Kingswood Capital Partners, LLC Equity Research

EARNINGS UPDATE

Technology

Stardust Power, Inc. (Nasdaq: SDST)

Rating: Buy

Price Target: $6.00

Share Price: $0.64

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Company Data

Average Daily Volume (M)	0.491
52-Week Range	0.41-28.38
Shares Outstanding (M)	52.979
Market Cap (M)	38.503
Enterprise Value (M)	43.243
Total Cash (M), mrq	1.588
Total Debt (M)	6.331
Total Debt to Cap	-0.97%

Estimates

FYE: Dec		2025E	2026E
EPS	Q1	(0.07)A	(0.08)
	Q2	(0.08)	(0.05)
	Q3	(0.07)	(0.08)
	Q4	(0.07)	(0.05)
	FY	(0.29)	(0.26)
P/E		NM	NM
Rev	Q1	0.0	2.0
	Q2	0.0	2.0
	Q3	1.0	2.0
	Q4	2.0	4.4
	FY	3.0	10.4
EV/Sales		14.4x	4.2x

One-Year Performance Chart

As of May 15, 2025. Source: E-Trade.

May 16, 2025

Stardust Power's Outlook Essentially Unchanged; Company Makes Progress; Reiterate Buy Rating

1Q Results and Outlook Reaffirm our Core Investment Thesis; Construction of Muskogee, OK Plant on Track; Reiterate BUY Rating

- Stardust Power CEO Roshan Pujari updated investors on the company's 1Q'25 results call. No official financial guidance was provided.
- For 1Q'25, Stardust incurred a net loss of $3.8 million, $2.4 million higher than a year ago. Management indicated that since the company has not yet started commercial production of battery grade lithium, OpEx levels are expected to increase as Stardust begins to recruit more personnel to perform general operational tasks and set up the facility.
- Recent headcount additions have already impacted OpEx and operating cash flow: Net cash used in operating activities totaled $2.9 million for the quarter, compared to $4.9 million for all of 2024. The increase is driven by continued investment in operations, hiring of additional talent and some expenses tied to running the organization.
- Loss per share was ($0.07) for 1Q'25, compared to ($0.04) for the prior period, the increase being driven mainly by higher G&A expenses due to personnel-related costs and finance charges. Our estimate was ($0.08).
- CEO Roshan Pujari indicated that the macro outlook for lithium remains promising and continues to strengthen: Global demand is set to more than double by 2030, fueled by structural growth across multiple verticals including electric vehicles, energy storage systems, A.I., and broader electrification trends.

- Management highlighted several recent capital raising events, including entering into short term loan agreements totaling $3.5 million and maturing in March 2025. As of the end of 1Q'25, the company had fully repaid the loan principal and accrued interest and only has $6.331 million in short-term borrowings remaining on the balance sheet. Subsequent to the quarter end, the company has issued the related equity and warrants in accordance with the agreed terms.
- Stardust has prioritized securing reliable sources of lithium feedstock supplies, and management indicated that it has seen a very receptive market to refine and manufacture battery grade lithium products domestically in the United States.
- We continue to believe that the company's operating model remains superior to alternative forms of lithium extraction and refining.
- Changes to our model: We are maintaining our 2028 estimates. We are leaving our revenue estimates for YE25, YE26 and YE27 unchanged, but are reducing our EPS estimates for those years to ($0.29), ($0.26) and ($0.52), respectively, due mostly to higher SG&A expense assumptions and higher estimated financing expenses.
- We are maintaining our Buy rating on SDST shares, noting the increasingly positive developments on the trade policy front from Washington for Stardust as well as solid execution of the construction project to this point.

The Muskogee plant construction remains on track, but lithium pricing, geopolitical uncertainty, and financing risks continue to create a "show me" situation for SDST shares, we believe.

We believe that the Muskogee plant will begin to go online at YE27, and that Stardust Power will be shipping up to 50,000 tons per year in 2028 (Phase 2).

While we remain fully aware of the multiple execution risks inherent in the plant construction project, we remain optimistic about the longer-term macro fundamentals undergirding this project: (1.) The global trade policies of the Trump administration, squarely focused on tariffs with China, Canada, and other countries in the Americas. These economies collectively account for the vast majority of sourced lithium in the U.S.; (2.) The Trump Administration's official declaration of an Energy Emergency, by Executive Order on January 20th, calls for the domestic development, refinement, and production of "critical minerals" to supply the critical energy needs of the United States – a definition which includes the domestic production of lithium.

Although the precise impact of these policy moves in Washington on lithium pricing in the United States are difficult to gauge at present, we believe there is growing likelihood that the recent downward price trends for lithium pricing will reverse course and start to firm up later this year, as the evolving tariff framework begins to enter its next phase. We remain optimistic that these macro developments will have a positive impact on SDST's future revenue outlook and may at least partially offset the current price erosion trends recently seen in the domestic market.

While we are not changing our 2028 revenue estimate at this time, we believe that the recent softness in the global lithium pricing environment, together with the growing conservatism of investors will likely keep SDST shares under pressure. Our $6 price target is based on discounting our currently unchanged 2028 revenue estimate of $483M to the current year using a 15% WACC and applying a base-case EV/Revenue multiple of 1.0x, using a share count of 53M shares.

We are maintaining our Buy rating on SDST shares, as we believe in the successful completion of the Muskogee project together with a more favorable pricing environment for domestically refined clean lithium, consistent with the evolving U.S. tariff environment and the Trump Administration's stance on energy and the domestic focus on "critical minerals." We also think that continued capital-raising activities by management will likely maintain additional pressure on shares, but setting the stage for a more significant share price rebound once the project is fully financed and visibility on its completion improves.

Risk Factors

Stardust Power, Inc. faces the following operational and execution risks, and the list is not limited to these factors:

A very limited history of execution. Stardust Power, a newly formed company, was incorporated in 2023 and has yet to construct its processing facility and commence production. As a result, the company has a limited operating history upon which to evaluate its business and prospects and is thus subject to a number of risks and uncertainties, including its ability to plan for and predict future growth.

Competitive and market risks. Stardust may encounter risks and difficulties experienced by growing companies in rapidly developing and changing industries, including challenges related to achieving market acceptance of its products, competing against companies with greater financial and technical resources, and competing against entrenched incumbent competitors that have long-standing relationships with prospective customers in the battery grade lithium market, as well as recruiting and retaining qualified employees, and making efficient use of its limited resources.

No operational track record. As a newly incorporated, development-stage company, Stardust has yet to start the purification of lithium brine to produce battery-grade lithium and is not likely to generate revenue in its initial years of operations. Also, management cannot assure investors that it will ever realize any profits. Potential future profitability will be dependent upon an economic method of extracting the required brine by its partners, whether directly or as byproducts of the oil and gas industry, and from further exploration and development of other economic sources of brine. Further, Stardust cannot assure investors that any exploration and extraction programs will result in profitable, commercially viable extraction, purification, and production operations.

Industry factors can adversely impact company operations. Stardust's level of profitability, if any, in future years will depend to a great degree on lithium prices and whether the company can purchase brine at a price that is economically feasible to produce battery grade lithium. Exploration and development of lithium resources are highly speculative in nature, and it is impossible to ensure that any of the company's suppliers will establish reserves.

Low-cost producers could disrupt the market. Competing lithium producers, especially in foreign jurisdictions including but not limited to China, Argentina, Chile, and Australia, could use processes that might produce lower-cost lithium, which could impact the market in general, and adversely impact the sales of the company.

Environmental compliance and potential liability. Stardust's business is governed by various foreign, federal, state, and local environmental protection and health and safety laws and regulations and permits issued under these laws by foreign, federal, state, and local environmental and health and safety regulatory agencies. If the company violates or fails to comply with these laws, regulations, or permits, it could be subject to administrative or civil fines or penalties or other sanctions by regulators and it can also be subject to lawsuits, civil or criminal, seeking enforcement, injunctive relief, and/or other damages.

Stardust Power, Inc.

GAAP Basis, except where noted					
Fiscal Year Ends December 31	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
($ in thousands, except per share data)	**CY24A**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Total Revenue	**$ -**	**$ 3,000**	**$ 10,400**	**$ 75,900**	**$ 483,000**
Cost of Revenue	0	2,100	6,740	39,160	246,330
Gross Profit	**0**	**900**	**3,660**	**36,740**	**236,670**
Gross Margin	*0.0%*	*30.0%*	*35.2%*	*48.4%*	*49.0%*
Operating Expenses:					
SG&A	17,973	19,156	20,418	21,763	77,280
% of Total Revenue	*0.0%*	*638.5%*	*196.3%*	*28.7%*	*16.0%*
Depreciation & Amortization	0	0	0	43,333	43,333
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*57.1%*	*9.0%*
Other Expenses	0	0	0	0	1,100
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*
Other Non-Cash Expenses	0	0		0	600
% of Total Revenue	*0.0%*	*0.0%*	0	*0.0%*	*0.1%*
EBITDA	**(17,973)**	**(18,256)**	**(16,758)**	**14,977**	**203,323**
EBITDA Margin (%)	*0.0%*	*-608.5%*	*-161.1%*	*19.7%*	*42.1%*
Operating Income	**(17,973)**	**(18,256)**	**(16,758)**	**(28,356)**	**159,390**
Operating Margin	*0.00%*	*-608.55%*	*-161.13%*	*-37.36%*	*33.00%*
Other Expense, Net:					
Interest Income/Expense, net	(40)	(40)	(8)	(17)	(15)
Finance Charges	(7,580)	(3,600)	(3,722)	(4,800)	
Change in fair value of notes, total	1,838	8,000	8,000	8,000	
Pretax Income	**(23,754)**	**(13,896)**	**(12,488)**	**(25,173)**	**159,375**
Provision for income taxes	0	0	0	0	0
Effective Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income (GAAP)	**(23,754)**	**(13,896)**	**(12,488)**	**(25,173)**	**159,375**
Shares outstanding - diluted (000)	42,822	48,025	48,275	48,725	49,000
EPS	**($0.55)**	**($0.29)**	**($0.26)**	**($0.52)**	**$3.25**

Source: Kingswood Capital Partners estimates.

DISCLOSURES

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Buy - Buy-rated stocks are expected to have a total return of at least 15% over the following 12 months and are the most attractive stocks in the sector coverage area.

Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

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Not Covered (NC) - Kingswood Capital Partners, LLC DOES NOT cover this stock and therefore DOES NOT have forecasts, projections, target price and recommendation on the shares of this company.

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Company-Specific Disclosures

Distribution of Ratings Kingswood Capital Partners, LLC				
			Investment Banking Services/Past 12 Months	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY	6	75.00	2	33.33
HOLD	1	12.50	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	12.50	1	100.00

As of April 2025.

Kingswood Investments, a division of Kingswood Capital Partners, has an investment banking advisory relationship with Stardust Power, Inc. Kingswood received compensation from Stardust Power, Inc. for sponsored research and investment banking services during 2024.

Stardust Power Rating History as of May 15, 2025

Source: E-Trade.

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