Advance balance, plus $18,421 original issue discount, less $23,045 of unamortized debt discount), is classified as a non-current liability on the accompanying condensed consolidated balance sheet. his decision to retire.

PurchaseRepayment Agreement

On May 4, 2023, August 16, 2023 the Company entered into an agreement with Yorkville (the "Purchase "Repayment Agreement") with a seller (the "Seller"), pursuant to which, if the Company purchased all closes a financing in excess of $15,000,000, 105% of the assets, including intellectual property, outstanding principal amount of the Seller (the "Acquired Assets") for consideration of $75,000.

The Purchase prepaid advance liability (see Note 9 – Prepaid Advance Liability) and all accrued related interest will be paid to Yorkville, and the SEPA and the Supplemental Agreement includes customary representations, warranties and covenants will be automatically terminated. If the prepaid advance liability has not been paid in full by the payment dates cited below, then:

a) on or before the earlier of August 25, 2023 or the date of the closing of any financing by the Company, the Company will pay to Yorkville a sum equal to (i) principal in the amount $3,000,000, (ii) a payment premium in the amount of $150,000, and (iii) all accrued interest outstanding on such payment (the "August Repayment").
b) On the last day of each of October 2023, November 2023 and December 2023, the Company will pay to Yorkville a cash sum equal to (i) principal in the amount of $1,383,333; (ii) a payment premium equal to 5% of each principal payment, and (iii) all accrued interest outstanding on such payment (each amount, a "Repayment").

Provided that each Repayment is timely received, Yorkville agrees not to submit Investor Notices to the Company. If the August Repayment is not received on a timely basis, Yorkville may submit Investor Notices to the Company pursuant to the terms of the Company and Supplemental Agreement. If the Seller. The Purchase Agreement also contains post-closing indemnification provisions pursuant August Repayment is submitted on a timely basis, but subsequent Repayments are not received on a timely basis, Yorkville may submit Investor Notices for an aggregate amount up to which the parties have agreed to indemnify each other against losses resulting from certain events, including breaches of representations and warranties, covenants and certain other matters.
The Company is evaluating whether this agreement meets the criteria of a business combination in accordance with the applicable accounting guidance.
missed payment(s) amount.

Table of Contents

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

The following discussion and analysis of the results of operations and financial condition of KULR Technology Group, Inc. ("KULR") and its wholly-owned subsidiary, KULR Technology Corporation ("KTC") (collectively referred to as "KULR" or the "Company") as of and for the three and six months ended March 31, 2023 June 30, 2023 and 2022 should be read in conjunction with our unaudited condensed consolidated financial statements and the notes to those unaudited condensed consolidated financial statements that are included elsewhere in this Quarterly Report. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us", "we", "our" and similar terms refer to the Company. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risk, uncertainties and other factors. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Actual results could differ materially because of the factors discussed in "Risk Factors" elsewhere in this Quarterly Report, and other factors that we may not know. There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K which was filed with the SEC on March 28, 2023.

Overview

KULR Technology Group develops and commercializes an energy management platform to accelerate the global transition to a sustainable electrification economy. This energy management platform consists of high-performance thermal management technologies for batteries and electronics, AI-powered battery management and vibration mitigation software solutions, and reusable energy storage modules. Our mission is advance and apply these technologies to make our world more sustainable by using less energy; using energy more efficiently; making energy consumption safer and cooler; using less materials to achieve these goals; and completing the circular economy through recycling.

KULR ONE and KULR ONE Design Solutions (K1DS)

The KULR ONE family of battery packs represent a groundbreaking innovation that is driving the world's transition to a more sustainable electrification economy. These revolutionary designs offer a unique combination of cutting-edge features, including unparalleled safety, exceptional performance, intelligent functionality, modular construction, reliability, and customizability. The KULR ONE battery packs have been engineered to meet the exacting demands of the world's most demanding applications. They offer a comprehensive solution that addresses the critical need for safe and reliable energy storage in a wide range of industries, from aerospace and defense to electric vehicles and consumer electronics. One of the key features of the KULR ONE family of battery packs is its modular design. This allows for greater flexibility as customers can easily adjust the size and configuration of the battery pack to suit their specific application requirements. The intelligent functionality of the KULR ONE packs also allows for real-time monitoring and optimization of battery performance, ensuring optimal efficiency and longevity. In addition to offering exceptional performance and reliability, the KULR ONE battery packs are also designed with safety as a top priority. They incorporate state-of-the-art thermal management technology to prevent overheating and ensure safe operation even in the most challenging environments. Overall, the KULR ONE family of battery packs is at the forefront of the global drive towards sustainable electrification. With its unparalleled

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combination of safety, performance, intelligence, modularity, reliability, and customizability, KULR ONE is positioned to revolutionize the way we think about energy storage and powering the world's most demanding applications.

Table of Contents

Graphic

KULR's holistic suite of battery safety and thermal energy management products and services include: Passive Propagation Resistant ("PPR") design and testing, Internal Short Circuit ("ISC") trigger cells, Fractional Thermal Runaway Calorimeter ("FTRC") testing and an AI-powered CellCheck™ battery management system. The following picture illustrates the different products and services offered by KULR in this holistic approach.

Graphic

KULR VIBE Solution

During 2022, we acquired intellectual property from Vibetech International, LLC (“Vibetech”), which allows KULR to expand itself as a vertically integrated energy management company focused on sustainable energy solutions. For nearly twenty years, the primary application has been aviation. However, advances in measurement and computing technologies have allowed KULR VIBE to provide

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Table of Contents

transformative and scalable solutions across transportation, renewable energy (wind farm), manufacturing, industrial, performance racing and autonomous aerial (drone) applications among others. KULR VIBE addresses one the most challenging issues with advanced machinery today; excessive energy robbing vibrations that are destructive to both the machinery and in many cases the operator. The

22

Table of Contents

KULR VIBE suite of technologies utilize proprietary sensor processes with advanced learning algorithms to both achieve precision balancing solutions, and successfully predict component failure based on its comprehensive database of vibration signatures. Its enhanced AI learning algorithms pinpoint areas where excess vibrations cause a loss of energy that can lead to system malfunctions, weakened performance, and maintenance issues.

This innovative technology can be utilized as a standalone solution or be paired with existing track and balance technology to facilitate vibration reduction, achieve increased energy production, and reduce mechanical failures thereby extending platform life. KULR VIBE recently balanced the motors and blades of a mission critical drone to demonstrate the benefits of the technology. The results were a 23% increase in battery life and a lift increase of 45%. Same motors, same blades, KULR VIBE optimized.

The KULR VIBE suite of products and services have provided vibration analysis and mitigation to global companies across multiple industries and sectors. According to Fact.MR, an insights-driven global market intelligence company, the global vibration motor market is estimated at $6.5 billion in 2023 and is forecast to reach $24.1 billion by 2032, growing at a Compounded Annual Growth Rate (“CAGR”) of 14.1% during 2023-2032.

The Future is Energy + AI

We believe the future of KULR is Energy + AI. We are building our AI infrastructure on industry leading Nvidia and AMD semiconductor platforms, and they are hosted on a hybrid of private cloud and Microsoft Azure. As the world faces shortages in supply of raw materials to produce enough Li-ion batteries to power everything from EV’s to smartphones, KULR is developing a modular battery storage architecture that can be used across multiple applications with real-time monitoring by AI-powered CellCheckTM. This product is to target the following markets:

- Aerospace and defense systems, such as CubeSat batteries meeting JSC 20793 safety requirements by NASA
- Power tools and industrial equipment
- High-performance electric vehicles
- Electric vertical take-off and landing (“eVOTL”)
- Electric micro-mobility vehicles

- Residential and commercial energy storage systems

Recent Developments

Asset Acquisition

On May 4, 2023 (the “Asset Purchase Date”), KULR Technology Group, Inc. (the “Company”) entered into an agreement (the “Asset Purchase Agreement”) with a seller (the “Seller”), pursuant to which the Company purchased all of the assets, primarily intellectual property, of the Seller (the “Acquired Assets”) for consideration of $75,000 (the “Total Consideration”), which was paid in cash on May 11, 2023.

The Company determined that the transaction should be accounted for as an asset acquisition because substantially all of the fair value of the Acquired Assets is concentrated in a single asset. The total cost of the intellectual property acquired of $75,000 is included in intangible assets on the accompanying condensed consolidated balance sheet and is being amortized over its estimated useful life of 5 years.

Appointment of Chief Financial Officer

Effective as of March 31, 2023, Shawn Canter was appointed Chief Financial Officer of the Company. In connection with his appointment, Mr. Canter was granted 1,500,000 shares of the Company’s common stock, which shall vest in five (5) equal annual installments. installments based solely on continued service.

Table of Contents

Financing Activities

On March 10, 2023, the Company received gross proceeds of $2,000,000 as a prepaid advance (the “Second Prepaid Advance”) pursuant to a supplemental agreement (the “Supplemental Agreement”) to its Standby Equity Purchase Agreement (the “SEPA”). The Second Prepaid Advance matures on March 10, 2024. Interest accrues on the outstanding balance of each Prepaid Advance at an annual rate of 10%, subject to an increase to 15% upon events of default as defined.

Table of Contents

Please refer to Note 89 – Prepaid Advance Liability and Note 1213 – Stockholders’ Equity, Standby Purchase Agreement “SEPA” and Supplemental SEPA, in the accompanying condensed consolidated financial statements of this quarterly report on Form 10-Q for additional details regarding the SEPA and Supplemental SEPA.

Results of Operations

Three and Six Months Ended March 31, 2023June 30, 2023 Compared With Three and Six Months Ended March 31, 2022June 30, 2022

Revenue

Our revenues consisted of the following types:

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Product sales	$ 1,629,258	$ 172,599	$ 1,957,370	$ 557,664	$ 3,586,628	$ 730,263
Contract services	130,544	27,900	738,136	29,882	868,680	57,782
Total revenue	$ 1,759,802	$ 200,499	$ 2,695,506	$ 587,546	$ 4,455,308	$ 788,045

For the three months ended March 31, 2023June 30, 2023 and 2022, we generated $1,759,802$2,695,506 and $200,499$587,546 of revenues from 1419 and 1112 customers, respectively, representing an increase of $1,559,303,$2,107,960, or 778%359%. For the six months ended June, 2023 and 2022, we generated $4,455,308 and $788,045 of revenues from 29 and 16 customers, respectively, representing an increase of $3,667,263, or 465%.

Revenue from product sales during the three months ended March 31, 2023June 30, 2023 increased by $1,456,659$1,399,706 or 844%251% compared to the three months ended March 31, 2022June 30, 2022. Revenue from product sales during the six months ended June 30, 2023 increased by $2,856,365 or 391% compared to the six months ended June 30, 2022. Product sales during the three and six months ended March 31, 2023,June 30, 2023 included sales of our component product, internal short circuit ("ISC") battery cells and devices, and patented Thermal Runway Shield ("TRS") technology.

Revenue from contract services during the three months ended March 31, 2023June 30, 2023 increased by $102,644$708,254 or 368 %2370% compared to the three months ended March 31, 2022June 30, 2022. Four contracts received during the firstsecond quarter of 2023 generated $127,544$689,744 of service revenues. Revenue from contract services during the six months ended June 30, 2023 increased by $810,898 or 1403% compared to the six months ended June 30, 2022. Eight contracts received during the six months of 2023 generated $805,904 of service revenues. Our service revenues include certain research and development contracts and onsite engineering services.

Our customers and prospective customers are large organizations with multiple levels of management, controls/procedures, and contract evaluation/authorization. Furthermore, our solutions are new and do not necessarily fit into pre-existing patterns of purchase commitment. Accordingly, the business activity cycle between expression of initial customer interest to shipping, acceptance and billing can be lengthy and unpredictable, which can influence the timing, consistency and reporting of sales growth.

Cost of Revenue

Cost of revenue consisted of the cost of our products as well as labor expenses directly related to product sales and research contract services.

Product mix plays an important part in our reported average margins for any period. Also, we are introducing new products at an early stage in our development cycle and the margins earned can vary significantly between periods, customers and products due to the learning process, customer negotiating strengths, and product mix.

Table of Contents

For the three months ended March 31, 2023June 30, 2023 and 2022, cost of revenuesrevenue was $1,116,415$1,693,318 and $122,918,$423,672, respectively, representing an increase of $993,497$1,269,646 or 808%300%. The increase wascorresponds to the increase in our revenue during the period, and consisted primarily due to $908,377of $1,076,003 of costs incurred to procure customized finished goods and component materials for a new product line, increased labor costs of $48,309, andan increase of $31,878$116,533 in depreciation expense due to revenue generating equipment placed in service, during the period.and increased labor costs of $54,609. The gross margin percentage was 37% and 39%28% for the three months ended March 31, 2023June 30, 2023 and 2022, respectively.

For the six months ended June 30, 2023 and 2022, cost of revenue was $2,809,732 and $546,590, respectively, representing an increase of $2,263,142 or 414%. The increase corresponds to the increase in our revenue during the period, and consisted primarily of $1,984,380 of costs incurred to procure customized finished goods and component materials for a new product line, an increase of $148,411 in depreciation expense due to revenue generating equipment placed in service, and increased labor costs of $99,127. The gross margin percentage was 37% and 31% for the six months ended June 30, 2023 and 2022, respectively.

Research and Development

Research and development ("R&D") includes expenses incurred in connection with the R&D of our CFV thermal management solution, high-areal-capacity battery electrodes, 3D engineering for a rechargeable battery and non-cash stock-based compensation expenses. Research and development expenses are charged to operations as incurred.

For the three months ended March 31, 2023 June 30, 2023 and 2022, R&D expenses were $1,388,215 $1,408,079 and $721,347, $999,484, respectively, representing an increase of $666,868 $408,595 or 92% 41%. The increase during 2023 was comprised primarily of $546,845 $518,908 related to planned increases in headcount in order to build future capacity, and $94,824 partially offset by a reduction in R&D costs of $158,500 related to a decline in outsourced R&D costs.

For the six months ended June 30, 2023 and 2022, R&D expenses were $2,796,294 and $1,720,831, respectively, representing an increase of $1,075,463 or 62%. The increase during 2023 was comprised primarily of $1,079,372 related to planned increases in headcount in order to build future capacity, rent expense of $30,782 for a new facility for R&D initiatives designed to build future revenue growth. growth, partially offset by a reduction in R&D costs related to a decline in outsourced R&D costs.

We expect that our R&D expenses will increase as we expand our future operations.

Selling, General and Administrative

Selling, general and administrative expenses consisted primarily of cash and stock-based compensation, payroll taxes and other benefits, consulting fees, registration fees, office expenses, rent expense, directors and officers insurance, travel and entertainment, marketing and advertising, and filing fees.

For the three months ended March 31, 2023 June 30, 2023 and 2022, selling, general and administrative expenses were $5,515,891 $5,591,516 and $3,534,923, $4,326,162, respectively, representing an increase of $1,980,968, $1,265,354, or 56% 29%. The increase is primarily due to an increase increases in labor costs of $922,642, $442,414, depreciation expense of $400,842 due to the completion of automation equipment and enhancements to the facility, consulting fees of $371,659, $251,626, travel costs of $180,699 for conferences and customer visits to build future revenue growth, costs related to the acquisition of vibration technology of $125,000, partially offset by a decrease in marketing and advertising expenses of $527,407, $184,501, and a decrease of $106,475 in stock-based compensation.

For the six months ended June 30, 2023 and 2022, selling, general and administrative expenses were $11,107,407 and $7,861,085, respectively, representing an increase of $3,246,322, or 41%. The increase is primarily due to increases in labor costs of $1,449,895, depreciation expense of $599,817 due to the completion of automation equipment and enhancements to the facility, consulting fees of $462,391, marketing and advertising expenses of $342,906, $316,817 related to travel and conferences to build future revenue growth, costs related to the acquisition of vibration technology of $250,000, partially offset by a decrease of $322,767 $437,294 in stock-based compensation.

Other Income (Expense)

For the three months ended March 31, 2023 June 30, 2023 and 2022, other income (expense) expense, net was ($342,143) $337,585 and $42,134, $92,913, respectively, representing a decrease an increase of $384,277, $244,672, or 912% 263%. The change is primarily attributable to an additional $246,320 $154,736 for interest recorded in connection with the Prepaid Advance, an additional $111,335 for amortization of debt discount in connection with the Prepaid Advance, partially offset by a $21,399 change in the fair value of accrued issuable equity.

For the six months ended June 30, 2023 and 2022, other expense, net was $679,728 and $50,779, respectively, representing an increase of $628,949 or 1239%. The change is primarily attributable to an additional $357,655 for amortization of debt discount in connection with the Prepaid Advance, an additional $159,931 $313,761 for interest recorded in connection with the Prepaid Advance, partially offset by a $21,068 $42,467 decrease in the change in fair value of accrued issuable equity.

Liquidity and Capital Resources

As of March 31, 2023 June 30, 2023 and December 2022, we had cash balances of $7,186,034 $1,320,651 and $10,333,563, respectively, and working capital (deficit) of $414,334 $(4,719,810) and $6,055,477, respectively.

For the three six months ended March 31, 2023 June 30, 2023 and 2022, cash used in operating activities was $4,759,039 $9,858,687 and $4,574,490, $9,010,695, respectively. Our cash used in operations for the three six months ended March 31, 2023 June 30, 2023 was primarily attributable to our net loss of $6,602,861, $12,937,853, adjusted for non-cash expenses in the aggregate amount of $1,414,023, $3,192,878, as well as $429,799 $113,712 of net cash generated by used to fund changes in the levels of operating assets and liabilities. Our cash used in operations for the three six months ended March 31, 2022 June 30, 2022 was primarily attributable to our net loss of $4,136,555, $9,391,240, adjusted for non-cash expenses in the aggregate amount of $1,436,127, $2,485,419, as well as $1,874,062 $2,104,874 of net cash used to fund changes in the levels of operating assets and liabilities.

For the three six months ended March 31, 2023 June 30, 2023 and 2022, cash used in investing activities was $358,490 $894,976 and $248,889, $546,784, respectively. Cash used in investing activities during the three six months ended March 31, 2023 June 30, 2023 included $298,490 $567,332 related to deposits for property and equipment, $192,644 related to purchases of property and equipment and $60,000 $135,000 for the acquisition of intangible assets. Cash used in investing activities during the three six months ended March 31, 2022 June 30, 2022 was related to deposits paid for equipment of $227,538 $429,008 and purchases of property and equipment of $21,351. $117,776.

For the three six months ended March 31, 2023 June 30, 2023 and 2022, cash provided by financing activities was $1,970,000 $1,740,751 and $92,754, $7,685,910, respectively. Cash provided by financing activities during the three six months ended March 31, 2023 June 30, 2023 was due to from proceeds from the second prepaid advance liability of $2,000,000, less issuance partially offset by $229,249 for the repurchase of common stock to pay tax on behalf of an employee for vested shares of restricted common stock and $30,000 for financing costs on associated with the prepaid advance liability of $30,000. advance. Cash provided by financing activities during the

three six months ended March 31, 2022 June 30, 2022 was due to from a promissory note of $4,750,000, proceeds from the exercise of warrants of $87,679 $3,020,835 and proceeds from the exercise of options of $5,075. $5,075, partially offset by issuance costs related to the note payable and deferred financing costs related to the SEPA for $17,200 and $72,800, respectively.

Future cash requirements for our current liabilities include $3,653,967 $7,546,237 for the Prepaid Advances (if the holder does not convert the liability into shares of common stock), $3,939,449 for accounts payable and accrued expenses and $269,967 $242,078 for future payments under operating leases. The Company has also committed to spend $1,000,000 $807,515 related to capital expenditures for automation equipment, $500,000 in connection with an asset purchase agreement, $1,006,934 related to capital expenditures for automation equipment, $825,000 related to sponsorship agreements, and $441,192 for research and development. Cash There are no cash requirements for long-term liabilities consist as of $39,427 for lease payments. June 30, 2023. The Company intends to meet these cash requirements from its current cash balance, proceeds from the SEPA future financing activites and from future revenues.

Our primary source of liquidity has historically been cash generated from equity and debt offerings. Under ASC Subtopic 205-40, Presentation of Financial Statements—Going Concern ("ASC 205-40"), we have the responsibility to evaluate whether conditions and/or events raise substantial doubt about our ability to meet future financial obligations as they become due within one year after the date that the financial statements are issued. The above conditions are indicators that there is substantial doubt about our ability to continue as a going concern as we We have a history of recurring net losses, recurring use of cash in operations and declining working capital. Despite As of the date of these conditions, financial statements, we have a successful track record no commitments to obtain additional funding and current obligations come due in September 2023. Pursuant to an agreement with Yorkville executed on August 16, 2023, $3,150,000 owed in connection with our prepaid advance liability must be paid by August 25, 2023, and three additional payments, each in the amount of raising capital as needed $1,383,333, are to be paid on the last day of each of October 2023, November 2023, and continue to have a positive, ongoing relationship with a financial institution that has provided access to capital and will continue to support us.

While no assurance can be provided that we will be successful in raising additional capital from Yorkville, as they are not obligated to advance funds so long as there is an outstanding Prepaid Advance, Yorkville has represented that in most scenarios, with mutual consent, they will continue to provide financial support. Upon satisfaction December 2023. As of the Prepaid Advance liability, the Company will utilize its ability to draw down on the remaining $33,000,000 available under the SEPA.

Based on the above, we believe date of these financial statements, we have sufficient liquidity and access no commitments to future capital to continue as a going concern for a period of at least twelve months from the date the financial statements have been issued and that our above plans alleviate any potential obtain additional funding. These factors raise substantial doubt about our ability to continue as a going concern. As The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of May 5, 2023, liabilities that may be necessary should we be unable to continue as a going concern. Our continuance as a going concern is dependent upon our cash balance was approximately $4.0 million. ability to obtain additional operating capital and ultimately achieve revenue growth and attain profitability.

Our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which contemplate our continuation as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts

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Table of assets and liabilities presented in the unaudited condensed consolidated financial statements do not necessarily purport to represent realizable or settlement values. Contents

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements between us and any other entity that have, or are reasonably likely to have, a current or future effect on financial conditions, changes in financial conditions, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Estimates

For a description of our critical accounting estimates, see Critical Accounting Estimates in Item 7 of our Annual Report on Form 10-K which was filed with the SEC on March 28, 2023. There have been no changes to these critical accounting estimates since the Form 10-K was filed.

Recent Accounting Pronouncements

See Note 2 – Summary of Significant Accounting Policies of our unaudited condensed consolidated financial statements included within this Quarterly Report for a summary of recently adopted accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company, as defined by Rule 229.10(f)(1) and are not required to provide the information required by this Item.

Table of Contents

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our management, with the participation of our principal executive officer and principal financial officer, concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective at the reasonable assurance level.

During the year ended December 31, 2021, our management identified a material weakness in our internal control over financial reporting which continued to exist as of March 31, 2023June 30, 2023. We did not design or maintain effective controls to ensure that there is an independent review and approval of electronic payments (wires, EFT's, ACH's and credit card payments). We are currently in the process of implementing a detailed plan for remediation of the material weakness, including developing and maintaining During May 2023, we implemented preventative controls around the electronic payment process to ensure proper segregation of duties. Such controls require being in place for a full reporting quarter to evaluate effectiveness. As such, we expect the material weakness will be remediated as of September 30, 2023, although no assurance can be given that this will be the outcome.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the first quarter of 2023 ended June 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. reporting, except as described above.

Inherent Limitations of the Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. A control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Table of Contents

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K which was filed with the SEC on March 28, 2023., , except as follows.

We might not be able to continue as a going concern, which would likely cause our stockholders to lose most or all of their investment.

Our financial statements have been prepared under the assumption that we would continue as a going concern. However, we have concluded that there is substantial doubt about our ability to continue as a going concern, because without additional sources of funding, our cash at June 30, 2023 is not sufficient for us to operate as a going concern for a period of at least one year from the date that the financial statements included in this Quarterly Report on Form 10-Q are issued. Management's plans concerning these matters, including our need to raise additional capital, are described in Note 2 – Summary of Significant Accounting Policies – Going Concern of our financial statements included within this Quarterly Report on Form 10-Q, however, management cannot assure you that its plans will be successful. If we cannot continue as a going concern, our stockholders would likely lose most or all of their investment in us.

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

As previously reported, as compensation for his services as President and Chief Operating Officer, Keith Cochran was granted 2,000,000 shares of our common stock, subject to four (4) equal yearly vesting installments, the first installment of which vested on March 1, 2023. On March 31, 2023, and effective as of March 1, 2023, we withheld and cancelled 175,000 shares of our common stock to satisfy an aggregate of $229,249 of payroll tax withholdings and remittance obligations in connection with the net settlement of 325,000 shares. The withholding and cancellation of the 175,000 shares represented a retirement of shares at a price per share equal to $1.31, the closing price per share of our common stock on the trading day prior to the March 1, 2023, the effective date of the share cancellation.None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	**Description**
31.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	Inline XBRL Instance*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Extension Calculation*
101.DEF	Inline XBRL Taxonomy Extension Definition*
101.LAB	Inline XBRL Taxonomy Extension Labels*
101.PRE	Inline XBRL Taxonomy Extension Presentation*
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)*

* Filed herewith.

** Furnished herewith.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 15, 2023 August 16, 2023	By: /s/ Michael Mo Michael Mo Chief Executive Officer (Principal Executive Officer)
Dated: May 15, 2023 August 16, 2023	By: /s/ Shawn Canter Shawn Canter Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of
Principal Executive Officer
of KULR TECHNOLOGY GROUP, INC.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael Mo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KULR Technology Group, Inc.;

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(s) 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 we 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 quarter in the case of an annual report) that has materially affected, or is likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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 function):

   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.

Dated: May 15, 2023 August 16, 2023

By: /s/ Michael Mo
Michael Mo

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of
Principal Executive Financial and Accounting Officer
of KULR TECHNOLOGY GROUP, INC.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Shawn Canter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KULR Technology Group, Inc.;

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(s) 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 we 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 quarter in the case of an annual report) that has materially affected, or is likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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 function):

   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.

Dated: May 15, 2023August 16, 2023

By: /s/ Shawn Canter
Shawn Canter
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of KULR Technology Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: May 15, August 16, 2023

By: /s/ Michael Mo
Michael Mo
Chief Executive Officer
(Principal Executive Officer)

Dated: May 15, August 16, 2023

By: /s/ Shawn Canter
Shawn Canter
Chief Financial Officer
(Principal Financial and Accounting Officer)

DISCLAIMER

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