



Quarterly Earnings Update | Q2 2024

August 14, 2024

Nasdaq: DFLI

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Q2 2024 Highlights & Results



Brand Licensing

- Secured licensing deal for Battle Born Batteries® brand with Stryten Energy with a potential value up to \$30M, including \$5M upfront payment (which is expected in Q3 2024)

Medium & Heavy Duty Trucking



- Partnered with Highway Transport to convert that company's entire 500+ truck fleet to the Company's Battle Born All-Electric APU
- Expanded distribution through Daimler Truck CTS, Rush Enterprises CVS, and Fontaine Modification
- Now providing liftgate power systems to Refreshment Services Pepsi

Oil & Gas



- The Company is sourcing and qualifying ancillary equipment along with driving design efficiencies for the first certified power system deployment with Alegacy Equipment, which addresses the increasing need to reduce methane leakage. The deployment is anticipated in Q3 2024

Core Market Share Growth and New Products



- Expanded presence in Canadian RV market through partnership with Fraserway RV, Canada's largest nationwide RV dealer
- Leveraged Meyer Distributing's network to reach new B2B customers in RV and related industries
- Announced development of next-generation power charging solutions - Wakespeed 500 Pro Bluetooth Alternator Regulator and 48V/12V Bi-Directional DC-DC Converter

Research & Development



- The Company continues to produce battery cell test samples for potential OEM partners, while the focus of the research and development program has been the design of a scaled-up dry electrode cell production plant.



Q2 2024 Financial Results Snapshot

Net Sales	Gross Profit
\$13.2M	\$3.2M
(31.6)% YoY	(17.9)% YoY
Operating Exp.	Adj. EBITDA
\$(9.9)M	\$(6.2)M
(20.8)% YoY	(8.1)% YoY
OEM Revenue	DTC Revenue
\$6.7M	\$6.5M
(27.9)% YoY	(35.0)% YoY



I am incredibly proud of the significant strides Dragonfly Energy has made this quarter, despite the challenging economic environment. Our ability to expand into new verticals and secure strategic partnerships is a testament to the strength of our technology and the dedication of our team.

In particular, we believe the Stryten Energy agreement has the ability to expose our Battle Born Batteries brand to a broader audience and position us for mass market adoption.

Moreover, Highway Transport's decision to adopt our all-electric APUs across their large truck fleet marks a pivotal moment for Dragonfly Energy in the industry, and we anticipate this may inspire others to follow suit. We believe we are laying a solid foundation for future growth of Dragonfly Energy and are excited about the opportunities ahead.

*Dr. Denis Phares
CEO, Dragonfly Energy*



Brand Licensing

Strategic Partnership

- \$30M Licensing Agreement to use Battle Born Batteries® brand globally
 - Includes \$5M upfront fee (Expected in Q3 2024)
 - Additional payments based on unit volume totaling up to \$25M
 - Continued nominal annual license fee after the \$30M total is paid
- Additional revenue streams through contract manufacturing, battery design services, and technical support

Brand Proliferation Through Stryten's Footprint

Stryten Energy's vast distribution channels include major retailers like Tractor Supply Co, Interstate, AutoZone, and Continental Battery. These are the types of big box stores where the Company expects to see Battle Born Batteries products

Future Growth

- Collaboration on new battery models tailored to specific market segments
- Potential for domestic cell manufacturing and offtake partnerships
- Alignment with government push for domestic battery production

Sustainability Focus

- Stryten's battery recycling infrastructure to create a closed loop system for Battle Born Batteries®
- Commitment to environmental responsibility

About Stryten Energy

- Leading North American battery manufacturer
- 2,500+ employees
- 10 manufacturing plants



This partnership with Dragonfly Energy will allow us to expand our transportation product portfolio and provide our customers access to the well-known Battle Born Batteries brand of quality lithium batteries. We're excited about the market potential this collaboration holds and look forward to continuing to explore future opportunities as we grow our relationship with Dragonfly Energy.

Mike Judd
Chief Executive Officer, Stryten Energy



Medium & Heavy Duty Trucking Market Update

Trucking market slowdown hasn't deterred the Company's advancements in all-electric APU and liftgate power systems.

Challenges for Company Within the Market

- Leveraging success of current solutions and strategic partnerships to maintain momentum and capture additional market share as we navigate the extended freight recession
- Ongoing partner trials for large fleets require multi-seasonal testing setting the stage for long-term adoption and peak customer confidence, positioning Dragonfly Energy as a market leader

Solutions

- **Distribution Network:** Batteries approved by leading PDI centers for easy installation in new trucks, highlighted by the Battle Born All-Electric APU now being available to Freightliner dealerships and fleets through Daimler Truck North America's Custom Truck Services, in addition to Rush CVS and Fontaine Modification



- **Fuel & Maintenance Savings:** Trials have shown significant reductions in idling leading to cost savings and driver comfort.
- **No Green Premium:** Our solutions offer decarbonization without added costs, ideal for companies with ESG goals.
- **Real-world Benefits:** Integration of our systems can reduce both emissions and customer's fuel costs.

Major Milestone

- Highway Transport (500+ trucks), a leader in sustainability through their Green Treads program, plans full All-Electric APU switch (new & retrofit). The Company believes this first partnership paves the way for broader adoption and industry transformation.



"Inbound Logistics Magazine recognized Dragonfly Energy as a Green Technology Partner for solutions that reduce emissions and contribute to sustainable supply chains."

Market Opportunity

The heavy duty trucking market presents growth opportunities due to the potential for reducing fuel costs and emissions.

4-5 Years Average Class 8 Truck Replacement⁽¹⁾
279.9K Units Ordered In Last 12 Months⁽²⁾

Our solution is a compatible fit with **~40%**⁽¹⁾ of Class 8 production, positioning us strategically within this growing segment.



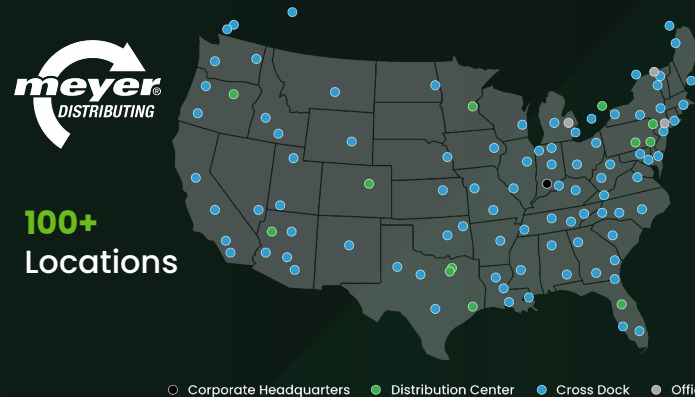
Recreational Vehicle Market Update

Business Performance

- Q2 OEM revenue impacted by a severe weather event at a major customer's production facility, resulting in production delays and supply chain disruptions.
- Price-sensitive market continues to challenge sales of higher-priced items, particularly in the less expensive towable segment. However, this presents opportunities for aftermarket sales.
- Motorized market remains in decline, impacting overall revenue and requiring some strategic adjustments.
- Airstream's launch of the new Tradewinds model, featuring the Company's battery technology, strengthening the partnership and opening up new market opportunities.
- Expanding system integration collaborations with OEMs is driving increased content per vehicle, enhancing the Company's overall value proposition.

Increased Distribution Announcements

- The Company partnered with Fraserway RV, Canada's largest nationwide RV dealer, to expand distribution and presence in the Canadian RV Market.
- The Company announced partnership with Meyer Distributing, taking advantage of Meyer's extensive network of over 100 locations across North America to deliver Battle Born Batteries® to new business-to-business customers in the RV and surrounding industries.

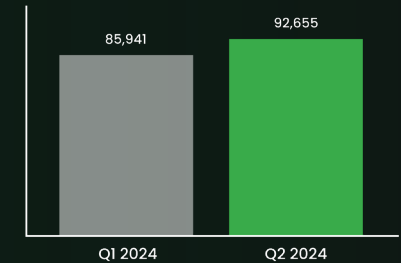


State of the Market

RV Industry Association report forecasts a median annual growth rate of **13.8%** for the RV market.

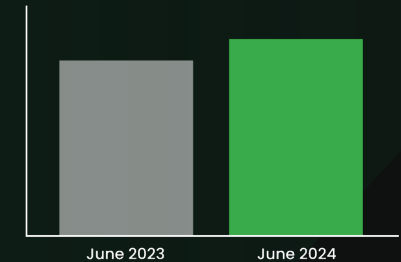
RV Shipments
Q1 '24 vs Q2 '24

7.8%



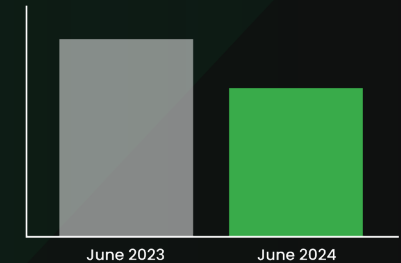
Towable RV Shipments
Jun. '23 vs Jun. '24

11.4%



Motorized RV Shipments
Jun. '23 vs Jun. '24

(33.2)%



Research & Development

Focus

Design of a scaled-up dry electrode battery cell production plant



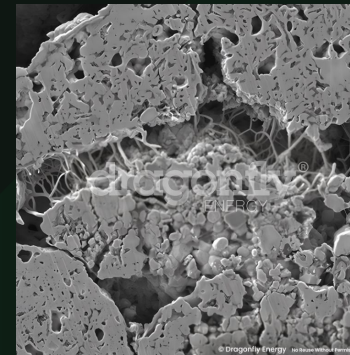
LFP Dry Deposited Tape

Strategic Initiatives

Seeking non-dilutive funding for first 0.5 GWh (gigawatt-hour) of production

Company is in advanced negotiations for their first government funding commitment for the construction of a dry electrode battery manufacturing facility

- Currently evaluating multiple North American sites for plant location



PFAS-Free Dry Deposited Tape

Key Achievements

Continuation of producing battery cell test samples for potential OEM partners

Identified further cost reductions in dry electrode process over what was previously presented in Sphere Energy's third-party cost study of our dry electrode process.

Optimization of composite electrolyte for nonflammable all-solid-state cells

- Continuing work to further optimize the ionic conductivity and voltage stability of the composite electrolyte itself to allow for improved cyclability and expanded operation beyond the Company's core storage applications



Solid State Cathode Tape

In The Community

Dragonfly Energy Hosts Secretary of Commerce Raimondo and Senator Rosen, Promoting American Innovation and Workforce Development

Dragonfly Energy hosted an event with Gina Raimondo, the United States Secretary of Commerce, and Nevada senator Jacky Rosen. Dragonfly Energy was selected to host the event and was highlighted as an example of the technological innovation happening in Nevada. The Company was able to demonstrate to Secretary Raimondo and Senator Rosen how it is leading Nevada's expanding lithium industry through its robust battery technology and manufacturing.



This is a vote of confidence in Nevada. I spend all of my days thinking about how we can outcompete the world, how we can outcompete China, how America can lead in the world. And that's what this is all about – investing in America, one community at a time, to create industries of the future.

Secretary of Commerce, Gina Raimondo



Dragonfly Energy pledged to plant **10 trees per battery** sold during its Earth Day Sale, partnering with the National Forest Foundation.



The promotion culminated in **11,650** total trees planted



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Investor Relations

Caldwell Bailey
ICR Inc.
dragonflyIR@icrinc.com
775-221-8892

Nasdaq: DFLI

