UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

December 13, 2021
Date of Report (Date of Earliest Event Reported)

ULTRALIFE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**000-20852**	**16-1387013**
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2000 Technology Parkway, Newark, New York 14513
(Address of principal executive offices) (Zip Code)

(315) 332-7100
(Registrant’s telephone number, including area code)

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b):

Common Stock, $0.10 par value per share	ULBI	NASDAQ
(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2). Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

This Form 8-K/A (this “Amendment”) amends the Current Report on Form 8-K of Ultralife Corporation (the “Company”) as filed with the Securities and Exchange Commission on December 16, 2021 (the “Original Form 8-K”) that reported the Company’s acquisition of Excell Battery Canada Inc., a British Columbia corporation (“Excell Canada”) and 656700 B.C. Ltd., a British Columbia corporation (“656700”) and its wholly owned subsidiary Excell Battery Corporation USA, a Texas corporation (“Excell USA” collectively, with 656700 and Excell Canada, “Excell”) on December 13, 2021. The Company did not file audited historical financial statements of Excell and unaudited pro forma financial information when the Original Form 8-K was filed under authority granted by Item 9.01 of Form 8-K.

This Amendment is being filed solely to amend and supplement the Original Form 8-K to include the audited historical financial statements of Excell and unaudited pro forma financial information in accordance with the requirements of Item 9.01 of Form 8-K. This Amendment effects no other changes to the Original Form 8-K. The financial statements and unaudited pro forma financial information filed hereto should be read in conjunction with the Original Form 8-K.

Item 9.01 Financial Statements, Pro Forma Financials and Exhibits

(a) Financial Statements of Business Acquired

Audited consolidated combined financial statements of Excell as of December 12, 2021 and for the period from February 1, 2021 through December 12, 2021 are attached hereto as Exhibit 99.2 and incorporated herein by reference.

(b) Pro Forma Financial Information

Unaudited pro forma condensed combined financial information, which comprise the balance sheet as of September 30, 2021, the statements of comprehensive income for the nine-month period ended September 30, 2021 and year ended December 31, 2020, and the notes thereto, is attached hereto as Exhibit 99.3 and incorporated herein by reference.

(d) Exhibits

Exhibit Number	Exhibit Description
23.1	Consent of MNP LLP, Independent Registered Public Accounting Firm
99.1	Press release of Ultralife Corporation dated December 14, 2021 *
99.2	Audited consolidated combined financial statements of Excell as of December 12, 2021 and for the period from February 1, 2021 through December 12, 2021
99.3	Unaudited pro forma condensed combined financial information as of and for the nine-month period ended September 30, 2021 and for the year ended December 31, 2020

* Previously filed with Form 8-K filed December 16, 2021

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 28, 2022	**ULTRALIFE CORPORATION**
	By: /s/ Philip A. Fain
	Philip A. Fain
	Chief Financial Officer and Treasurer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent the use of our auditor's report dated February 25, 2022 with respect to the combined consolidated financial statements of Excell Battery Canada Inc. and 656700 B.C. Ltd. as at December 12, 2021 and for the period from February 1, 2021 to December 12, 2021, included in the Current Report on Form 8-K of Ultralife Corporation dated February 28, 2022, as filed with the United States Securities and Exchange Commission ("SEC").

/s/ MNP LLP
Chartered Professional Accountants
February 28, 2022
Vancouver, Canada

Excell Battery Canada Inc. and 656700 BC Ltd.

Combined Consolidated Financial Statements

For the Period from February 1, 2021 to December 12, 2021

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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors and Shareholders
of Excell Battery Canada Inc. and 656700 BC Ltd.

Qualified Opinion

We have audited the accompanying combined consolidated financial statements of Excell Battery Canada Inc. and 656700 BC Ltd. (collectively, the “Company”), which comprise the balance sheet as of December 12, 2021, and the related statements of income and comprehensive income, changes in stockholders’ equity and cash flows for the period from February 1, 2021 to December 12, 2021, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying combined consolidated financial statements present fairly, in all material respects, the combined consolidated financial position of the Company as of December 12, 2021, and the results of its operations and its cash flows for the period from February 1, 2021 to December 12, 2021 in accordance with generally accepted accounting principles in the United States of America.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence about the amount of the Company’s cost of sales for the period from February 1, 2021 to December 12, 2021, which was affected by the inventory balance as of January 31, 2021. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Excell Battery Canada Inc. and 656700 BC Ltd. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Excell Battery Canada Inc. and 656700 BC Ltd.’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Excell Battery Canada Inc. and 656700 BC Ltd.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Excell Battery Canada Inc. and 656700 BC Ltd.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ MNP LLP

Vancouver, British Columbia

February 25, 2022

EXCELL BATTERY CANADA INC. AND 656700 BC LTD.
COMBINED CONSOLIDATED BALANCE SHEET
DECEMBER 12, 2021
(AMOUNTS IN USD)

ASSETS		
Current assets		
Cash	$	736,206
Accounts receivable, net		3,569,611
Inventory, net		3,444,871
Income tax receivable		132,427
Other current assets		652,513
Total current assets		8,535,628
Property, plant and equipment, net		434,179
Other noncurrent assets		30,306
TOTAL ASSETS	$	9,000,113
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities		
Accounts payable	$	1,450,153
Accrued expenses and other current liabilities		562,524
Accrued compensation		540,014
Total current liabilities		2,552,691
Stockholders’ equity		
Common stock		65
Preferred stock		33,678
Additional paid-in capital		4,552,066
Retained earnings		1,861,613
Total stockholders’ equity		6,447,422
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$	9,000,113

The accompanying notes are an integral part of these combined consolidated financial statements.

EXCELL BATTERY CANADA INC. AND 656700 BC LTD.
COMBINED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
FOR THE PERIOD FROM FEBRUARY 1, 2021 TO DECEMBER 12, 2021
(AMOUNTS IN USD)

Sales	$ 18,456,092
Cost of sales	14,132,315
Gross profit	4,323,777
Operating expenses	
Sales & marketing	867,128
Research & development	7,136
General & administrative	2,169,433
Total operating expenses	3,043,697
Income from operations	1,280,080
Other income (expense)	
Loss on foreign exchange	(20,063)
Other income	692,131
Total other income	672,068
Income before income taxes	1,952,148
Income tax expense, net	(458,994)
Net income and comprehensive income	$ 1,493,154

The accompanying notes are an integral part of these combined consolidated financial statements.

EXCELL BATTERY CANADA INC. AND 656700 BC LTD.
COMBINED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM FEBRUARY 1, 2021 TO DECEMBER 12, 2021
(AMOUNTS IN USD)

	Common Stock		Preferred stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance, February 1, 2021	22,708	$ 28	20,000	$ 33,678	$ 4,552,066	$ 5,148,572	$ 9,734,344
Dividends paid	-	-	-	-	-	(4,780,113)	(4,780,113)
Issuance of common shares	4,446	37	-	-	-	-	37
Net income	-	-	-	-	-	1,493,154	1,493,154
Balance, December 12, 2021	27,154	$ 65	20,000	$ 33,678	$ 4,552,066	$ 1,861,613	$ 6,447,422

The accompanying notes are an integral part of these combined consolidated financial statements.

EXCELL BATTERY CANADA INC. AND 656700 BC LTD.
COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FEBRUARY 1, 2021 TO DECEMBER 12, 2021
(AMOUNTS IN USD)

Cash flows from operating activities		
Net income	$	1,493,154
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation expense		105,338
Loss on disposal of property and equipment		18,983
Change in operating assets and liabilities:		
Accounts receivable		(733,775)
Inventory		(410,846)
Prepaid and other current assets		(482,587)
Income tax receivable		(76,609)
Accounts payable		476,599
Accrued expenses and other liabilities		343,717
Accrued compensation		231,953
Income tax payable		(286,499)
Net cash provided by operating activities		679,428
Cash flows from investing activities		
Purchases of property and equipment		(27,865)
Net cash used by investing activities		(27,865)
Cash flows from financing activities		
Dividends to shareholders		(4,780,113)
Repayment of advances from shareholders		(728,695)
Issuance of common shares		37
Net cash used by financing activities		(5,508,771)
Net decrease in cash		(4,857,208)
Cash, beginning of year		5,593,234
Cash, end of year	$	736,206

The accompanying notes are an integral part of these combined consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying combined consolidated financial statements include Excell Battery Canada Inc., a British Columbia corporation (‘Excell Canada’), and 656700 B.C. Ltd, a British Columbia corporation (‘656700’), and its wholly owned subsidiary Excell Battery Corporation US, a Texas Corporation, (‘Excell USA’ and together with Excell Canada and 656700, ‘Excell’ or the ‘Company’). Excell, which operates under the name Excell Battery Group, are leading independent designers and manufacturers of high-performance smart battery systems, battery packs and monitoring systems to customer specifications. The Company serves a variety of industrial markets including downhole drilling, OEM industrial and medical devices, automated meter reading, ruggedized computers, and mining, marine and other mission critical applications which demand uncompromised safety, service, reliability, and quality.

Basis of Presentation – The accompanying combined consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Combination – The combined consolidated financial statements include Excell Canada and Excell USA Consolidated. Although Excell Canada Inc. and Excell USA Consolidated do not constitute a combined or legal entity, their financial statements are combined as they are related by ownership. Intercompany accounts and transactions have been eliminated in combination.

Basis of Consolidation – The combined consolidated financial statements include the consolidated financial statements of 656700 and its wholly-owned subsidiary Excell USA (collectively ‘Excell USA Consolidated’). Intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year – The Company historically followed a fiscal year end of January 31. For the purpose of these combined consolidated financial statements, the financials will be for the period from February 1, 2021 to December 12, 2021 because there was a change in control of the Company on December 13, 2021, which is further disclosed in Note 10 (Subsequent event).

Use of Estimates – The preparation of the combined consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include, but are not limited to, allowance for doubtful accounts and inventory valuation reserves, useful lives used in depreciation and amortization, income taxes, and legal obligations.

Revenue Recognition – Revenues are generated from the sale of products. Performance obligations are met and revenue is recognized upon transfer of control to the customer, which is generally upon shipment. When contract terms require transfer of control upon delivery at a customer’s location, revenue is recognized on the date of delivery. Revenue is measured as the amount of consideration we expect to receive in exchange for shipped product. Sales, value-added and other taxes billed and collected from customers are excluded from revenue. Customers, including distributors, do not have a general right of return.

Revenues recognized from prior period performance obligations for the period February 1, 2021 to December 12, 2021 were not material.

As of December 12, 2021, the Company had no unsatisfied performance obligations for contracts with an original expected duration of greater than one year.

Deferred revenue, unbilled revenue and deferred contract costs recorded on our combined consolidated balance sheet as of December 12, 2021 were not material.

Accounts Receivable – Accounts receivable are stated net of allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. On December 12, 2021, the Company does not have any allowance for doubtful accounts.

Inventory – The Company's inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs. The Company maintains a reserve for inventory obsolescence and regularly evaluates its inventory. Items with no movement in 18 months or more are generally reserved or written off.

Depreciation and Amortization – Property, plant and equipment are initially stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives. Estimated useful lives are as follows (in years):

Machinery and equipment	7
Furniture and fixtures	5
Computer hardware	2
Computer software	2
Leasehold improvements	Lesser of useful life or lease term

Betterments, renewals and extraordinary repairs that extend the useful life of assets are capitalized. Other repairs and maintenance costs are expenses when incurred. Upon disposal, the cost and accumulated depreciation of an asset are removed from the accounts and gain or loss on disposition is recognized in income.

Impairment of Long-Lived Assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of the asset exceeds its estimated undiscounted net cash flow, excluding interest, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds its fair value. There was no impairment recognized as of December 12, 2021.

Foreign Currency– These combined consolidated financial statements have been presented in US dollars, the functional currency of the Company. Transaction amounts denominated in foreign currencies are translated at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net earnings for the current year.

Fair Value Considerations – The Company uses fair value to measure financial assets and liabilities and certain nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

Those financial instruments recorded at cost in the accompanying combined consolidated balance sheet (primarily receivables and payables) are carried at amounts which reasonably approximate their fair value.

Share capital – The Company's redeemable preferred shares issued in tax planning arrangements are not mandatorily redeemable financial instruments. The redeemable preferred shares can be redeemed by choice of either Company or holders. Therefore, the redeemable preferred shares are classified as equity rather than liability. Upon redemption, any excess of redemption value over their par value is recognized first as additional paid-in capital, to the extent that additional paid-in capital was created as a result of transactions in shares of the same class, then to retained earnings. Conversely, if the redemption value of the preferred shares is below their par value, the differences is recognized in additional paid-in capital.

Any distributions, including dividends, from the Company to the holders of the preferred shares issued in tax planning arrangements are charged to equity.

Stock based compensation – The compensation cost relating to share-based payment transactions is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period (generally the vesting period of the equity award).

Income Taxes – Income taxes are provided based on the liability method for financial reporting purposes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Uncertain tax positions are recognized in the financial statements only if that position is more-likely-than-not of being sustained upon examination by taxing authorities, based on the technical merits of the position. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Cash – The Company's cash balances may at times exceed federally insured limits. We have not experienced any losses in these accounts and believe we are not exposed to any significant risk with respect to cash.

Concentration of Credit Risk – Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains deposits with financial institutions in excess of federally insured limits. Management monitors the credit ratings and concentration of risk with these financial institutions on a continuing basis to mitigate this risk. The Company performs ongoing credit evaluations as to the financial condition of its customers. Generally, no collateral is required as a condition of sale. The Company provides an allowance for doubtful accounts based upon current customer conditions.

During the period from February 1, 2021 to December 12, 2021 sales to one customer represented 22% of total net sales.

Government Grants – Government grants are recognized when there is a reasonable assurance that the conditions attached to the government grants will be met and will continue to comply with all of the conditions and that the grant is received. Government assistance is recorded as other income in the period that the related costs were expended and is intended to compensate for costs incurred by the Company.

Going concern - The Company's combined consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Recent Accounting Pronouncements – In February 2016, the FASB issued ASU No. 2016-02, Leases, which aims to make leasing activities more transparent and comparable and requires substantially all leases be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. In June 2020, the FASB issued ASU 2020-05 which deferred the effective date of ASU 842 for private companies and certain not-for-profit ("NFP") entities. For private companies and private NFP entities, ASC 842 will be effective for fiscal years beginning after December 15, 2021. Early application continues to be permitted. The Company has opted to defer the effective date of ASC 842 to next fiscal year. As such, no right of use asset and lease liability need to be recognized as of February 1, 2021, and December 12, 2021. The Company estimates the adoption of ASU N0. 2016-02 will result in a $965,000 right of use asset and corresponding lease liability on the Company's balance sheets. Adoption will not impact net earnings.

NOTE 2 – INVENTORY

Inventory consisted of the following as of December 12, 2021:

Raw materials	$	2,706,865
Work in progress		240,299
Finished goods		611,080
		3,558,244
Less: reserve for obsolescence		(113,373)
Total inventory, net	$	3,444,871

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following on December 12, 2021:

Machinery and equipment	$	1,155,834
Furniture and fixtures		326,636
Computer hardware		167,839
Computer software		1,540
Leasehold improvements		11,409
Other		5,088
Total depreciable property		1,668,346
Less: accumulated depreciation and amortization		(1,234,167)
Total property, plant and equipment, net	$	434,179

Depreciation expense totaled $105,338, of which $73,738 is included in cost of sales and $31,600 is included in operating expenses on the combined consolidated statement of income and other comprehensive income for the period ended December 12, 2021.

NOTE 4 – INCOME TAXES

The following table reconciles the income tax benefit at the U.S. Federal statutory rate to income tax benefit at the Company's effective tax rate.

	2021
Net income for the year	1,952,148
Statutory tax rate	21.00%
Computed expected (benefit) income taxes	409,951
Permanent differences and non-taxable items	(43,914)
Change in estimates	(23,586)
Adjustment for foreign tax rates	58,768
Tax effect of Part VI.1 tax	11,452
Withholding taxes	38,718
Other	809
Valuation allowance	6,796
Income tax expense	458,994

Significant components of deferred income tax assets are as follows:

Deferred tax assets		
Non-capital loss carried forward	$	16,437
Fixed Assets		12,494
Inventory		12,514
Valuation allowance		(31,045)
Net deferred tax assets		10,400
Deferred tax liabilities		
Fixed Assets		(10,400)
Net deferred tax assets and liabilities	$	0

The Company has incurred historical operating losses of approximately $60,869 for administrative expenses incurred by 656700 BC Ltd.

NOTE 5 – SHARE CAPITAL

Authorized share capital consisted of the following on December 12, 2021:

Class A Common Shares	No Max
Class B Common Shares	No Max
Class C Preferred Shares	No Max
Class D Preferred Shares	2,000
Class E Preferred Shares	2,000
Class F Preferred Shares	2,000
Class G Preferred Shares	2,000

Issued share capital consisted of the following on December 12, 2021:

	Shares	Amount
Class A voting common shares without par value	2,000	$ 20
Class B non-voting common shares without par value	25,154	45
Total common shares	27,154	$ 65
Class C non-voting, non-cumulative shares without par value	19,975	$ 715
Class F non-voting, non-cumulative shares without par value	25	32,963
Total preferred shares	20,000	$ 33,678

Class C non-voting, non-cumulative preferred shares without par value can be redeemed by choice of either the Company or the holders for $1,676 per share. Dividend rate not to exceed 10% per annum of the Class C redemption amount.

Class F non-voting, non-cumulative preferred shares without par value can be redeemed by choice of either the Company or the holders for $1,676 per share.

NOTE 6 – GOVERNMENT ASSISTANCE

During the period February 1, 2021 to December 12, 2021, the Company recognized $396,897 in other income from Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”). CEWS and CERS, introduced in response to the COVID-19 pandemic, provided eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees and rent expenses during prescribed claim periods.

Included in other income for the period from February 1, 2021 to December 12, 2021 is $315,230 in government assistance from the United States Government pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government. Due to the nature of the eligibility requirements and related calculations, judgement is applied in assessing compliance, management believes there is reasonable assurance that the Company has complied with all conditions.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the period from February 1, 20221 to December 12, 2021, the Company paid $82,880 in management fees to two shareholders.

NOTE 8 – STOCK BASED COMPENSATION

The Company has a stock option plan available to a single member of executive management. The general terms of award under the plan provide options of common stock of the Company are granted to the member of executive management over the passing of time for their performance. These options vest over period ranging from 3 months to 5 years and expire maximum of 10 years after vesting. 5,502 common shares have been authorized for grant under the terms of the plan.

Options outstanding are as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term
Shares under option - February 1, 2021	4,699	0.01	11
Options granted	-	-	
Options exercised	(4,699)	0.01	
Options expired	-	-	
Shares under option - December 12, 2021	-	-	

During the period from February 1, 2021 to December 21, 2021, compensation cost recognized in net earnings with respect to stock options was not material.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation – From time-to-time, the Company is subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. No material amounts have been accrued in the financial statements with respect to any matters.

Operating Leases – The Company's operating leases consist primarily of operating facilities with varying maturities through December 2031. Rent expense for these leases totaled $369,052 for the period ended December 12, 2021.

Future minimum lease payments under the noncancelable operating leases are as follows:

For the Years Ending December 31,	Amount
2021	$ 5,245
2022	162,833
2023	147,133
2024	136,466
2025	138,380
2026	139,497
Thereafter	424,319
Total	$ 1,153,873

NOTE 10 – **SUBSEQUENT EVENT**

On December 13, 2021, all of the outstanding shares of Excell were acquired by Ultralife Corporation for an aggregate net purchase price of $23.5 million.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

As previously disclosed, on December 13, 2021, Ultralife Corporation (the "Company") completed its acquisition of all issued and outstanding shares of Excell Battery Canada Inc., a British Columbia corporation ("Excell Canada"), and 656700 B.C. Ltd., a British Columbia corporation ("656700") and its wholly owned subsidiary Excell Battery Corporation USA, a Texas corporation ("Excell USA" collectively, with 656700 and Excell Canada, "Excell") for an aggregate net purchase price of $23.5 million in cash (the "Excell Acquisition").

The unaudited pro forma condensed combined statements of comprehensive income for the nine-month period ended September 30, 2021 and year ended December 31, 2020 give effect to the Excell Acquisition as if it had occurred on January 1, 2020. The unaudited pro forma condensed combined balance sheet as of September 30, 2021 gives effect to the Excell Acquisition as if it had occurred on September 30, 2021.

The unaudited pro forma condensed combined financial information has been adjusted to give effect to pro forma events that are factually supportable, directly attributable to the Excell Acquisition, and expected to have a continuing impact on the combined results. The assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read together with the pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information was derived from and should be read in conjunction with the Company's unaudited consolidated financial statements contained in the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, and the audited combined consolidated financial statements of Excell as of December 12, 2021 and for the period from February 1, 2021 to December 12, 2021, as filed hereto as Exhibit 99.2.

The unaudited pro forma condensed combined financial information is for informational purposes only and should not be considered indicative of the results of operations had the Excell Acquisition been completed as of the dates indicated and does not purport to indicate the future combined financial position or results of operations.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2021
(Dollars In Thousands)

	Ultralife Corporation and Subsidiaries Historical	Excell Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Current Assets:					
Cash and Restricted Cash	$ 15,853	$ 4,300	$ (6,954)	a	$ 13,199
Trade Accounts Receivable, Net	16,235	3,310	260	b	19,805
Inventories, Net	28,179	3,418	204	b,c	31,801
Prepaid Expense and Other Current Assets	4,271	714	71	b	5,056
Total Current Assets	64,538	11,742	(6,419)		69,861
Property, Equipment and Improvements, Net	23,035	472	(43)	d	23,464
Goodwill	26,998	-	11,019	e	38,017
Other Intangible Assets, Net	8,725	-	8,830	f	17,555
Deferred Income Taxes, Net	11,700	36	(615)	i	11,121
Other Non-Current Assets	1,816	31	960	g	2,807
Total Assets	$ 136,812	$ 12,281	$ 13,732		$ 162,825
Current Liabilities:					
Accounts Payable	$ 9,206	$ 1,021	$ 429	b	$ 10,656
Accrued Compensation and Related Benefits	1,153	239	301	b	1,693
Accrued Expenses and Other Current Liabilities	6,076	603	118	b, g	6,797
Current Portion of Long-Term Debt	253	-	2,000	h	2,253
Income Taxes Payable	-	40	(40)	b	-
Total Current Liabilities	16,688	1,903	2,808		21,399
Long-Term Debt	-	-	18,866	h	18,866
Deferred Income Taxes, Net	475	-	1,633	i	2,108
Other Non-Current Liabilities	1,103	-	803	g	1,906
Total Liabilities	18,266	1,903	24,110		44,279
Total Shareholders' Equity	118,546	10,378	(10,378)	j	118,546
Total Liabilities and Shareholders' Equity	$ 136,812	$ 12,281	$ 13,732		$ 162,825

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information.

Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income
Nine-Month Period Ended September 30, 2021
(Dollars In Thousands, Except Per Share Amounts)

	Ultralife Corporation and Subsidiaries Historical	Excell Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Revenues	$ 74,504	$ 15,604	$ -		$ 90,108
Cost of Products Sold	55,151	12,059	-		67,210
Gross Profit	19,353	3,545	-		22,898
Operating Expenses:					
Selling, General & Administrative	12,866	2,215	273	f	15,354
Research & Development	5,223	10	-		5,233
	18,089	2,225	273		20,587
Operating Income	1,264	1,320	(273)		2,311
Other Expense (Income)					
Interest Expense, Net	164	-	415	j	579
Other Income, Net	(88)	(741)	-		(829)
	76	(741)	415		(250)
Income Before Income Taxes	1,188	2,061	(688)		2,561
Income Tax Provision (Benefit)	290	421	(155)	k	556
Net Income	898	1,640	(533)		2,005
Net Income Attributable to Non-Controlling Interest	1	-	-		1
Net Income Attrributable to Ultralife Corporation	897	1,640	(533)		2,004
Other Comprehensive Loss	(37)	-	-		(37)
Comprehensive Income Attributable to Ultralife Corporation	860	1,640	(533)		1,967
Net Income Per Share Attributable to Ultralife Corporation Common Shareholders - Basic	$ 0.06				$ 0.13
Net Income Per Share Attributable to Ultralife Corporation Common Shareholders - Diluted	$ 0.06				$ 0.12
Weighted Average Shares Outstanding - Basic	16,020				16,020
Weighted Average Shares Outstanding - Diluted	16,200				16,200

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information.

Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income
Year Ended December 31, 2020
(Dollars In Thousands, Except Per Share Amounts)

	Ultralife Corporation and Subsidiaries Historical	Excell Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Revenues	$ 107,712	$ 18,114	$ -		$ 125,826
Cost of Products Sold	78,553	14,902	-		93,455
Gross Profit	29,159	3,212	-		32,371
Operating Expenses:					
Selling, General & Administrative	17,511	3,149	724	f	21,384
Research & Development	5,947	19	-		5,966
	23,458	3,168	724		27,350
Operating Income	5,701	44	(724)	l	5,021
Other Expense (Income)					
Gain on Litigation Settlement	(1,593)	-	-		(1,593)
Interest Expense, Net	436	-	600	j	1,036
Other Income, Net	(165)	(481)	-		(646)
	(1,322)	(481)	600		(1,203)
Income Before Income Taxes	7,023	525	(1,324)		6,224
Income Tax Provision (Benefit)	1,692	190	(307)	k	1,575
Net Income	5,331	335	(1,017)		4,649
Net Income Attributable to Non-Controlling Interest	99	-	-		99
Net Income Attrributable to Ultralife Corporation	5,232	335	(1,017)		4,550
Other Comprehensive Income	749	-	-		749
Comprehensive Income Attributable to Ultralife Corporation	5,981	335	(1,017)		5,299
Net Income Per Share Attributable to Ultralife Corporation Common Shareholders - Basic	$ 0.33				$ 0.29
Net Income Per Share Attributable to Ultralife Corporation Common Shareholders - Diluted	$ 0.33				$ 0.28
Weighted Average Shares Outstanding - Basic	15,902				15,902
Weighted Average Shares Outstanding - Diluted	16,096				16,096

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information.

Notes to the Unaudited Pro Forma Condensed Combined Financial Information
(Dollars in Thousands)

Note 1 – Basis of Presentation

The historical consolidated financial statements have been adjusted in the pro forma condensed combined financial statements to give effect to the pro forma events that are factually supportable, directly attributable to the acquisition, and expected to have a continuing impact on the combined results following the business combination.

The business combination was accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification (ASC) Topic 805, *Business Combinations*. As an acquirer for accounting purposes, the Company has estimated the fair value of the assets acquired and liabilities assumed and ensured that the accounting policies of Excell were consistent with that of the Company.

The pro forma condensed combined financial information does not necessarily reflect what the combined company's results of operations would have been had the acquisition occurred as of the date indicated. They also may not be useful in predicting the future results of operations of the combined company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

No adjustments have been made to the pro forma condensed combined financial information to reflect potential synergies or cost savings that may result from the business combination.

Note 2 – Funding Transaction

The Company completed the Excell Acquisition for an aggregate net purchase price of $23.5 million in cash. The purchase price was funded by the Company through a combination of cash on-hand and borrowings under the Credit Facilities (as defined in Item 2.03 of the Original Form 8-K).

Note 3 – Preliminary Purchase Price Allocation

The Company has performed a preliminary valuation analysis of the fair market value of the assets acquired and liabilities assumed. The following table summarizes the preliminary allocation of the purchase price as of the date of the Excell Acquisition.

Cash	$	736
Accounts receivable		3,570
Inventories		3,622
Prepaid expenses and other current assets		785
Property, plant and equipment		429
Goodwill		11,019
Other intangible assets		8,830
Other noncurrent assets		991
Accounts payable		(1,450)
Accrued compensation and related benefits		(540)
Accrued expenses and other current liabilities		(720)
Deferred tax liability, net		(2,213)
Other noncurrent liabilities		(803)
Net assets acquired	$	24,256

The preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma condensed combined statement of comprehensive income. The final purchase price allocation is subject to change as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include changes in the valuation of assets acquired and liabilities assumed, including but not limited to intangible assets, inventories, fixed assets, deferred taxes and residual goodwill.

Note 4 – Pro Forma Adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

(a) Represents cash on-hand of $3,390 paid by the Company upon closing the Excell Acquisition, comprised of $3,276 paid to the Seller and $114 in debt issuance costs, and the elimination of the Excell cash balance at September 30, 2021.

(b) Reflects changes in working capital as of the acquisition date based on the preliminary purchase price allocation as shown in Note 3.

(c) Reflects a $177 step-up adjustment to recognize acquired finished goods and work in process inventory at estimated fair value as of the acquisition date, determined based on the estimated selling price of the inventory less the remaining manufacturing and selling effort and a normal profit margin on those manufacturing and selling efforts. The step-up in inventory will increase cost of products sold by $177 over approximately two months from the date of acquisition as the inventory is sold. The increase is not reflected in the pro forma condensed combined statement of comprehensive income because it does not have a continuing impact.

(d) Reflects adjustment of the acquired Excell property, plant and equipment to estimated fair value as of the date of acquisition. Estimated useful lives of the acquired assets range from two (2) to five (5) years. The Company's estimated depreciation expense to be recognized on the acquired property, plant and equipment approximates Excell's historical depreciation expense.

(e) Represents the goodwill resulting from the Excell Acquisition based on the preliminary valuation of the assets acquired and liabilities assumed as of the acquisition date. Refer to Note 3 for the preliminary purchase price allocation.

(f) Reflects the preliminary valuation of identifiable intangible assets acquired. The estimated fair value of identifiable intangible assets was determined using the income approach which requires a forecast of all expected future cash flows and the use of certain assumptions and estimates. The following table summarizes the estimated fair value and annual amortization for each of the identifiable intangible assets.

			Annual Amortization				
	Estimated Fair Value	Amortization Period (Years)	Year 1	Year 2	Year 3	Year 4	Year 5
Customer relationships	$ 4,070	15	$ 271	$ 271	$ 271	$ 271	$ 271
Trade name	3,150	Indefinite	-	-	-	-	-
Customer contracts	1,130	15	75	75	75	75	75
Backlog	360	1	360	-	-	-	-
Technology	120	7	17	17	17	17	17
Total	**$ 8,830**		**$ 724**	**$ 364**	**$ 364**	**$ 364**	**$ 364**

(g) Represents acquired right-of-use assets and assumed lease liabilities of $960 for Excell's operating facilities. The current and long-term lease liabilities assumed are $157 and $803, respectively.

(h) Represents $20,980 in total borrowings under the Amended Credit Agreement used to finance the Excell Acquisition. Borrowings are comprised of $10,000 principal on the Term Loan Facility and $10,980 drawn against the Revolving Credit Facility. Debt issuance costs of $114, including placement, renewal and legal fees, are reflected as an offset against long-term debt and will be amortized over the term of the Amended Credit Facilities.

(i) Reflects net deferred tax liabilities assumed of $1,633 and $579 in Canada and the U.S., respectively, primarily comprised of deferred tax liabilities recognized on the identifiable intangible assets acquired.

(j) Represents the elimination of the historical shareholders’ equity of Excell.

(k) Reflects the income tax effect of pro forma adjustments.

(l) The historical operating results of Excell and the combined pro forma results presented for the year ended December 31, 2020 reflect a charge of $950 for the write-off of disposed inventory which had not been reserved in preceding periods.

Note 5 – Non-Recurring Transaction Costs

Non-recurring transaction costs of $354 directly related to the acquisition, including one-time accounting, legal and due diligence services, were incurred and expensed during the three-month period ended December 31, 2021. These costs are not reflected in the pro forma condensed combined statement of comprehensive income because they do not have a continuing impact.