Dragonfly Energy Holdings Corp. Unaudited Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

Cument Assets Image Agreement Assets 1.00 (a) (a) (a) (a) (b) (a) (b) (b) (b) (b) (b) (b) (b) (b) (b) (b		As of		
Cash and cash equivalents \$4,699 \$12,713 Accounts receivable, net of allowance for credit losses 2,865 38,778 Prepade expenses 776 772 Prepade inventory 1,976 1,378 Prepad inventory 1,976 1,519 Prepad inventory 40,065 519 Other current cases 750 1118 Total Current Assets 40,065 55,920 Property and Equipment, Net 23,496 15,696 Operating lease right of use asset 20,949 3,315 Other cases 445 2,60 Cottent Liabilities \$10,339 \$10,258 Accounts paryable \$10,339 \$10,258 Accounts paryable \$10,339 \$1,258 Account during 7,359 7,107 Account propoll and other liabilities 7,359 7,107 Account propoll of the liabilities 2,90 20,11 Account propoll of the liabilities 2,90 20,11 Custern Liabilities 2,90 2,10		June 30, 2024	Decen	nber 31, 2023
Accounts receivable, net of allowance for credit losses 2,866 1,639 Inventory 28,653 38,778 Prepad inventory 1,776 1,361 Prepad inventory 345 5,151 Prepad inventory 345 5,152 Prepad inventory 345 5,152 Prepad inventory 345 5,522 Obter current casels 40,65 5,522 Total Current Assels 20,949 3,155 Operating loses right of use casel 20,949 3,155 Cheer casels 345 1,69 Operating loses right of use casel 845 1,69 Cheer casels 345 3,75 Total Assets 810,339 \$10,258 Accrued payroll and other licibilities 31,339 \$10,258 Accrued payroll and other licibilities 1,833 1,713 Customer deposits 250 201 Uncertain tax position licibility 250 201 Uncertain tax position licibility 21,033 1,632 Plancing los	Current Assets			
Prepadi triventory	Cash and cash equivalents	\$	4,699	\$12,713
Prepadd inventory 776 778 Prepadd inventory 1,76 1,881 Prepadd inventory 345 519 Other current casets 4005 55,220 Property and Equipment 3346 15,960 Property and Equipment, Net 20,349 15,960 Operating lease right of use caset 20,949 3,315 Obert casets 445 - Total Assets \$84,955 302 Accrued paryfoll med other liabilities \$10,339 \$10,258 Operating lease liability, current portion \$2,000 \$1,288 Financing lease liability, current portion \$3,000 \$1,500	Accounts receivable, net of allowance for credit losses		2,866	1,639
Prepadd inventory 1,976 1,381 Prepadd income tax 345 519 Other current assets 750 118 Total Current Assets 40.05 55,920 Property and Equipment. Net 23,496 15,969 Operating lease right of use asset 40.55 20,494 3,315 Other assets 445 - - Total Assets \$84,955 \$75,004 Current Liabilities 510,393 \$10,258 Accounts payable \$10,339 \$10,258 Accound tatiffs 1,863 1,713 Customer deposits 250 201 Uncertaint ax position liability 91 9 Notes payable, current portion, net of elebt issuance costs 21,903 19,683 Operating lease liability, current portion 2,807 1,288 Financing lease liability, current portion 2,807 1,288 Financing lease liability, current portion 2,807 1,284 Murrent liabilities 11,004 4,463 Operat	Inventory	2	8,653	38,778
Proposition income tax 345 519 Other current casests 40,055 519 Total Current Assets 40,055 55,920 Property and Equipment. 23,496 15,069 Property and Equipment, Net 20,949 3,315 Other casets 445 Total Assets 445 Current Lidohilities \$10,339 \$10,258 Accounds payable \$10,339 \$10,258 Accounts payable \$10,339 \$10,258 Account Lidohilities 7,359 7,107 Accound payroll and other lidohilities 7,359 7,107 Account taxitis 1,863 1,713 Customer deposits 2,95 2,01 Uncertain tax position lidohility 91 91 Notes payable, current portion net of debt issuance costs 21,903 1,288 Fluncing lease lidohility, current portion 2,807 1,288 Plancing lease lidohility, current portion 2,807 2,234 Plancing lease lidohility, net of current portion 23,90	Prepaid expenses		776	772
Other current assets 750 118 Total Current Assets 40,055 55,050 Property and Equipment, Net 23,466 15,666 Property and Equipment, Net 20,449 3,155 Operating lease right of use asset 40,55 375,000 Other assets 40,55 \$75,000 Current Lichilities 81,035 \$1,035 Accounts proposite \$10,339 \$1,025 Account payroll and other liabilities 7,359 7,107 Account depoyroll and other liabilities 7,359 7,107 Account depoyroll and other liabilities 1,863 1,713 Account depoyroll and other liabilities 2,50 201 Uncertain tax position liability 91 91 91 Notes payrolle, current portion, net of debt issuance costs 2,90 1,288 1,288 Phancing lease liability, current portion 2,80 1,288 Phancing lease liability, current portion 2,80 2,90 2,234 Phancing lease liability, net of current portion 23,90 2,234 <	Prepaid inventory		1,976	1,381
Total Current Assets 40,065 55,920 Property and Equipment 32,496 15,069 Property and Equipment, Net 23,496 15,069 Operating lease right of use asset 20,949 3,315 Other casets 445 75,000 Total Assets \$84,955 \$75,000 Current Liabilities Accoused paryroll and other liabilities 7,359 7,107 Accused paryroll and other liabilities 7,359 7,107 Accused paryroll and other liabilities 250 201 Outsomer deposits 18,63 1,713 Customer deposits 210 9 1 Uncertain tax position liability 9 9 1 Notes paryable, current portion, net of debt issuance costs 21,003 19,683 Operating lease liability, current portion 3,60 1,683 Total Current Liabilities 11,004 4,643 Accrued expenses, long-term 1 4,64 4,64 Accrued expenses, long-term Liabilities 35,000 6,15 6,05	Prepaid income tax		345	519
Property and Equipment, Net	Other current assets		750	118
Property and Equipment, Net 23,496 15,969 Operating lease right of use asset 20,949 3,315 Cher casets 445	Total Current Assets	4	0,065	55,920
Operating lease right of use asset 20,494 3,315 Other casets 445 - Total Asset \$84,955 \$75,204 Current Liabilities Accounts paryable \$10,339 \$10,258 Accound a turifis 1,863 1,713 Custome deposits 250 201 Uncertain tax position liability 91 91 Notes paryable, current portion, net of debt issuance costs 21,903 19,683 Operating lease liability, current portion 37 36 Total Current Liabilities 4,049 4,037 Inancing lease liability, current portion 37 36 Total Current Liabilities 11,004 4,63 Accaused expenses, long-term 11,004 4,63 Accaused expenses, long-term 23,909 2,234 Planaring lease liability, net of current portion 46 66 Total Long-Term Liabilities 35,04 6,915 Total Liabilities 79,689 47,22 Total Liabilities 79,689 47,22 <	Property and Equipment			
Other casets 445 750cd Total Assets \$84,955 \$75,204 Current Liabilities \$10,339 \$10,258 Accounts payable \$10,339 \$10,258 Accude durilis 1,863 1,713 Accude durilis 2,50 20,11 Uncertain tax position liability 91 91 91 Uncertain tax position liability, current portion, net of debt issuance costs 21,903 1,868 1,968 Operating lease liability, current portion 2,807 1,288 1,968 <t< td=""><td>Property and Equipment, Net</td><td>2</td><td>3,496</td><td>15,969</td></t<>	Property and Equipment, Net	2	3,496	15,969
Total Assets \$84,955 \$75,204 Current Liabilities \$10,339 \$10,258 Accrued paryoll and other liabilities 7,359 7,107 Accrued tariffs 1,863 1,710 Accrued tariffs 250 201 Uncertain tax position liability 91 91 Notes paryable, current portion, net of debt issuance costs 21,903 1,268 Operating lease liability, current portion 2,807 1,288 Financing lease liability, current portion 37 3 Total Current Liabilities 44,649 40,37 Financing lease liability, current portion 2,807 1,288 Marrant liabilities 11,004 4,463 Accrued expenses, long-term 21,003 1,203 Warrant liabilities 11,004 4,463 Accrued expenses, long-term portion 23,990 2,234 Financing lease liability, net of current portion 35,040 6,05 Total Liabilities 79,689 47,202 Freferied stock, 5,000,000 shares at \$0,0001 par value, authorized, no shares issued and outstanding as of	Operating lease right of use asset	2	0,949	3,315
Current Liabilities Accounts payable \$10,339 \$10,258 Accrued payroll and other liabilities 7,359 7,107 Accrued tartiffs 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 11,004 4,463 Accrued expenses, long-term 1 152 Operating lease liability, net of current portion 23,990 2,234 Financing lease liability, net of current portion 35,040 6,915 Total Liabilities 35,040 6,915 Total Liabilities 79,889 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 6 6	Other assets		445	-
Accounts payable \$10,339 \$10,258 Accrued payroll and other liabilities 7,359 7,107 Accrued payroll and other liabilities 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 19,883 Operating lease liability, current portion 37 36 Financing lease liability, current portion 37 36 Total Current Liabilities 44,649 40,377 Long-Term Liabilities 11,004 4,463 Accrued expenses, long-term 11,004 4,463 Accrued expenses, long-term 23,990 2,234 Financing lease liability, net of current portion 23,990 2,234 Financing lease liability, net of current portion 35,040 6,915 Total Liabilities 79,689 47,202 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 5 6 Com	Total Assets	\$8	4,955	\$75,204
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 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 35,040 6,915 Total Liabilities 35,040 6,915 Total Liabilities 79,689 47,292 Equity - - Common 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 6 6 Common stock, 250,000,000 shares at \$0,0001 par value, authorized, 61,367,633 and 60,260,282 shares issued and outst	Current Liabilities			
Accrued tariffs 1,863 1,713 Customer deposits 250 201 Uncertain tax position liability 91 91 Notes paryable, current portion, net of debt issuance costs 21,903 19,883 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 11,004 4,463 Accrued expenses, long-term 11,004 4,463 Accrued expenses, long-term 152 23,990 2,234 Financing lease liability, net of current portion 35,040 6,915 Total Liabilities 35,040 6,915 Total Liabilities 79,680 47,202 Equity Common 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 6 6 Common stock, 250,000,000 shares at \$0,0001 par value, authorized, 61,367,633 and 6. 6 6 60,260,282 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively 6	Accounts payable	\$1	0,339	\$10,258
Customer deposits 250 201 Uncertain tax position liability 91 91 Notes parable, 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 11,004 4,643 Accrued expenses, long-term 1152 152 Operating lease liability, net of current portion 23,990 2,234 Financing lease liability, net of current portion 46 66 Total 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 5 6 Common stock, 250,000,000 shares at \$0,0001 par value, authorized, 61,367,633 and 6. 6 6 Additional paid in capital 70,793 69,445 Retained deficit (56,533) (41,539) Total Equity	Accrued payroll and other liabilities		7,359	7,107
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 11,004 4,463 Accrued expenses, long-term 1152 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 5 6 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 Equ	Accrued tariffs		1,863	1,713
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 11,004 4,663 Accrued expenses, long-term 1,102 4,663 Accrued expenses, long-term 23,990 2,234 Financing lease liability, net of current portion 46 6,615 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 5 6 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 6 Additional paid in capital (65,533) (41,539) Total Equity 5,266 27,912	Customer deposits		250	201
Operatting lease liability, current portion 2,807 1,288 Financing lease liability, current portion 37 36 Total Current Liabilities 44,649 40,377 Nong-Term Liabilities Warrant liabilities 11,004 4,463 Accrued expenses, long-term - 152 152 Operatting 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 5 5 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 respectively 6 6 6 Additional paid in capital 70,793 69,445 Retained deficit (65,533) (41,539) Total Equity 52,666 27,912	Uncertain tax position liability		91	91
Financing lease liability, current portion 37 36 Total Current Liabilities 44,649 40,377 Long-Term Liabilities 11,004 4,463 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 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 5 6 Common stock, 250,000,000 shares at \$0.0001 par value, authorized, 61,367,633 and 5 6 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	Notes payable, current portion, net of debt issuance costs	2	1,903	19,683
Total Current Liabilities 44,649 40,377 Long-Term Liabilities 11,004 4,463 Marrant 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 5 6 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	Operating lease liability, current portion		2,807	1,288
Long-Term Liabilities Incomposition Incomposition	Financing lease liability, current portion		37	36
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 Current Liabilities	4	4,649	40,377
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 Section of the 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	Long-Term Liabilities			
Operatting 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 Security 5,266 6 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 6 Additional paid in capital 70,793 69,445 6 6 6 Retained deficit (65,533) (41,539) 70,121 70,212	Warrant liabilities	1	1,004	4,463
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	Accrued expenses, long-term		-	152
Total 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 Secondary 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 6 6 Additional paid in capital 70,793 69,445 64,533 61,533 61,539 70,791 70,791 70,791 70,791 70,791 70,791 70,791 70,791 70,791 70,792 70,792 70,793	Operating lease liability, net of current portion	2	3,990	2,234
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 6 Additional paid in capital 70,793 69,445 Retained deficit (65,533) (41,539) Total Equity 5,266 27,912	Financing lease liability, net of current portion		46	66
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 \$\text{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 \$\text{6}\$ \$\text{6}\$ Additional paid in capital Retained deficit \$(5,533) \$(41,539) Total Equity \$\text{5,266}\$ \$\text{27,912}\$	Total Long-Term Liabilities	3	5,040	6,915
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 Additional paid in capital 70,793 69,445 Retained deficit (65,533) (41,539) Total Equity	Total Liabilities	7	9,689	47,292
outstanding as of June 30, 2024 and December 31, 2023, respectively 5 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	Equity			
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	Preferred stock, 5,000,000 shares at \$0.0001 par value, authorized, no shares issued 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	outstanding as of June 30, 2024 and December 31, 2023, respectively			
respectively 6 6 Additional paid in capital 70,793 69,445 Retained deficit (65,533) (41,539) Total Equity 5,266 27,912	Common stock, 250,000,000 shares at \$0.0001 par value, authorized, 61,367,633 and		_	_
Retained deficit 70,793 69,445 Retained zuity (65,533) (41,539) Total Equity 5,266 27,912	60,260,282 shares issued and outstanding as of June 30, 2024 and December 31, 2023,			
Retained deficit (65,533) (41,539) Total Equity 5,266 27,912	respectively		6	6
Total Equity 5,266 27,912	Additional paid in capital	7	0,793	69,445
<u> </u>	Retained deficit	(65	,533)	(41,539)
Total Liabilities and Shareholders' Equity \$84,955 \$75,204	Total Equity		5,266	27,912
	Total Liabilities and Shareholders' Equity	\$8	4,955	\$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 Weighted Average Number of Shares- Basic & Diluted	\$ (0.22) 60,673,835	\$	(0.25) 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	4 (00.004)	(F.104)	
Net Loss	\$ (23,994) \$	(7,124)	
Adjustments to Reconcile Net Income (Loss) to Net Cash			
Used in Operating Activities	502	F 441	
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	S 4,699 S	32,952	

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.