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Thursday, August 14, 2025 at 4:30 p.m. ET

Chief Executive Officer ? Denis Phares

Chief Revenue Officer ? Wade Seaburg

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Net Sales-- Net sales totaled \$16.2 million in Q2 2025, Net sales increased 23% in the second quarter. This marks the third straight quarter of year-over-year revenue growth.

OEM Net Sales-- OEM segment net sales reached \$10.1 million in the second quarter, OEM segment net sales rose more than 50% year-over-year in the second quarter. as OEM partners expanded integration of company solutions.

DTC Net Sales-- DTC net sales totaled \$5.9 million in the second quarter, attributed to continued macroeconomic caution among retail customers.

Gross Profit and Margin-- Gross profit rose 45.4% to \$4.6 million in Q2 2025; Gross margin expanded 430 basis points to 28.3% in Q2 2025, driven by lower inventory costs and stronger absorption of fixed costs.

Operating Expenses-- Operating expenses were \$7.9 million in Q2 2025, down from \$9.9 million in

the prior period, reflecting cost optimization and lower R&D outlay.

**Net Loss--** Net loss was \$7 million, or 58¢ per share, in the second quarter, narrowed from \$13.6 million, or \$2.02 per share, in the previous period.

**Adjusted EBITDA--** Adjusted EBITDA was negative \$2.2 million in Q2 2025, improved from negative \$6.2 million in the prior period, primarily due to higher OEM sales and cost initiatives.

**Capital Structure Actions--** All remaining preferred shares converted to common stock, eliminating related interest and dilution.

**Equity Raise--** Completed a \$5.5 million public common stock offering without warrants, with notable institutional investor participation and proceeds dedicated to market expansion and enhanced financial flexibility.

**Patent Grant--** Awarded new patent on nonflammable all-solid-state battery materials, supporting leadership in safety, thermal stability, and scalability for future products.

**Airstream Partnership--** Developed and manufactured a fully integrated energy storage system that becomes standard in selected 2026 Airstream models, leveraging reallocated personnel and prior manufacturing enhancements.

**Smart Battery Platform Adoption--** Accelerated OEM beta testing of the proprietary DragonFly Intelligence platform, enabling advanced battery monitoring and communication through the Battleborn mobile app.

Heavy-Duty Truck Pilots-- Fleet pilot programs with the dual flow power pack produced measurable idle reduction and cost savings; Revenue is expected to begin meaningfully supporting the business in the first half of next year.

Domestic Manufacturing-- Assembly is completed at the Nevada facility, providing supply chain control, cost management advantages, and timely production amid tariff volatility; this is positioned as a strategic differentiator.

Q3 2025 Outlook-- Net sales are forecasted at \$15.9 million for Q3 2025, representing year-over-year growth of approximately 25% compared to the prior year period, with adjusted EBITDA expected to be negative \$2.7 million; management notes Q3 is seasonally softer than Q2.

Dragonfly Energy Holdings Corp. (DFLI -1.81%) reported a notable revenue increase in Q2 2025, primarily fueled by surging OEM sales and continued cost discipline, resulting in improved gross margins and a substantially narrowed net loss. Management highlighted successful capital structure simplification and a differentiated go-to-market strategy built on domestic manufacturing and custom engineering partnerships. The issuance of a new solid-state battery patent further enhances the company's technology portfolio, reinforcing competitive positioning for future growth.

Tariff impacts were managed via improved supplier terms and partial cost pass-through, with domestic assembly mitigating broader exposure.

Leadership stated, "We were very pleased that this latest raise was a straight common stock offering without warrants as opposed to past structured offerings."

Expanded OEM collaboration now includes direct engineering input through early design phase

involvement, deepening integration and customer stickiness.

OEM (Original Equipment Manufacturer): A business that integrates third-party products into its own end products?here, RV and trucking manufacturers incorporating Dragonfly's batteries and systems.

All-Solid-State Battery: A lithium battery technology employing a solid electrolyte for higher safety, stability, and performance versus conventional liquid-electrolyte lithium-ion batteries.

Dual Flow Power Pack: Dragonfly Energy's proprietary battery solution designed for heavy-duty trucking fleets to reduce engine idling and associated costs.

DragonFly Intelligence Platform: The company's smart battery system enabling battery health and performance monitoring, integration, and control through a digital interface and mobile app.

Denis Phares: Thank you, Szymon, and thank you everyone for joining us today. I am pleased to report strong results for the second quarter with net sales growing 23% to \$16.2 million. This marks our third consecutive quarter of year-over-year revenue growth. We believe this performance demonstrates the resilience of our partnerships in what continues to be a challenging macro environment. Our performance also reflects our continuing strategic focus on driving near-term revenue-generating opportunities as part of our corporate optimization program. Net sales growth was driven by continued strength from our OEM partners, which saw net sales increase more than 50% year-over-year.

This significant growth underscores the momentum we are seeing as OEMs increasingly integrate our solutions at the factory level across an increasing number of model lineups. We are particularly encouraged by what appears to be an industry-wide shift back toward premium features and

value-added offerings, a notable contrast from the cost reduction approach that characterized much of the last few years. Net sales in our DTC segment were \$5.9 million, compared with \$6.5 million as customers remain cautious due to ongoing macroeconomic uncertainty. As expected. As noted last quarter, we anticipate long-term growth will be primarily driven by expanding OEM partnerships where we can leverage our engineering capabilities and deliver integrated solutions at scale.

On the operational front, we continue to execute our corporate optimization initiatives, as we remain steadfast in positioning Dragonfly Energy Holdings Corp. to capitalize on the near-term growth opportunities we see across our markets. The initiative is delivering measurable benefits, by strategically reallocating internal resources to immediate revenue-generating opportunities. We have been able to accelerate product development without incremental investment. A great example of this approach is our partnership with Airstream, a leading RV OEM, in which we designed and manufactured a fully integrated energy storage system that will be a standard option across select 2026 models.

This was made possible through the redeployment of existing personnel as well as the targeted manufacturing enhancements we implemented in prior quarters, which streamlined our manufacturing process. We currently have similar programs underway with several RV and heavy-duty trucking OEMs, focused on developing unique solutions that address their specific operational needs. It is worth emphasizing that our domestic manufacturing capabilities remain a strategic advantage in today's volatile trade environment. With assembly completed at our Nevada facility, we maintain greater control over quality, cost management, and production timelines compared to companies relying on overseas production. This has proven particularly valuable as the tariff environment remains volatile.

Ultimately, we believe our domestic production allows us to respond quickly to evolving customer

needs and supports the broader trend we are seeing towards supply chain localization. Beyond these operational advantages, we believe a critical driver of our long-term success is our commitment to innovation and the continued expansion of our intellectual property portfolio. Recently, we were granted a patent advancing our nonflammable all-solid-state battery program materials that enhance safety, thermal stability, and scalability. With this patent, we reinforce our leadership in advanced battery technology and create a strategic advantage that can drive significant upside in the years ahead. From a capital structure perspective, we made meaningful progress this quarter through two strategic initiatives.

First, we exchanged the remaining preferred shares to common stock simplifying our capital structure and eliminating associated interest payments and share dilution. And second, we successfully completed a public offering of our common stock in July, raising \$5.5 million to support our expansion into adjacent markets and strengthen our financial flexibility. We were very pleased that this latest raise was a straight common stock offering without warrants as opposed to past structured offerings. We were also encouraged by the strong participation from institutional investors. While the overall market environment remains uncertain, we are focused on positioning Dragonfly Energy Holdings Corp. for the significant growth opportunities ahead while driving towards profitability.

We continue to take decisive strategic actions to lower costs and enhance our balance sheet as we maintain focus on deepening relationships with our existing partners, enhancing our product development capabilities to meet the evolving needs of our customers, and expanding into the heavy-duty trucking market. We remain confident in our ability to deliver sustained growth. Now I would like to pass the call to Wade, who will detail some of the trends we see in our OEM segment.

Wade Seaburg: Thanks, Denis. I would like to talk about the trends driving our OEM performance as

well as the strategic initiatives positioning us for sustained growth. We believe the impressive performance we are seeing in the OEM segment reflects the strength of our great partnerships as well as our approach to collaborating with these manufacturers. Increasingly, OEMs are coming to us for complete energy storage solutions, not just batteries. This plays directly into our strengths as we manage the design and integration process, ensuring our systems fit seamlessly into space-constrained environments while maximizing energy density. This removes the complexity for OEMs and allows Dragonfly Energy Holdings Corp. to deliver turnkey solutions that enhance value for the end customer.

By getting involved early in the design process, we are moving closer to owning the entire energy storage ecosystem from initial design to implementation and providing the accessory suite. This approach has been especially effective in the RV market, where space is at a premium and customer power demands keep growing. Our work with Airstream on their 2026 motorized lineup is a great example. Our engineering team collaborated directly with Airstream to develop their new advanced power system and advanced power plus packages. Compact factory-installed solutions built around our industry-leading Battle Born batteries. These uniquely designed systems deliver over 10 kilowatt-hours of usable energy featuring integrated cold weather heating, seamless alternator charging, and solar compatibility.

They can even be expanded with an additional 6.9 kilowatt-hours after purchase to meet future power needs. We believe partnering with a top-tier brand like Airstream reinforces our position as the go-to provider for safe, reliable, high-performance lithium power solutions. And we look forward to continuing to build on this relationship. Another key development in the quarter was the accelerated adoption of our proprietary DragonFly Intelligence smart battery platform among OEMs. This advanced technology enhances the real-time communication capabilities of our lithium iron phosphate batteries, allowing users to monitor performance directly through our Battleborn mobile

app.

Several OEMs are currently beta testing the intelligence solution as they finalize their 2026 model year lineups, positioning us well for continued expansion within these partnerships. The growing integration of our intelligence offering validates that our technology-focused approach is delivering meaningful value to both OEMs and end users. In the heavy-duty truck market, while market conditions remain very challenging, we continue to see strong results from pilot programs. Our dual flow power pack solution has received positive feedback delivering measurable idle reduction and cost savings at the fleet level. We have built a solid foundation in this market and look forward to expanding our pilot programs and working with existing partners to deliver high-quality solutions.

We believe it is only a matter of when we will see significant adoption in heavy-duty trucking, not a matter of if. Whether in RV or trucking, our approach remains consistent. We continue to work with OEMs to design and manufacture tailored practical solutions that directly address real-world needs. Our customer-first approach has allowed us to expand our OEM relationships and strengthen our competitive position in markets where quality and long-term performance matter most. Now I will turn the call back to Denis to review our second-quarter results.

Denis Phares: Thank you, Wade. Net sales in the second quarter rose 23% to \$16.2 million led by an over 50% increase in OEM net sales. Sales in this segment amounted to \$10.1 million, led by continued strong adoption of our solutions. Net sales to DTC customers were \$5.9 million, down from \$6.5 million due to continued macroeconomic pressures. Gross profit in the second quarter rose 45.4% to \$4.6 million and gross margin expanded an impressive 430 basis points to 28.3%. These increases were driven by lower inventory costs as well as higher absorption of fixed costs due to increased volume, highlighting the great leverage in our manufacturing as we continue to drive revenue growth.

Operating expenses totaled \$7.9 million, down from \$9.9 million, which includes lower R&D costs. Net loss was \$7 million or 58¢ per share versus a net loss of \$13.6 million or \$2.02 per share. Adjusted EBITDA improved to negative \$2.2 million compared to negative \$6.2 million reflecting increased OEM net sales and benefits from our corporate optimization initiative. Moving on to our outlook. In the third quarter, we anticipate net sales of \$15.9 million representing year-over-year growth of approximately 25% and adjusted EBITDA of negative \$2.7 million. As a reminder, third-quarter sales are typically seasonally slower than in the second quarter. To conclude, I am pleased with the progress we are making.

Our focus on near-term revenue opportunities has yielded measurable benefits and has strengthened our ability to meet our customers' needs through high-quality tailored energy storage solutions. We believe we have the right foundation in place led by our domestic manufacturing advantage, our enhanced product development capabilities, and the traction we are building in the heavy-duty trucking market, all of which position us for sustained growth moving forward. We are confident in our ability to capitalize on the opportunities ahead and deliver meaningful value for our shareholders. Operator, we would like to open the call to questions.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Should you have a question, please press 1 on your touch-tone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press 2. If you are using a speakerphone, please lift the handset before pressing any keys.

George Gianarikas: Your first question comes from George Gianarikas of Canaccord. Your line is already open.

George Gianarikas: Hey, everyone. Thank you for taking my questions. I would like to start a little bit on heavy-duty trucking. When do you expect some of the pilot programs that you are in to eventually result in, you know, have a P&L impact?

Wade Seaburg: Thank you. Thanks, George, for the question. Right now, within the heavy-duty trucking, we are really seeing a lot of performance out of our pilot systems and are in a position where we are waiting for fleets to move on new truck orders. There are a lot of fleets that because of the tariff increases that OEMs have pushed through on them and because of the uncertainty of the freight market, are really waiting on those new truck orders to be purchased before they spec our systems in. So realistically, we are probably looking at the first half of next year before that revenue really starts to support the business.

But we are seeing in Q3 and Q4 a ramp of pilot systems that will benefit the revenue side of that sector.

George Gianarikas: Thank you. And maybe a little bit about the tariff impact. How should we sort of think about the P&L impact, excuse me, of tariffs over the next several quarters?

Denis Phares: Hi, George. Thanks for your question. This is Denis. The tariff impact has been obviously fluid over the last six months as things really sort of ebb and flow, I would say. So we have been able to manage the tariff impact pretty well through a number of mechanisms. I mean, the most important one I would say is we have negotiated better inventory pricing, and that has contributed actually to the improved margins we experienced this quarter. In general, obviously, there is going to be some of that passed on to the customers. So we are managing the expenses through passing on the cost as well.

And just in general, there are, from a cash flow standpoint, there are mechanisms by which we can sort of spread out the payments through the use of bonded warehousing and that sort of thing. So we feel pretty confident in our ability to manage the tariff cost. But I would say more importantly, we are able to onshore most of the components anyway. So we are in a really good position in terms of doing all the assembly in-house that we can pick and choose where all the components come from. And we have completed an optimization of where we source a lot of the components.

Cells obviously are kind of limited as to where you can get them globally, but that is obviously on our roadmap moving forward.

George Gianarikas: Great. And I know you have only guided for Q3 and not Q4, but should we in theory expect sequential improvement to Q4? And how are you tracking relative to your aspiration of being EBITDA breakeven in the fourth quarter?

Denis Phares: So a lot of that really does depend on some of those expanded pilots that Wade was alluding to. You know, the trucking industry for us feels almost like a switch. It is an industry that has been struggling the past couple of years. We did expect things to kind of turn around this year. I think a lot of folks did. And then the tariff impacts on the trucking market, I think, sort of extended that freight recession. But we are confident that things are turning around pretty soon here, and we are not ready to pull back anything because we do expect the ramp to begin.

But we do think that, in general, a lot of the new truck orders are going to be coming in as Wade noted in the first half of next year. We do think that the expanded pilots and some of the aftermarket business that we are doing, especially using the dual flow, do begin to kick in.

George Gianarikas: Great. And in terms of sequential improvement in the fourth quarter in revenue?

Denis Phares: Yeah. The sequential improvement is going to combine basically continued improvement in the RV industry. Actually, some of the business that we have is stretching into Q4 in terms of our ability to ramp internally. But at the same time, we are expecting new markets to contribute as well. So we do expect the ramp to occur.

George Gianarikas: Okay. Great. And maybe last question for me, Denis. As it relates to the patent that you were recently awarded, can you just sort of talk a little bit about what technology was behind that? Thank you.

Denis Phares: Yeah. Sure, George. That particular patent had to do with how you prepare the feedstock for solid-state batteries, particularly the solid-state electrolyte. How the composite material is mixed between the ceramics, the polymers, the salts, is very critical to how you actually deposit the layers using the dry electrode process. So the dry electrode process is a combination of the feedstock preparation, the actual deposition, and then how the cells are prepared. And this particular patent issuance was really important in terms of that upfront portion of it.

George Gianarikas: Great. Thanks all.

Denis Phares: Thank you, George.

Operator: There are no further questions at this time. I would hand over the call to Denis Phares for closing remarks. Please go ahead.

Denis Phares: Thank you for everyone joining us today. We look forward to sharing additional details with all of you in the coming quarters. Have a great day.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation, and you may now disconnect.

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