Dragonfly Energy Holdings Corp.

Unaudited Condensed Consolidated Balance Sheets

(U.S. Dollars in Thousands, except share and per share data)

	As of	
	September 30, 2026	**December 31, 2025**
Current Assets		
Cash and cash equivalents	$ 1,941	$ 18,270
Accounts receivable, net of allowance for credit losses	4,214	4,215
Inventory	19,736	24,234
Prepaid expenses	652	1,088
Prepaid inventory	2,323	937
Prepaid income tax	359	353
Other current assets	2,429	1,083
Total Current Assets	31,654	50,180
Property and Equipment		
Property and Equipment, Net	20,419	20,741
Intangible Assets, Net	2,225	-
Operating lease right of use asset, net	14,350	15,240
Other assets	378	388
Total Assets	**$ 69,026**	**$ 86,549**
Current Liabilities		
Accounts payable	$ 9,418	$ 10,322
Accrued payroll and other liabilities	2,389	4,053
Accrued tariffs	341	943
Customer deposits	242	121
Deferred revenue, current portion	1,000	1,000
Dividends Payable	518	317
Notes payable, current portion, net	12,483	433
Operating lease liability, current portion	2,273	2,533
Financing lease liability, current portion	17	35
Total Current Liabilities	28,681	19,757
Long-Term Liabilities		
Deferred revenue, net of current portion	1,833	2,583
Warrant liabilities	3	713
Notes payable, non current portion, net of debt issuance costs	-	9,212
Operating lease liability, net of current portion	18,854	20,470

Financing lease liability, net of current portion	77	28
Total Long-Term Liabilities	20,767	33,006
Total Liabilities	**49,448**	**52,763**
Commitments and Contingencies		
Redeemable Preferred Stock		
Preferred stock - Series B, 25,000 shares at $0.0001 par value, authorized, and 25,000 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	24,122	22,256
Stockholders' Equity		
Preferred stock, 4,995,000 shares at $0.0001 par value, authorized, no shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	-	-
Common stock, 50,000,000 shares at $0.0001 par value, authorized, 1,878,418 and 1,509,839 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively		
Additional paid in capital	164,099	163,623
Accumulated deficit	(168,643)	(152,093)
Stockholders' Equity	**(4,544)**	**11,530**
Total Liabilities, Redeemable Preferred Stock and Stockholders' Equity	**$ 69,026**	**$ 86,549**

Dragonfly Energy Holdings Corp.

Unaudited Condensed Interim Consolidated Statement of Operations

(U.S. Dollars in Thousands, except share and per share data)

	Three Months Ended	
	Sep 30, 2026	**Sep 30, 2025**
Net Sales	$ 12,174	$ 15,967
Cost of Goods Sold	8,889	11,231
Gross Profit	3,285	4,736
Operating Expenses		
Research and development	633	585
General and administrative	5,112	5,299
Selling and marketing	1,593	2,630

Total Operating Expenses	7,338	8,514
Loss From Operations	(4,053)	(3,778)
Other Income (Expense)		
Interest expense, net	(1,774)	(6,409)
Other Income	411	-
Change in fair market value of warrant liability	(123)	(883)
Total Other Expense	(1,486)	(7,292)
Net Loss Before Taxes	(5,539)	(11,070)
Income Tax (Benefit) Expense	-	-
Net Loss	$ (5,539)	$ (11,070)
Less: Preferred Stock Dividends	(1,168)	-
Net Loss Attributable to Common Stockholders	$ (6,707)	$ (11,070)
Loss Per Share- Basic & Diluted	$ (3.71)	$ (16.45)
Weighted Average Number of Shares- Basic & Diluted	1,807,571	673,112

Dragonfly Energy Holdings Corp.

Reconciliation of GAAP to Non-GAAP Measures (Unaudited)

(U.S. Dollars in Thousands)

	Three Months Ended	
	September 30, 2026	**September 30, 2025**
EBITDA Calculation		
Net Loss Before Taxes	$ (6,707)	$ (11,070)
Interest Expense	1,774	6,409
Depreciation and Amortization	486	460
EBITDA	$ (4,447)	$ (4,201)

Adjustments to EBITDA		
Stock - Based Compensation	243	168
Series B Preferred Stock Dividend	1,168	-
Preferred Stock Financing expenses	-	13
Prior year tariff estimate adjustment	-	-
Litigation Fees and loss on Settlement	313	-
Expenses related to Debt Restructure	88	354
Impairment of right-of-use asset and disposal of associated assets		611
At-the-Market (ATM) set up Expenses	13	-
Joint Venture Exploration	37	-
Severance	-	35
Expenses related to Dakota Lithium Asset Purchase Agreement	121	-
Change in fair market value of warrant liability	123	883
Adjusted EBITDA	$ (2,341)	$ (2,137)

Dragonfly Energy Holdings Corp.

Unaudited Condensed Consolidated Statement of Cash Flows

Nine Months Ended September 30,

(U.S. Dollars in Thousands)

	2026	**2025**
Cash flows from Operating Activities		
Net Loss	$ (16,550)	$ (24,901)
Adjustments to Reconcile Net Loss to Net Cash		
Used in Operating Activities		
Stock based compensation	717	578
Amortization of debt discount	3,106	5,240
Change in fair market value of warrant liability	(370)	(4,624)
Non-cash interest expense (paid-in-kind)	445	11,233
Provision for credit losses	(10)	87
Depreciation and amortization	1,733	1,810
Amortization of right of use assets	890	1,948
Loss on disposal of property and equipment	42	156
Loss on disposal of right-of-use assets		454
Changes in Assets and Liabilities		
Accounts receivable	11	(2,463)
Inventories	5,137	(1,002)
Prepaid expenses	436	(43)

Prepaid inventory	(1,386)	125
Prepaid income tax	(6)	-
Other current assets	(1,346)	61
Other assets	10	(6)
Income taxes payable	-	(4)
Accounts payable and accrued expenses	(2,823)	3,780
Operating lease liabilities	(1,876)	(2,160)
Accrued tariffs	(602)	(324)
Accrued settlement	-	(375)
Deferred revenue	(750)	(750)
Customer deposits	121	(65)
Total Adjustments	3,479	13,656
Net Cash Used in Operating Activities	**(13,071)**	**(11,245)**
Cash Flows From Investing Activities		
Cash paid for acquisition of business	(1,000)	-
Purchase of intangibles	(131)	-
Purchase of property and equipment	(1,064)	(1,808)
Net Cash Used in Investing Activities	**(2,195)**	**(1,808)**
(Continued)		
Cash Flows From Financing Activities		
Proceeds from public offering (ATM), net	1,031	63
Proceeds from preferred stock offering, net of fees	-	7,330
Proceeds from public offering, net	-	4,684
Payment of dividends	(1,327)	-
Repayment of note payable	(713)	-
Taxes paid related to net settlement of RSUs	-	-
Proceeds from the exercise of pre-funded warrants	1	-
Financing lease liabilities	(55)	(35)
Net Cash (Used in) Provided by Financing Activities	**(1,063)**	**12,042**
Net Decrease in Cash and cash equivalents	(16,329)	(1,011)
Cash and cash equivalents - beginning of period	18,270	4,849
Cash and cash equivalents - end of period	**$ 1,941**	**$ 3,838**
Supplemental Disclosures of Cash Flow Information:		
Cash paid for income taxes	6	4

Cash paid for interest	$ 1,938	$ 4
Supplemental Non-Cash Items		
Purchases of property, equipment and intangibles, not yet paid	$ 460	$ 16
Recognition of machinery & equipment obtained in exchange for financing lease liability	$ 86	$ -
Recognition of right of use asset obtained in exchange for operating lease liability	$ -	$ 642
Conversion of preferred stock to common stock	$ -	$ 7,330
Recognition of warrant liability - Investor Warrants	$ -	$ 696
Declaration of dividends	$ 1,530	$ -
Noncash consideration transferred pursuant to the Asset Purchase Agreement	$ 1,755	$ -
Dividends paid in kind	$ 382	$ -
Accretion of preferred stock discount	$ 1,482	$ -
Settlement of accrued liability for employee stock purchase plan	$ 26	$ 73
Reclassification of assets held for sale to machinery and equipment	$ -	$ 644
Cashless exercise of penny warrants	$ 339	$ -

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