

Dragonfly Energy Holdings Corp.
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	As of	
	June 30, 2024	December 31, 2023
Current Assets		
Cash and cash equivalents	\$4,699	\$12,713
Accounts receivable, net of allowance for credit losses	2,866	1,639
Inventory	28,653	38,778
Prepaid expenses	776	772
Prepaid inventory	1,976	1,381
Prepaid income tax	345	519
Other current assets	750	118
Total Current Assets	40,065	55,920
Property and Equipment		
Property and Equipment, Net	23,496	15,969
Operating lease right of use asset	20,949	3,315
Other assets	445	-
Total Assets	\$84,955	\$75,204
Current Liabilities		
Accounts payable	\$10,339	\$10,258
Accrued payroll and other liabilities	7,359	7,107
Accrued tariffs	1,863	1,713
Customer deposits	250	201
Uncertain tax position liability	91	91
Notes payable, current portion, net of debt issuance costs	21,903	19,683
Operating lease liability, current portion	2,807	1,288
Financing lease liability, current portion	37	36
Total Current Liabilities	44,649	40,377
Long-Term Liabilities		
Warrant liabilities	11,004	4,463
Accrued expenses, long-term	-	152
Operating lease liability, net of current portion	23,990	2,234
Financing lease liability, net of current portion	46	66
Total Long-Term Liabilities	35,040	6,915
Total Liabilities	79,689	47,292
Equity		
Preferred stock, 5,000,000 shares at \$0.0001 par value, authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively		
Common stock, 250,000,000 shares at \$0.0001 par value, authorized, 61,367,633 and 60,260,282 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	6	6
Additional paid in capital	70,793	69,445
Retained deficit	(65,533)	(41,539)
Total Equity	5,266	27,912
Total Liabilities and Shareholders' Equity	\$84,955	\$75,204

Dragonfly Energy Holdings Corp.
Unaudited Condensed Interim Consolidated Statement of Operations
For the Three Months Ended June 30, 2024
(in thousands, except share and per share data)

	2024	2023
Net Sales	\$ 13,208	\$ 19,274
Cost of Goods Sold	10,041	15,350
Gross Profit	3,167	3,924
Operating Expenses		
Research and development	1,531	1,067
General and administrative	5,704	7,614
Selling and marketing	2,681	3,808

Total Operating Expenses	9,916	12,489
Loss From Operations	(6,749)	(8,565)
Other Income (Expense)		
Interest expense	(4,878)	(4,138)
Other Expense	(19)	-
Change in fair market value of warrant liability	(1,981)	804
Total Other Expense	(6,878)	(3,334)
Net Loss Before Taxes	(13,627)	(11,899)
Income Tax (Benefit) Expense	-	-
Net Loss	\$ (13,627)	\$ (11,899)
Net Loss Per Share- Basic & Diluted	\$ (0.22)	\$ (0.25)
Weighted Average Number of Shares- Basic & Diluted	60,673,835	47,418,269

Dragonfly Energy Holdings Corp.
Unaudited Condensed Consolidated Statement of Cash Flows
For the Six Months Ended June 30, 2024
(in thousands)

	2024	2023
Cash flows from Operating Activities		
Net Loss	\$ (23,994)	\$ (7,124)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities		
Stock based compensation	503	5,441
Amortization of debt discount	2,428	620
Change in fair market value of warrant liability	1,745	(19,327)
Non-cash interest expense (paid-in-kind)	4,582	2,510
Provision for credit losses	18	93
Depreciation and amortization	663	593
Amortization of right of use assets	1,019	601
Loss on disposal of property and equipment	-	116
Changes in Assets and Liabilities		
Accounts receivable	(1,246)	(821)
Inventories	10,125	5,648
Prepaid expenses	(4)	425
Prepaid inventory	(595)	(940)
Other current assets	(632)	28
Other assets	(445)	-
Income taxes payable	174	(4)
Accounts payable and accrued expenses	(1,970)	6,272
Accrued tariffs	150	316
Customer deposits	49	(86)
Total Adjustments	16,564	1,485
Net Cash Used in Operating Activities	(7,430)	(5,639)
Cash Flows From Investing Activities		
Purchase of property and equipment	(1,324)	(2,571)
Net Cash Used in Investing Activities	(1,324)	(2,571)
Cash Flows From Financing Activities		
Proceeds from public offering	788	23,527
Payment of public offering costs	(51)	(1,216)
Proceeds from note payable, related party	2,700	1,000
Repayment of note payable, related party	(2,700)	(1,000)
Proceeds from exercise of public warrants	-	747
Proceeds from exercise of options	3	323
Net Cash Provided by Financing Activities	740	23,381
Net (Decrease) Increase in Cash and cash equivalents	(8,014)	15,171
Cash and cash equivalents - beginning of period	12,713	17,781
Cash and cash equivalents - end of period	\$ 4,699	\$ 32,952

Supplemental Disclosures of Cash Flow Information:

Cash paid for income taxes		237
Cash paid for interest	\$ 4,780	\$ 4,361
Supplemental Non-Cash Items		
Purchases of property and equipment, not yet paid	\$ 2,278	\$ 3,583
Recognition of right of use asset obtained in exchange for operating lease liability	\$ 18,653	\$ -
Recognition of warrant liability	\$ 4,796	\$ -
Settlement of accrued liability for employee liability for employee stock purchase plan	\$ 112	\$ -
Cashless exercise of liability classified warrants	\$ -	\$ 12,628

Use of Non-GAAP Financial Measures

The Company provides non-GAAP financial measures including EBITDA and Adjusted EBITDA as a supplement to GAAP financial information to enhance the overall understanding of the Company's financial performance and to assist investors in evaluating the Company's results of operations, period over period. Adjusted non-GAAP measures exclude significant unusual items. Investors should consider these non-GAAP measures as a supplement to, and not a substitute for financial information prepared on a GAAP basis.

Adjusted EBITDA

Adjusted EBITDA is considered a non-GAAP financial measure under the rules of the SEC because it excludes certain amounts included in net loss calculated in accordance with GAAP. Specifically, the Company calculates Adjusted EBITDA by GAAP net loss adjusted to exclude stock-based compensation expense, business combination related expenses and other one-time, non-recurring items.

The Company has included Adjusted EBITDA because it is a key measure used by Dragonfly's management team to evaluate its operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses. As such, the Company believes Adjusted EBITDA is helpful in highlighting trends in the ongoing core operating results of the business.

Adjusted EBITDA has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of net loss or other results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect the Company's cash expenditures, future requirements for capital expenditures, or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not reflect the Company's tax expense or the cash requirements to pay taxes;
- although amortization and depreciation are non-cash charges, the assets being amortized and depreciated will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA should not be construed as an inference that the Company's future results will be unaffected by unusual or non-recurring items for which the Company may adjust in historical periods; and
- other companies in the industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Reconciliations of Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

The following table presents reconciliations of EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial measure for each of the periods indicated.

Dragonfly Energy Holdings Corp.		
For the Three Months Ended June 30, 2024, and 2023		
(in thousands, except share and per share data)		
	2024	2023
EBITDA Calculation		
Net Loss Before Taxes	\$ (13,627)	\$ (11,899)
Interest Expense	4,878	4,138
Depreciation and Amortization	331	296
EBITDA	\$ (8,418)	\$ (7,465)
Adjustments to EBITDA		
Stock Based Compensation	237	954
Separation Agreement		720
June Offering Costs		904
Change in fair market value of warrant liability	1,981	(804)
Adjusted EBITDA	\$ (6,200)	\$ (5,691)

Source: Dragonfly Energy Holdings Corp.