UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number: 0-20852
ULTRALIFE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**16-1387013**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2000 Technology Parkway Newark, New York 14513	**(315) 332-7100**
(Address of principal executive offices) (Zip Code)	(Registrant's telephone number, including area code:)

Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data file required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes ☐ No ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). Yes ☐ No ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

On June 30, 2024, the aggregate market value of the common stock held by non-affiliates as defined in Rule 405 under the Securities Act of 1933) of the registrant was approximately $107,463,992 (in whole dollars) based upon the closing price for such common stock as reported on the NASDAQ Global Market on June 30, 2024.

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

As of March 28, 2025, the registrant had 16,632,965 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant’s definitive proxy statement relating to the Annual Meeting of Stockholders are specifically incorporated by reference in Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K, except for the equity plan information required by Item 12 as set forth herein.

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PART I

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This report contains certain forward-looking statements and information that are based on the beliefs of management as well as assumptions made by and information currently available to management. The statements contained in this report relating to matters that are not historical facts are forward-looking statements that involve risks and uncertainties, including, but not limited to, changes in economic conditions including inflation, tariffs and supply chain disruptions affecting our business, revenues and earnings adversely; our reliance on certain key customers; reductions or delays in U.S. and foreign military spending; our efforts to develop new products or new commercial applications for our products; potential disruptions in our supply of raw materials and components; our resources being overwhelmed by our growth; breaches in information systems security and other disruptions in our information technology systems; our ability to recruit and retain top management and key personnel; the unique risks associated with our China operations; fluctuations in the price of oil and the resulting impact on the demand for downhole drilling; possible future declines in demand for the products that use our batteries or communications systems; safety risks, including the risk of fire; variability in our quarterly and annual results and the price of our common stock; rising interest rates increasing the cost of our variable borrowings; purchases by our customers of product quantities not meeting the volume expectations in our supply agreements; the continued impact of COVID-19 and other related or non-related viruses causing delays in the manufacture and delivery of our mission critical products to end customers; potential costs attributable to the warranties we supply with our products and services; our inability to comply with changes to the regulations for the shipment of our products; our entrance into new end-markets which could lead to additional financial exposure; negative publicity concerning Lithium-ion batteries; our exposure to foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; the risk that we are unable to protect our proprietary and intellectual property; possible impairments of our goodwill and other intangible assets; rules and procedures regarding contracting with the U.S. and foreign governments; exposure to possible violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or other anti-corruption laws; known and unknown environmental matters; possible audits of our contracts by the U.S. and foreign governments and their respective defense agencies; our ability to comply with government regulations regarding the use of "conflict minerals"; and other risks and uncertainties, certain of which are beyond our control.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and developments in the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained herein. In addition, even if our results of operations, financial condition and liquidity and the development of the industries in which we operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make herein speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. When used in this report, the words "anticipate", "believe", "estimate", "plan", "intend", "foresee", "may", "could", "will", "likely" or "expect" or words of similar import are intended to identify some, but not all, such forward-looking statements. For further discussion of certain of the matters described above and other risks and uncertainties, see "Risk Factors" in Item 1A and Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Form 10-K Annual Report.

As used in this Form 10-K Annual Report, unless otherwise indicated, the terms the "Company", "we", "our" and "us" refer to Ultralife Corporation ("Ultralife") and its wholly owned subsidiaries ABLE New Energy Co., Limited and its wholly owned subsidiary ABLE New Energy Co., Ltd (collectively "ABLE"); Ultralife UK LTD and its wholly owned subsidiary Accutronics Ltd (collectively "Accutronics"); Ultralife Batteries (UK) Ltd.; Southwest Electronic Energy Corporation and its wholly owned subsidiary, CLB, Inc. (collectively "SWE"); Ultralife Excell Holding Corp. ("UEHC") and its wholly owned subsidiary Excell Battery Corporation USA (collectively "Excell Battery USA"); Ultralife Canada Holding Corp (wholly owned by UEHC, "UCHC") and its wholly owned subsidiary Excell Battery Canada ULC ("Excell Battery Canada"); Electrochem Solutions, Inc. ("Electrochem"); and its majority-owned joint venture Ultralife Batteries India Private Limited ("Ultralife India").

Dollar amounts throughout this Form 10-K Annual Report are presented in thousands of dollars, except for per share amounts.

ITEM 1. BUSINESS

General

We offer products and services ranging from power solutions to communications and electronics systems to customers across the globe in the government, defense and commercial sectors. With an emphasis on strong engineering and a collaborative approach to problem solving, we design and manufacture power and communications systems including rechargeable and non-rechargeable batteries, charging systems, communications and electronics systems and accessories, and custom engineered systems related to those product lines. We continually evaluate ways to grow, including the design, development and sale of new products, expansion of our sales force to penetrate new markets and territories, as well as seeking opportunities to expand through acquisitions.

We sell our products worldwide through a variety of trade channels, including original equipment manufacturers ("OEMs"), industrial and defense supply distributors, and directly to U.S. and foreign defense departments. We enjoy strong name recognition in our markets under our Ultralife®, Ultralife HiRate®, Ultralife Thin Cell®, Ultralife Batteries Inc.®, Lithium Power®, McDowell Research®, AMTI™, ABLE™, ACCUTRONICS™, ACCUPRO™, ENTELLION™, SWE Southwest Electronic Energy Group™, SWE SEASAFE™, Excell Battery Group™ and Criterion Gauge™ brands, among others. We have sales, operations and product development facilities in North America, Europe and Asia.

We report our results in two operating segments: Battery & Energy Products and Communications Systems. The Battery & Energy Products segment includes Lithium 9-volt, cylindrical, thin cell and other non-rechargeable batteries, in addition to rechargeable batteries, uninterruptable power supplies, charging systems and accessories. The Communications Systems segment includes RF amplifiers, power supplies, cable and connector assemblies, amplified speakers, equipment mounts, case equipment, man-portable systems, integrated communication systems for fixed or vehicle applications and communications and electronics systems design. We believe that reporting performance at the gross profit level is the best indicator of segment performance. As such, we report segment performance at the gross profit level and operating expenses as Corporate charges. (See Note 10 in the notes to consolidated financial statements contained in Item 8 of this Form 10-K.)

Our website address is www.ultralifecorporation.com. We make available free of charge via a hyperlink on our website (see Investor Relations link on the website) our annual reports on Form 10-K, proxy statements, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports and statements as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). We will provide copies of these reports upon written request to the attention of Philip A. Fain, CFO, Treasurer and Secretary, Ultralife Corporation, 2000 Technology Parkway, Newark, New York, 14513. Our filings with the SEC are also available through the SEC website at www.sec.gov or at the SEC Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or by calling 1-800-SEC-0330.

Battery & Energy Products

We manufacture and/or market a family of Lithium Manganese Dioxide (Li-MnO_2), Lithium Manganese Dioxide Carbon Monofluoride (Li-CFx/MnO2) hybrid and Lithium Thionyl Chloride (Li-SOCl2) non-rechargeable batteries including 9-volt, Ultralife HiRate® cylindrical, Ultralife Thin Cell®, and other form factors. Applications for our 9-volt batteries include smoke alarms, wireless security systems and intensive care monitors, among many other devices. Our Ultralife HiRate® and Ultralife Thin Cell® Lithium non-rechargeable batteries are sold primarily to the military and to OEMs in industrial and medical markets for use in a variety of applications including radios, emergency radio beacons, search and rescue transponders, pipeline inspection gauges, portable medical devices, wearable medical products, Bluetooth tracking devices and other specialty applications. Military applications for our non-rechargeable Ultralife HiRate® batteries include manpack and survival radios, night vision devices, targeting devices, chemical agent monitors and thermal imaging equipment. Our Lithium Thionyl Chloride batteries, sold under our Electrochem and Ultralife brands as well as a private label brand, are used in a variety of applications including utility meters, wireless security devices, electronic meters, automotive electronics, and downhole drilling, geothermal and pipeline inspection devices . We believe that the chemistry of Lithium batteries provides significant advantages over other currently available non-rechargeable battery technologies. These advantages include higher energy density, lighter weight, longer operating time, longer shelf life and a wider operating temperature range. Our non-rechargeable batteries also have relatively flat voltage profiles, which provide stable power. Conventional non-rechargeable batteries, such as alkaline batteries, have sloping voltage profiles that result in decreasing power output during discharge. While the price of our Lithium batteries is generally higher than alkaline batteries, the increased energy per unit of weight and volume of our Lithium batteries allow for longer operating times and less frequent battery replacements for our targeted applications.

We believe that our ability to design and produce lightweight, high-energy Lithium-ion and Nickel Metal Hydride (NiMH) rechargeable batteries and charging systems in a variety of custom sizes, shapes, and thicknesses offers substantial benefits to our customers. We market Lithium-ion and Nickel Metal Hydride rechargeable batteries comprising cells manufactured by qualified cell manufacturers. Our rechargeable products can be used in a wide variety of applications including communications, medical and other portable electronic devices.

Within this segment, we also seek to fund the development of new products that we hope will advance our technologies through contracts with both government agencies and private sector third parties.

We continue to be awarded development contracts with public and private customers resulting in intellectual property that we believe will enhance our efforts to commercialize new products that we develop. Revenues in this segment that pertain to product development may vary widely each year, depending upon the quantity and size of contracts awarded.

Revenues for this segment for the year ended December 31, 2024 were $144,081 and segment contribution was $18,997, as compared to revenues of $129,953 and segment contribution of $14,276 for the year ended December 31, 2023.

Communications Systems

Under our McDowell Research and AMTI brands, we design and manufacture a line of communications systems and accessories to support military communications requirements and under our Ultralife brand we provide system integration products and services.

The military systems include RF amplifiers, power supplies, power cables, connector assemblies, amplified speakers, equipment mounts, case equipment, man-portable systems and integrated communication systems for fixed or vehicle applications such as vehicle amplifier-adaptors (“VAA”) for multiple programs. These programs include Vehicle Installed Power Enhanced Rifleman Appliqué (“VIPER”) systems, U.S. Army Leader Radio Program, U.S. Army’s Security Force Assistance Brigades (“SFABs”) and SATCOM systems. All systems are packaged to meet specific customer needs in rugged enclosures to allow for their use in extreme environments. We market these products to all branches of the U.S. military and to foreign defense organizations that we are permitted to sell our products to, as well as to U.S. and to international prime defense contractors.

Commercial products offered to date under the Ultralife brand integrate information technology equipment and power conversion capability into rugged cases, supporting use in various industries. We market these products to automotive, cellular carriers and manufacturing industries.

Revenues for this segment for the year ended December 31, 2024 were $20,375 and segment contribution was $1,191, as compared to revenues of $28,691 and segment contribution of $3,958 for the year ended December 31, 2023.

Corporate

We report revenues, cost of sales and direct operating expenses for the above operating segments. The direct operating expenses include research & development, selling and general administration expenses that are determined, controlled and monitored by the operating segments. The balance of operating expenses, comprised of unallocated general administration and merger & acquisition expenses for corporate functions including board of directors, executive officers, accounting and finance, treasury management, shareholder communications, human resources, legal and compliance and information technology, are reported as Corporate operating expenses.

Corporate had no revenues for the years ended December 31, 2024 and 2023. Corporate operating expenses, including costs incurred in connection with business acquisitions, were $10,223 and $8,759 for the years ended December 31, 2024 and 2023, respectively.

See Management’s Discussion and Analysis of Financial Condition and Results of Operations and the 2024 Consolidated Financial Statements and Notes thereto contained in this Form 10-K Annual Report for additional information on the expenses referred to above. For information relating to total assets by segment, revenues for the last two years by segment, and contribution by segment for the last two years, see Note 10 in the notes to consolidated financial statements.

History

Ultralife was formed as a Delaware corporation in December 1990. In March 1991, we acquired certain technology and assets from Eastman Kodak Company ("Kodak") relating to its 9-volt Lithium Manganese Dioxide non-rechargeable battery. In December 1992, we completed our initial public offering and became listed on NASDAQ.

In May 2006, we acquired ABLE New Energy Co., Ltd. ("ABLE"), an established manufacturer of Lithium batteries located in Shenzhen, China, which broadened our product offering, including a wide range of Lithium Thionyl Chloride and Lithium Manganese batteries, and provided additional exposure to new consumer markets.

In July 2006, we acquired substantially all the assets of McDowell Research, Ltd. ("McDowell"), a manufacturer of military communications accessories. This acquisition expanded our product distribution channels into the military communications area and strengthened our presence in global defense markets. During the second half of 2007, the operations of the Waco, Texas facility of McDowell were relocated to our Newark, New York facility. In January 2012, we relocated these operations to our Virginia Beach, Virginia facility in order to gain operational efficiencies.

In March 2008, we formed a joint venture, named Ultralife Batteries India Private Limited ("India JV"), with our distributor partner in India. The India JV assembles Ultralife power solution products and manages local sales and marketing activities, serving commercial, government and defense customers throughout India. We used cash as consideration for our 51% ownership stake in the India JV.

In March 2009, we acquired the tactical communications products business of Science Applications International Corporation. The tactical communications products business designs, develops and manufactures tactical communications products including amplifiers, man-portable systems, cables, power solutions and ancillary communications equipment, which are sold by Ultralife under the brand name AMTI. The acquisition strengthened our communications systems business and provided us with direct entry into the handheld radio/amplifier market, complementing Ultralife's communications systems offerings.

In January 2016, we acquired Accutronics Limited ("Accutronics"), a U.K. corporation based in Newcastle-under-Lyme, U.K., a leading independent designer and manufacturer of smart batteries and charger systems for high-performance, feature-laden portable and handheld electronic devices. With a portfolio encompassing custom battery design, development and manufacturing for OEM's; standard smart batteries, chargers and accessories; and pre-engineered batteries and power solutions for specific applications, Accutronics primarily serves the portable medical device market throughout Europe. Medical applications include digital imaging, ventilators, anesthesia, endoscopy, patient monitoring, cardiopulmonary care, oxygen concentration and aspiration. With our acquisition of Accutronics we advanced our strategy of commercial revenue diversification, expanded our geographical penetration, and achieved revenue growth from new product development. We continue to experience sales synergies between Accutronics and our existing commercial battery business as we cross-sell our existing products and the acquired Accutronics' products to our respective customer bases.

On May 1, 2019, we acquired Southwest Electronic Energy Corporation, a Texas corporation ("SWE"), and a leading designer and manufacturer of high-performance smart battery systems and battery packs to customer specifications using Lithium cells. SWE serves a variety of industrial markets, including oil and gas, remote monitoring, process control and marine, which demand uncompromised safety, service, reliability and quality. We acquired SWE as a bolt-on acquisition which has further supported our strategy of commercial revenue diversification by providing entry to the oil and gas exploration and production, and subsea electrification markets, which were previously unserved by Ultralife. Another key benefit of our acquisition of SWE was obtaining a highly valuable technical team of battery pack and charger system engineers and technicians which has added to our new product development-based revenue growth initiatives in our commercial end-markets particularly asset tracking devices, smart metering for utilities and other industrial applications, as well as their contribution to the development of certain government and defense products.

On December 13, 2021, we acquired 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" and together with Excell Canada and 656700, collectively, "Excell"), which operate under the name Excell Battery Group. Based in Canada with U.S. operations, Excell Battery Group is a leading independent designer and manufacturer of high-performance smart battery systems, battery packs and monitoring systems to customer specifications. Excell 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. Our acquisition of Excell has been an important component of our strategy to diversify commercial revenue and expand the end markets we serve. Acquiring Excell has allowed us to further scale our Battery & Energy Products business and drive the operating leverage of our business model, expand into OEM device verticals that we do not presently serve, enhance our contributed value to both our customers and realize cost synergies. Furthermore, we utilize Excell experienced technical resources in our global new product initiatives and add a complementary line of highly engineered products, both existing and in development, that are costly for our customers to substitute with products of a competitor.

On October 31, 2024, we acquired Electrochem Solutions, Inc, a Massachusetts corporation ("Electrochem"). Based in Raynham, MA with over forty years of battery technology experience in critical applications where the cost of failure is high, Electrochem designs and manufactures primary lithium metal and ultracapacitor cells and battery packs serving energy, military and various environmental, industrial and utility end markets. Acquiring Electrochem advances our strategy of more fully realizing the operating leverage of our business model through scale and creates opportunities for gross margin expansion through the realization of manufacturing cost efficiencies, U.S.-based vertical integration, supply chain and lean initiatives. Electrochem primarily services a blue-chip customer base with little or no overlap with Ultralife's customers, has long-tenured technical resources which we plan to utilize in progressing our global new product initiatives, and has a complimentary portfolio of highly engineered thionyl, sulfuryl and bromine chloride cells and packs which can be commercially cost prohibitive to substitute or replace. We view this acquisition as an avenue to create highly attractive opportunities to drive revenue growth through heightened cross-selling platforms and extend our reach into underserved adjacent markets that demand uncompromised safety, service, reliability and quality. Furthermore, with Electrochem we believe we are increasing our value to our customers and significantly strengthening our competitive position in our end markets.

Products, Services and Technology

Battery & Energy Products

A non-rechargeable battery is used until discharged and then replaced. The principal competing non-rechargeable battery technologies are Carbon Zinc, Alkaline and Lithium. We manufacture a range of non-rechargeable battery products based on Lithium Manganese Dioxide, Lithium Manganese Dioxide Carbon Monofluoride hybrid, and Lithium Thionyl Chloride technologies.

Non-Rechargeable Batteries

We believe that the chemistry of Lithium batteries provides significant advantages over other currently available non-rechargeable battery technologies, which include lighter weight, longer operating time, longer shelf life, and a wider operating temperature range. Our non-rechargeable batteries also have relatively flat voltage profiles, which provide more stable power. Conventional non-rechargeable batteries, such as Alkaline batteries, have sloping voltage profiles that result in decreasing power during discharge. While the prices for our Lithium batteries are generally higher than commercially available Alkaline batteries produced by others, we believe that the increased energy per unit of weight and volume of our batteries will allow longer operating time and less frequent battery replacements for our targeted applications. As a result, we believe that our non-rechargeable batteries are priced competitively with other battery technologies on a price per unit of energy or volume basis.

Our non-rechargeable products include the following product configurations:

9-Volt Lithium Battery. Our 9-volt Lithium battery delivers a unique combination of the highest-available energy density and stable voltage, which results in a longer operating life for the battery and, accordingly, fewer battery replacements. While our 9-volt Lithium battery price is generally higher than conventional 9-volt Carbon Zinc and Alkaline batteries, we believe the enhanced operating performance and decreased costs associated with longer battery life make our 9-volt Lithium battery more cost effective than conventional batteries on a cost per unit of energy or volume basis when used in a variety of applications.

We market our 9-volt Lithium batteries to OEM, distributor and retail markets including industrial electronics, safety and security, and medical. Typical applications include smoke alarms, wireless alarm systems, bone growth stimulators, telemetry devices, blood analyzers, ambulatory infusion pumps and parking meters. A significant portion of the sales of our 9-volt Lithium battery is to major smoke alarm OEMs for use in their long-life smoke alarms. We also manufacture our 9-volt Lithium battery under private labels for a variety of companies. Additionally, we sell our 9-volt Lithium battery to the broader consumer market through national and regional retail chains and online retailers.

We believe our current 9-volt Lithium battery manufacturing capacity is adequate to meet forecasted customer demand over the next three years.

Cylindrical Batteries. Featuring high energy, wide temperature range, long shelf life and operating life, our cylindrical cells and batteries, based on Lithium Manganese Dioxide, Lithium Manganese Dioxide Carbon Monofluoride hybrid and Lithium Thionyl Chloride technologies, represent some of the most advanced Lithium power sources currently available. We market a wide range of cylindrical non-rechargeable Lithium cells and batteries in various sizes under both the Ultralife HiRate and Electrochem brands. These include D, C, 5/4 C, 1/2 AA, 2/3 A, CR123A and other sizes, which are sold individually as well as packaged into multi-cell battery packs, including our leading BA-5390 military battery, an alternative to the competing Li-SO_2 BA-5590 battery, a widely used battery type in the U.S. armed forces for portable applications. Our BA-5390 battery provides 50% to 100% more energy (mission time) than the BA-5590, and it is used in approximately 60 military applications. With the introduction of our Lithium Carbon Monofluoride hybrid chemistry, we now offer a D-cell that has 100% more energy than the competing Li-SO_2 D-cell.

We market our line of Lithium cells and batteries to the OEM market for commercial, defense, medical, asset tracking and search and rescue applications, among others. Significant commercial applications include oil and gas, pipeline inspection equipment, automatic re-closers and oceanographic and subsea devices. Asset tracking applications include Radio Frequency Identification (“RFID”), cellular, and Bluetooth systems. Among the defense uses are manpack radios, night vision goggles, chemical agent monitors and thermal imaging equipment. Medical applications include Automated External Defibrillators, infusion pumps, wearable patient monitoring and telemetry systems. Search and rescue applications include Emergency Locator Transmitters for aircraft and Emergency Position Indicating Radio Beacons for ships. Oil and gas applications include battery packs for downhole and directional drilling applications such as Measurement While Drilling and Logging While Drilling and pipeline inspection and monitoring.

Thin Cell Batteries. We manufacture a range of thin Lithium Manganese Dioxide batteries under the Ultralife Thin Cell® brand. Thin Cell batteries are flat, lightweight batteries providing a unique combination of high energy, long shelf life, wide operating temperature range and very low profile. We are currently marketing these batteries to OEMs for applications such as displays, wearable medical devices, toll passes, theft detection systems, and RFID and Bluetooth tracking devices.

Rechargeable Batteries

In contrast to non-rechargeable batteries, after a rechargeable battery is discharged, it can be recharged and reused many times. Generally, discharge and recharge cycles can be repeated hundreds or thousands of times in rechargeable batteries depending on the technology of the battery. The achievable number of cycles (cycle life) varies among technologies and is an important competitive factor. All rechargeable batteries experience a small, but measurable, loss in energy capacity with each cycle. The industry commonly reports cycle life in the number of cycles a battery can achieve until 80% of the battery’s initial energy capacity remains. In the rechargeable battery market, the principal competing technologies are Nickel Metal Hydride and Lithium-ion (including Lithium polymer) batteries. Rechargeable batteries are used in many applications, such as military radios, laptop computers, mobile telephones, portable medical devices, wearable devices and many other commercial, defense and consumer products.

Three important performance characteristics of a rechargeable battery are design flexibility, energy density and cycle life. Design flexibility refers to the ability of rechargeable batteries to be designed to fit a variety of shapes and sizes of battery compartments. Thin profile batteries with prismatic geometry provide the design flexibility to fit the battery compartments of today's electronic devices. Energy density refers to the total amount of electrical energy stored in a battery divided by the battery’s weight and volume as measured in watt-hours per kilogram and watt-hours per liter, respectively. High energy density batteries generally are longer lasting power sources providing longer operating time and necessitating fewer battery recharges. High energy density and long achievable cycle life are important characteristics for comparing rechargeable battery technologies. Greater energy density will permit the use of batteries of a given weight or volume for a longer time period. Accordingly, greater energy density will enable the use of smaller and lighter batteries with energy comparable to those currently marketed. Lithium-ion batteries, by the nature of their electrochemical properties, are capable of providing higher energy density than comparably sized batteries that utilize other chemistries and, therefore, tend to consume less volume and weight for a given energy content. Long achievable cycle life, particularly in combination with high energy density, is suitable for applications requiring frequent battery recharges, such as cellular telephones and notebook computers, and allows the user to charge and recharge many times before noticing a difference in performance. We believe that our Lithium-ion batteries generally have high energy density and a long cycle life.

Lithium-ion Cells and Batteries. We market a variety of Lithium-ion cells and rechargeable batteries comprised of cells manufactured by qualified cell manufacturers. These products are used in a wide variety of applications including communications, medical and other portable electronic devices.

Battery Charging Systems and Accessories. To provide our customers with complete power system solutions, we offer a wide range of rugged military and commercial battery charging systems and accessories including smart chargers, multi-bay charging systems and a variety of cables.

Multi-Kilowatt Module. Our Multi-Kilowatt Module Lithium-ion battery system is a large format battery utilizable for energy storage, battery back-up, and remote power applications. This product is a direct replacement of 1.25 kWh and larger capacity lead acid batteries in 24V or 48V applications. It can be connected in multiples to obtain higher-voltages and is capable of over 3,000 cycles while maintaining 80% of its capacity.

Technology Contracts. Our technology contract activities involve the development of new products or the enhancement of existing products through contracts with both government agencies and private sector third parties.

Communications Systems

Under our McDowell Research and AMTI brands, we design and manufacture a line of communications systems and accessories to support military communications systems, including RF amplifiers, power supplies, power cables, connector assemblies, amplified speakers, equipment mounts, case equipment, man-portable systems and integrated communication systems for fixed or vehicle applications such as vehicle amplifier-adaptors. We package all systems to meet specific customer needs in rugged enclosures to allow their use in extreme environments and under our Ultralife Corporation brand provide system integration products and services for commercial requirements.

We offer a wide range of military communications systems and accessories designed to enhance and extend the operation of communications equipment such as vehicle-mounted, manpack and handheld transceivers. Our communications products include the following product configurations:

RF Amplifiers. These amplifiers are used to extend the range of manpack and handheld tactical transceivers, and our RF amplifiers include both mounted and dismounted versions and many related accessories and kits which can be used on mobile or fixed site applications.

Integrated Systems. Our integrated systems include vehicle mounted systems; SATCOM systems; rugged, deployable case systems; and multiband transceiver kits. These systems provide enhanced capabilities which enable communications operators to provide links to support Command, Control, Communications, Computers, Cyber and Intelligence, Surveillance and Reconnaissance.

Power Systems. Our power systems include AC/DC power supplies with battery backup for tactical manpack radios and power adaptors and chargers. We can provide power supplies for virtually all tactical communications devices.

Our commercial products integrate information technology capability into rugged cases, supporting use of high computing capability in various configurations. We market these products to automotive, cellular carriers and manufacturing industries.

Communications and Electronics. Our communications and electronics services include the design, integration, and deployment of portable, mobile and fixed-site communications systems.

Sales and Marketing

We employ a staff of sales and marketing personnel in North America, Europe and Asia. We sell our products and services directly to commercial customers, including OEMs, as well as government and defense agencies in the U.S. and abroad and have contractual arrangements with sales agents who market our products on a commission basis in defined territories. Every effort is made to adjust future prices when and if possible, but the ability to adjust prices is generally based on market conditions.

We also distribute some of our products through domestic and foreign distributors and retailers. Sales of these products are generated primarily from purchase orders issued by these customers. We have several long-term contracts with the U.S. government and other customers. These contracts do not commit the customers to specific purchase volumes, nor to specific timing of purchase order releases, and they include fixed price agreements over various periods of time. In general, we do not believe our sales are seasonal, although we may sometimes experience seasonality for some of our military products based on the timing of government fiscal budget expenditures.

A significant portion of our business comes from sales of products and services to U.S. and foreign governments through various contracts. These contracts are subject to procurement laws and regulations that specify policies and procedures for acquiring goods and services. The procurement laws and regulations also contain guidelines for managing contracts after they are awarded, including conditions under which contracts may be terminated, in whole or in part, at the government's convenience or for default. Failure to comply with applicable procurement laws or regulations can result in civil, criminal or administrative proceedings involving fines, penalties, suspension of payments, or suspension or debarment from government contracting or subcontracting for a period of time. Even if a contract is awarded to us there is no guarantee that the government will order any product under the contract.

We have one major customer, a large global defense primary contractor, which comprised 23% of our total revenues in 2024, and 15% of our total revenues in 2023. There were no other customers that comprised greater than 10% of our total revenues during these years.

In 2024, sales to U.S. and foreign customers were $97,040 and $67,416, respectively. In 2023, sales to U.S. and foreign customers were $81,396 and $77,248, respectively.

Battery & Energy Products

We target sales of our non-rechargeable products to manufacturers of security and safety equipment, medical devices, search and rescue equipment, specialty instruments, oil and gas downhole drilling and pipe inspection equipment, point of sale equipment and metering applications, as well as users of military equipment. Our strategy is to develop sales and marketing alliances with OEMs and governmental agencies that utilize our batteries in their products, commit to cooperative research and development or marketing programs, and recommend our products for design-in or replacement use in their products. We are addressing these markets through direct contact by our sales and technical personnel, use of sales agents and stocking distributors, manufacturing under private labels, and promotional activities.

We seek to capture a significant market share for our products within our targeted OEM markets, which we believe, if successful, will result in increased product awareness and sales at the end-user or consumer level. We are also selling our 9-volt battery to the consumer market through retail distribution channels. Most military procurements are done directly by the specific government organizations requiring products, based on a competitive bidding process. Additionally, we are typically required to successfully meet contractual specifications and to pass various qualifications testing for the products under contract by the military. Our inability to pass these tests for our new products in a timely fashion could have a material adverse effect on future growth prospects. When a government contract is awarded, there is a government procedure that permits unsuccessful companies to formally protest the award if they believe they were unjustly treated in the government's bid evaluation process. A prolonged delay in the resolution of a protest, or a reversal of an award resulting from such a protest, could have a material adverse effect on our business, financial condition and results of operations.

We target sales of our Lithium-ion rechargeable batteries and charging systems to OEM customers, as well as distributors and resellers focused on our target markets. We respond to Requests for Proposals to design products for OEMs, and believe that our design capabilities, product characteristics and solution integration will encourage OEMs to incorporate our batteries into their product offerings, resulting in revenue growth opportunities for us.

We continue to expand our marketing activities as part of our strategic plan, a comprehensive forward-looking document which sets forth our strategic growth plans, tactical actions and financial projections over a rolling three-year period, to increase sales of our battery and energy products for commercial, standby, defense and communications applications, as well as hand-held devices, wearable devices and other portable electronic equipment. A key part of this expansion includes increasing our design and assembly capabilities as well as building our international network of distributors and value-added distributors.

Backlog and high confidence orders for Battery & Energy Products were approximately $95,000 and $92,000 as of December 31, 2024 and 2023, respectively, reflecting continued high demand for our medical, government and defense, and oil and gas batteries. The 2024 year-end Battery & Energy Products backlog and high confidence orders are primarily related to orders that are expected to ship throughout 2025.

Communications Systems

We target sales of our communications systems, which include power solutions and accessories to support communications systems such as RF amplifiers, power supplies, power cables, connector assemblies, amplified speakers, equipment mounts, case equipment and integrated communication systems, to military OEMs and U.S. and allied foreign militaries. We sell our products directly and through authorized distributors to OEMs and directly to defense contractors and U.S. and foreign militaries. We market our products to defense organizations and OEMs in the U.S. and internationally.

Sales targets for commercial products include integrated systems for information technology equipment to support fixed, mobile and deployable locations. We sell our products directly to commercial businesses in the U.S.

At December 31, 2024 and 2023, our backlog and high confidence orders related to Communications Systems orders were approximately $7,600 and $11,500, respectively. The 34% decrease in our Communications Systems backlog and high confidence orders at December 31, 2024 is primarily a result of fulfillment in 2024 of purchase orders received in prior years to supply a global defense prime with our Vehicle Amplifier-Adaptors for the U.S. Army's Leader Radio program and to supply an international defense contractor with our amplifiers and radio vehicle mounts for an ongoing allied country government/defense modernization program as well as the timing of future orders with these customers in 2025. The 2024 year-end Communications Systems backlog and high confidence orders are related to orders that are expected to ship throughout 2025.

Patents, Trade Secrets and Trademarks

We use our patented and unpatented proprietary information, know-how and trade secrets to maintain and develop our competitive position. Despite our efforts to protect our proprietary information, there can be no assurance that others will neither develop the same or similar information independently nor unlawfully obtain access to our proprietary information, know-how and trade secrets. In addition, there can be no assurance that we would prevail if we asserted our intellectual property rights against third parties, or that third parties will not successfully assert infringement claims against us in the future. We believe, however, that our success depends more on the knowledge, ability, experience and technological expertise of our employees, than on the legal protection that our patents and other proprietary rights may or will afford.

We hold fifty-two patents issued in the U.S., six patents issued in the European Union member states, seven patents issued in the European Union, eight patents issued in the United Kingdom, five patents issued in Japan, four patents issued in India, four patents issued in South Korea, four patents issued in Canada, three patents issued in China, three patents issued in Taiwan, two patents issued in Norway, one patent issued in Australia, one patent issued in Hong Kong, one patent issued in Iceland, one patent issued in Mexico and one patent issued by the World Intellectual Property Organization. We believe our patents protect technology that makes automated production more cost-effective and protects important competitive features of our products. However, we do not consider our business to be dependent on patent protection.

As part of our employment commencement process, our employees are required to enter into agreements providing for confidentiality of certain information and the assignment of rights to inventions made by them while employed by us. These agreements also contain certain non-competition and non-solicitation provisions which are effective during the employment term and for varying periods thereafter depending on position and location. There can be no assurance that we will be able to enforce these agreements. All of our employees agree to abide by the terms of a Code of Ethics policy that provides for the confidentiality of certain information received during the course of their employment. Nevertheless, the enforceability of such agreements is subject to public policy limitations that vary from state to state and country by country so we cannot assure that they will be enforceable in accordance with their terms, if at all.

Trademarks are an important aspect of our business. We sell our products under a number of trademarks, that we own. Our trademarks include the following: Ultralife®, Ultralife Thin Cell®, Ultralife HiRate®, Ultralife & design®, LithiumPower®, LithiumPower & Design®, SMART CIRCUIT®, SMARTCIRCUIT®, SMART CIRCUIT & design®, SODIUMPOWER®, SODIUMPOWER (design)®, WE. ARE. POWER®, AMTI®, ABLE™, ACCUTRONICS™, ACCUPRO™, ENTELLION™, McDowell Research®, SWE DRILL-DATA®, SWE SEASAFE (& DESIGN)®, SWE SEASAFE DIRECT®, SWE SOUTHWEST ELECTRONIC ENERGY CORP®, SWE Southwest Electronic Energy Group®, Excell Battery Group™ and Criterion Gauge™, POW-R BMS®, POW-R-BMS®, POW-R TOTE®.

Manufacturing and Raw Materials

We manufacture our products from raw materials and component parts that we purchase. Our manufacturing facility in Newark, New York is ISO 9001 and ISO 13485 certified. Our Canadian manufacturing facilities in Calgary, Vancouver and Mississauga are ISO 9001 certified and ISO 13485 certified. Our manufacturing facility in Shenzhen, China is ISO 9001, ISO 14001 and ISO 13485 certified. Our manufacturing facility in Missouri City, Texas is ISO 9001 and ISO 13485 certified. Our manufacturing facilities in the United Kingdom are ISO 9001 and ISO 13485 certified. Our manufacturing facility in Virginia Beach, Virginia is ISO 9001 certified. Our manufacturing facility in Raynham, Massachusetts is ISO 9001 certified.

We expect our future raw material purchases to fluctuate based on global demand for our products, our knowledge regarding the timing of customer orders, the related need to build inventory in anticipation of orders and actual shipment dates.

Battery & Energy Products

Our Newark, New York and Shenzhen, China facilities have the capacity to produce cylindrical cells, 9-volt Lithium batteries, 3-volt battery and thin cells. Capacity, however, is affected by demand for particular products, and product mix changes can produce bottlenecks in an individual operation, constraining overall capacity. We have acquired new machinery and equipment in areas where production bottlenecks have occurred in the past and we believe that we have sufficient capacity in most areas. We continually evaluate our requirements for additional capital equipment and direct labor resources, to help ensure that our planned increases will be adequate to meet foreseeable customer demand.

Certain materials used in our products, other than rechargeable battery cells, are available only from a single source or a limited number of sources. Additionally, we may elect to develop relationships with a single or limited number of sources for materials that are otherwise generally available. Although we believe that alternative sources may in some cases be available to supply materials that could replace materials we use and that, if necessary, we would be able to redesign our products to make use of an alternative material provided extensive customer testing and recertification are not required, any interruption in our supply from any supplier that serves currently as our sole source could delay product shipments and adversely affect our financial performance and relationships with our customers. Although we have experienced interruptions of product deliveries by sole source and other suppliers in 2024 resulting in the delay of some shipments to future periods, we cannot assure that these interruptions and delays will not have an adverse effect on us in the future.

Generally, the raw materials and components utilized for our rechargeable batteries are readily available from many sources. Although we believe that alternative sources are available to supply materials and components that could replace materials or components we use, any interruption in our supply from any supplier that serves currently as our sole source could delay product shipments and adversely affect our financial performance and relationships with our customers.

Our Newark, New York facility has the capacity to produce significant volumes of batteries and energy products. This operation generally manufactures non-rechargeable battery cells, non-rechargeable and rechargeable battery packs, and chargers and is limited only by physical space and is not constrained by manufacturing equipment capacity which can accommodate significant additional volumes of product. Similarly, our China and United Kingdom facilities also have capacity to produce significant quantities of non-rechargeable batteries and rechargeable battery packs beyond current volumes and are not constrained by manufacturing equipment capacity. Our Missouri City, Texas facility has the capacity to produce significant quantities of rechargeable and non-rechargeable battery packs and is not constrained by manufacturing equipment capacity and the same is presently true for our Excell facilities in Calgary, Mississauga and Vancouver, Canada. Our Electrochem facility in Raynham, MA has the capacity to produce significant quantities of non-rechargeable battery cells beyond current volumes and is not constrained by physical space or manufacturing equipment capacity, and it also has the physical capacity to produce non-rechargeable battery packs. We continue to access the capacity of our global facilities based on increased demand for our products, and to determine constraints associated with human capital resources and/or manufacturing equipment.

The total carrying value of our Battery & Energy Products inventory, including raw materials, work in process and finished goods, amounted to $44,614 and $35,221 as of December 31, 2024 and 2023, respectively. The year-over-year 27% increase primarily reflects our acquisition of Electrochem on October 31, 2024 and an increase in materials, including rechargeable cells, required to fulfill the backlog for our batteries primarily used in the government and defense and medical device sectors. Management continuously monitors inventory levels in an effort to optimize such levels.

Communications Systems

In general, we believe that the raw materials and components utilized by us for our communications and commercial accessories and systems, including RF amplifiers, power supplies, cables, repeaters and integration kits and systems, are available from many sources. Although we believe that alternative sources are available to supply materials and components that could replace materials or components we use, any interruption in our supply from any supplier that serves currently as our sole source or any significant increase in lead times to provide components could delay product shipments and adversely affect our financial performance and relationships with our customers.

Our Virginia Beach, Virginia facility has sufficient capacity to produce communications products and systems to meet current demand. This operation generally assembles products and is limited only by physical space and is not constrained by manufacturing equipment capacity.

The total carrying value of our Communications Systems inventory, including raw materials, work in process and finished goods, amounted to $6,749 and $6,994 as of December 31, 2024 and 2023, respectively. The year-over-year 4% decrease is due to the fulfillment of certain large purchase orders in 2024 that contained longer lead time components to meet the commitment dates. Management continuously monitors inventory levels in an effort to optimize such levels.

Research and Development

We devote significant resources to research and development activities to improve the technological capabilities of our products and to design new products for customers' applications. We conduct our research and development in Newark, New York; Virginia Beach, Virginia; Tallahassee, Florida; Missouri City, Texas; Raynham, Massachusetts; Newcastle-under-Lyme, United Kingdom; and Shenzhen, China. During 2024 and 2023, we spent $9,549 and $8,587, respectively, on research and development, including $1,281 and $1,056, respectively, on customer sponsored research and development activities, which are included in cost of products sold. The year-over-year increase in customer sponsored research and development is due to the timing of key projects, including the development of customer-driven new products.

We expect that research and development expenditures in the future, including 2025, could increase by 10% or more over 2024 levels, based on current initiatives. These current initiatives include the following: completing the development and testing of new battery and power solutions in our facilities in Newark, New York, Missouri City, Texas, Raynham, Massachusetts, Canada and Newcastle-under-Lyme, UK; our Thionyl Chloride battery project in China and new product initiatives for our Communications Systems business. We expect that new product development is one of the factors that will drive our growth. As in the past, we will continue to make funding decisions for our research and development efforts based upon demand for customer applications.

Battery & Energy Products

We continue to internally develop non-rechargeable cells and batteries with the goal of broadening our product offering to our customers.

We continue to internally develop our rechargeable product portfolio, including batteries, battery management systems, cables and charging systems, as our customers' needs for portable power continue to grow and new technologies become available.

The U.S. government sponsors research and development programs, which Ultralife participates in, designed to improve the performance and safety of existing battery systems and to develop new battery systems.

Communications Systems

We continue to internally develop a variety of communications accessories and systems for the global defense and commercial markets to meet the ever-changing demands of our customers.

Safety; Regulatory Matters; Environmental Considerations

Certain materials utilized in our batteries may pose safety problems if improperly used, stored, or handled. We have designed our batteries to minimize safety hazards both in manufacturing and in use. Our batteries are subject to the regulations noted below, among others.

The transportation of non-rechargeable and rechargeable Lithium batteries is regulated in the U.S. by the Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), and internationally by the International Civil Aviation Organization ("ICAO") and corresponding International Air Transport Association ("IATA"), Dangerous Goods Regulations and the International Maritime Dangerous Goods Code ("IMDG"), and other country specific regulations. These regulations are based on the United Nations Recommendations on the Transport of Dangerous Goods Model Regulations and the United Nations Manual of Tests and Criteria. We currently ship our products pursuant to PHMSA, ICAO, IATA, IMDG and other country specific hazardous goods regulations. These regulations require companies to meet certain testing, packaging, labeling, marking and shipping paper specifications for safety reasons. We have not incurred, and do not expect to incur, any significant costs in order to comply with these regulations. We believe we comply with all current U.S. and international regulations for the shipment of our products, and we intend and expect to comply with any new applicable regulations that are imposed. We have established our own testing facilities to help ensure that we comply with these regulations. However, if we are unable to comply with any such new regulations, or if regulations are introduced that limit our or our customers' ability to transport our products in a cost-effective manner, this could have a material adverse effect on our business, financial condition and results of operations.

The European Union's Restriction of Hazardous Substances Directive (the "EU RoHS Directive") places restrictions on the use of certain hazardous substances in electrical and electronic equipment. All applicable products sold in the European Union market must pass EU RoHS Directive compliance. While this directive does not apply to batteries and does not currently affect our defense products, should any changes occur in the directive that would affect our products, we intend and expect to comply with any new applicable regulations that are imposed. However, we cannot ensure that the cost of complying with such new regulations would not have a material adverse effect on us. We believe our commercial chargers are in material compliance with the EU RoHS Directive.

The European Union's Battery Directive "on batteries and accumulators and waste batteries and accumulators" (the "EU Battery Directive") is intended to cover all types of batteries regardless of their shape, volume, weight, material composition or use. It is aimed at reducing mercury, cadmium, lead and other metals in the environment by minimizing the use of these substances in batteries and by treating and re-using old batteries. The EU Battery Directive applies to all types of batteries except those used to protect European Union member states' security, for military purposes, or sent into space. To achieve these objectives, the EU Battery Directive prohibits the marketing of some batteries containing hazardous substances. It establishes schemes aimed at high levels of collection and recycling of batteries with quantified collection and recycling targets. The EU Battery Directive sets out minimum rules for producer responsibility and provisions with regard to labeling of batteries and their removability from equipment. The EU Battery Directive requires product markings for batteries and accumulators to provide information on capacity and to facilitate reuse and safe disposal. We currently ship our products pursuant to the requirements of the EU Battery Directive.

The EU Battery Directive requires producers or importers of particular classes of electrical goods to be financially responsible for specified collection, recycling, treatment and disposal of past and future covered products. This directive assigns levels of responsibility to companies doing business in European Union markets based on their relative market share. This directive calls on each European Union member state to enact enabling legislation to implement the directive. As additional European Union member states pass enabling legislation, we believe our compliance system should be sufficient to meet such requirements. Our current estimated costs associated with our continued compliance with these directives based on our current market share are not significant. However, we continue to evaluate the impact of these directives as European Union member states implement guidance, and actual costs could differ from our current estimates.

China's "Management Methods for Restricted Use of Hazardous Substances in Electrical and Electronic Products" ("China RoHS 2") provides a regulatory framework including hazardous substance restrictions similar to those imposed by the EU RoHS Directive. China RoHS 2 applies to methods for the control and reduction of pollution and other public hazards to the environment caused during the production, sale, and import of electrical and electronic products ("EEP") in China. The regulatory framework of China RoHS 2 also now references the updated marking and labeling requirements under Standard SJ/T 11364-2014. The methods under China RoHS 2 only apply to EEP placed in the marketplace in China. We believe our compliance system is sufficient to meet our requirements under China RoHS 2. Our current estimated costs associated with our compliance with this regulation based on our current market share are not significant. However, we continue to evaluate the impact of this regulation, and actual costs could differ from our current estimates.

National, state and local laws impose various environmental controls on the manufacture, transportation, storage, use and disposal of batteries and of certain chemicals used in the manufacture of batteries. Although we believe that our operations are in material compliance with current environmental regulations, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities, costs and expenses. There can be no assurance that additional or modified regulations relating to the manufacture, transportation, storage, use and disposal of materials used to manufacture our batteries or restricting disposal of batteries will not be imposed or that such regulations will not have a material adverse effect on our business, financial condition and results of operations.

Since non-rechargeable and rechargeable Lithium battery chemistries react adversely with water and water vapor, certain of our manufacturing processes must be performed in a controlled environment with low relative humidity. Our Newark, New York and Shenzhen, China facilities contain dry rooms or glove box equipment, as well as specialized air-drying equipment.

In addition to the environmental regulations previously described, our products are subject to U.S. and international laws and regulations governing international trade and exports including but not limited to the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR") and trade sanctions against embargoed countries.

The ITAR is a set of U.S. government regulations that control the export and import of defense-related articles and services on the United States Munitions List. These regulations implement the provisions of the Arms Export Control Act, and are described in the Code of Federal Regulations. The Department of State Directorate of Defense Trade Controls interprets and enforces ITAR. Its goal is to safeguard U.S. national security and further U.S. foreign policy objectives.

The related EAR are enforced and interpreted by the Bureau of Industry and Security in the Commerce Department. The Department of Defense is also involved in the review and approval process. Inspections in support of import and export laws are performed at border crossings by Customs and Border Protection, an agency of the Department of Homeland Security.

Products and services developed and manufactured in our foreign locations are subject to the export and import controls of the nation in which the foreign location operates.

We believe we are in material compliance with these domestic and international export regulations. However, failure of compliance could have a material adverse effect on our business through possible fines, denial of export privileges, or loss of customers. Further, while we are not aware of any proposed changes to these regulations, any change in the scope or enforcement of export or import regulations or related legislation could have a material adverse effect on our business through increased costs of compliance or reduction in the international growth prospects available to us.

Based upon our current sales volumes, our future estimated costs associated with our compliance with ITAR, EAR, and the foreign export and import controls are not significant. However, we continue to evaluate the impact of these regulations, and actual costs could differ from our current estimates.

Battery & Energy Products

Our non-rechargeable battery products incorporate Lithium metal, which reacts with water and may cause fires if not handled properly. In the past, we have experienced fires that have temporarily interrupted certain manufacturing operations. We believe that we have adequate fire suppression systems and insurance, including business interruption insurance, to protect against the occurrence of fires and fire losses in our facilities.

Our 9-volt battery, among other sizes, is designed to conform to the dimensional and electrical standards of the American National Standards Institute. Authorized certification bodies such as Underwriters Laboratories, Intertek and SGS have certified several of our products.

Communications Systems

We are not currently aware of any regulatory requirements regarding the disposal of our communications products.

Corporate

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 Section 1502 (the "Dodd-Frank Act") requires public companies to disclose whether tantalum, tin, gold and tungsten, commonly known as "conflict minerals," are necessary to the functionality or production of a product manufactured by a public company and if those elements originated from armed groups in the Democratic Republic of Congo or adjoining countries. To comply with the Dodd-Frank Act, as implemented by SEC rules, we are required to perform due diligence inquiries of our suppliers to determine whether or not our products contain such minerals and from which countries and source (smelter) the minerals were obtained. Our annual report on Form SD was filed by the statutory due date of May 31, 2024 for the 2023 calendar year and we continue to utilize appropriate measures with our suppliers to better ascertain the origin of the conflict minerals in our products.

Competition

Competition in both the battery and communications systems markets is, and is expected to remain, intense. The competition ranges from development stage companies to major domestic and international companies, many of which have financial, technical, marketing, sales, manufacturing, distribution and other resources significantly greater than ours. We compete against companies producing batteries as well as companies producing communications systems. We compete on the basis of design flexibility, performance, price, reliability and customer support. There can be no assurance that our technologies and products will not be rendered obsolete by developments in competing technologies or services that are currently under development or that may be developed in the future or that our competitors will not market competing products and services that obtain market acceptance more rapidly than ours.

While we cannot assure that other entities will not attempt to take advantage of the growth of the battery market, the Lithium battery cell industry has certain technological and economic barriers to entry. The development of technology, equipment and manufacturing techniques and the operation of a facility for the automated production of Lithium battery cells require large capital expenditures, which may deter new competitors from commencing production. Through our experience in battery cell manufacturing, we have also developed significant production and design expertise in the non-rechargeable battery market, which we believe would be difficult for new competitors to reproduce without substantial time and expense.

Employees

As of December 31, 2024, we employed a total of 671 permanent and temporary employees: 524 in production, 89 in sales and administration, and 58 in research and development. None of our employees are represented by a labor union.

ITEM 1A. RISK FACTORS

Our business faces many risks. As such, prospective investors and stockholders should carefully consider and evaluate all of the risk factors described below as well as other factors discussed in this Form 10-K Annual Report, including without limitation, the Management's Discussion and Analysis of Financial Condition and Results of Operations, and in our other filings with the SEC. Any of these factors could adversely affect our business, financial condition and results of operations. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our business operations and financial results. These risk factors may change from time to time and may be amended, supplemented, or superseded by updates to the risk factors and other information contained in periodic reports on Form 10-Q, Form 10-K, and current reports on Form 8-K that we file with the SEC in the future.

Company Risk Factors

Changes in economic conditions, including inflation, tariffs, interest rates, and supply-chain disruptions have affected and may continue to affect our business, revenues and earnings adversely.

The post-COVID supply chain conditions which included long-lead times and irregular availability of highly sought after components combined with rapid cost inflation persisted in 2023 and 2024, although to a lesser extent. The negative impact of these economic conditions was partially mitigated by our proactive actions including the following: closer alignment of cost increases with customer price increases, extending the time horizon of our sales & operations planning process ("S&OP") with both customers and suppliers to provide greater visibility in ordering components while upgrading our internal resources responsible for the process, and improving our process for launching new products to reduce the cost and time of transitioning to high-volume manufacturing.

While price increases, longer lead times and key component shortages have eased, they still sporadically occur and general economic conditions are likely to become more complex with the advent of tariffs in 2025. Despite our best efforts and focus, we may not be able to fully offset in a timely fashion the unfavorable impact of these economic conditions which could have a material adverse effect on our business and financial results going forward.

A significant portion of our revenue is derived from certain key customers.

We have one customer, L3Harris Technologies, a large global defense primary contractor, which comprised 23% of our total revenues in 2024 and 15% of our total revenues in 2023. There were no other customers that comprised greater than 10% of our total revenues during these years. While we consider our relationship with this major customer to be good, the reduction, delay or cancellation of orders from this customer or any delays in payments beyond their payment terms, for any reason, would reduce our revenues and operating income and could materially and adversely affect our business, operating results and financial condition in other ways.

Reductions or delays in U.S. and foreign military spending could have a material adverse effect on our business, financial condition and results of operations.

A significant portion of our revenues is derived from contracts with U.S. and foreign militaries or OEMs that supply U.S. and foreign militaries. In the years ended December 31, 2024 and 2023, $62,374 or 38% and $57,802 or 36%, respectively, of our revenues were comprised of sales made directly or indirectly to U.S. and foreign militaries.

While significant gains have been made in commercial markets with our business, we are still highly dependent on sales to U.S. Government customers. The amounts and percentages of our net revenue that were derived from sales to U.S. Government customers, including the Department of Defense, whether directly or through prime contractors, was approximately $54,077 or 33% in 2024 and $43,476 or 27% in 2023. Therefore, any significant disruption to or deterioration of our relationship with the U.S. Government or any prime defense contractor could significantly reduce our revenues. We and our competitors continuously engage in efforts to expand business relationships with the U.S. Government and will continue these efforts in the future, and the U.S. Government may choose to use other contractors or suppliers that compete with us.

Budget and appropriations decisions made by the U.S. Government, including possible future sequestration periods or other similar formulaic reductions in federal expenditures, are outside of our control and have long-term consequences for our business. A decline in U.S. or foreign military expenditures could result in a reduction in the military demand for our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our efforts to develop new products or new commercial applications for our products could be prolonged, not be profitable, not be accepted by our customers or could otherwise fail to achieve market share.

Although we develop certain products for new commercial applications, we cannot be sure that these new products will be accepted due to the highly competitive nature of our industries. There are many new products and technology entrants into the markets we sell our products to. We must continually reassess the markets in which our products can be successful and seek to engage customers in those markets that will adopt our products for use in their products. In addition, these customers must be successful with their products in their markets for us to gain increased business. Increased competition, failure to gain customer acceptance of our products, the introduction of competitive technologies or failure of our customers to purchase our products in their markets all may have an adverse effect on our business and reduce our revenues and operating income.

Our supply of raw materials and components could be disrupted or delayed due to business conditions, new or additional tariffs, global conflicts, weather, any lingering impact of COVID-19 or other factors not under our control, or the cost of those raw materials and components may materially increase.

Certain materials and components used in our products are available only from a single or a limited number of suppliers. Some materials and components have been and may continue to be in short supply resulting in limited availability and/or increased costs including new or additional tariffs. Additionally, we may elect to develop relationships with a single or limited number of suppliers for materials and components that are otherwise generally available. Due to our supplying defense products to the U.S. Government, we could receive a government preference to continue to obtain critical supplies to meet military production needs. However, if the government did not provide us with a government preference in such circumstances or of the suppliers are not able to meet the necessary demand for the components, the difficulty in obtaining supplies on a timely basis could have a material adverse effect on our business, financial condition and results of operations. We believe that alternative suppliers are available to supply materials and components that could replace materials and components currently used and that, if necessary, we may be able to redesign our products to make use of such alternatives provided that the costs and timing of our customers recertifying the alternate materials and components where necessary is not deemed prohibitive to our customers or us. Nevertheless, any interruption in the supply from any supplier that serves as a sole source could delay product shipments and have a material adverse effect on our business, financial condition and results of operations. We have experienced interruptions of product deliveries by sole source and other suppliers in the past, and we cannot guarantee that we will not experience a continuation of material interruption of deliveries from sole source or other suppliers in the future. Accordingly, these circumstances plus the potential impact of costly tariffs in 2025 and beyond require us to regularly monitor all aspects of our supply chain and share the updates with our customers, to ensure that any potential supply interruptions are understood with all efforts taken to minimize.

As we look forward to potential rising demand for electrification, our lead times for certain critical components from our suppliers could be extended even further, resulting in shipping delays causing us to miss contractual timelines. Our internal purchasing process is focused on the current economic environment, and lead times in the current environment are considered when placing orders from our vendors, but we cannot control the ability of our vendors or potential vendors to meet our delivery dates.

Additionally, we could continue to face prolonged, increasing pricing pressure from our suppliers due to rising costs incurred by these suppliers, including the costs associated with potential future tariffs, that could be passed on to us in higher prices for our raw materials. These increased prices could increase our cost of business, lower our margins and have other materially adverse effects on our business, financial condition and results of operations, particularly, if our pass-through of these price increases is not accepted by our customers or if our lean manufacturing initiatives take longer than anticipated.

Our growth and expansion strategy could strain or overwhelm our resources.

Rapid growth of our business could significantly strain management, operations and technical resources. If we are successful in obtaining rapid market growth of our products, we may be required to deliver large volumes of products to customers on a timely basis at a reasonable cost. For example, demand for our new transformational or existing products combined with our ability to penetrate new markets and geographies or secure a major project award, could strain the current capacity of our manufacturing facilities and require a substantial increase in our direct labor workforce in a tight job market, and require additional capital resources, equipment and time to meet the required demand. We cannot assure, however, that our business will grow rapidly or that our efforts to expand manufacturing and quality control activities will be successful or that we will be able to satisfy commercial scale production requirements on a timely and cost-effective basis. Our backlog and high confidence orders of approximately $100 million does not mean that rapid growth and demand for our products in all cases will be met by our resources without delay. Although we have highly experienced technical and engineering employees, we cannot assure you that we will be able to fulfill all of the orders of our customers for our products, without delay.

The failure to manage growth and expansion effectively could have a material adverse effect on our business, financial condition, and results of operations.

Breaches in security, whether cyber or physical, and related disruptions and/or our inability to prevent or respond to such breaches, has previously, and in the future could diminish our ability to generate revenues or contain costs, compromise our assets, and negatively impact our business in other ways.

We continuously face certain security threats, including threats to our information technology infrastructure, attempts to gain access to our proprietary or classified information, and threats to cyber and physical security. Our information technology networks and related systems are critical to the operation of our business and essential to our ability to successfully perform day-to-day operations. The risks of a security breach, cyberattack, cyber intrusion, or disruption, particularly through actions taken by computer hackers, foreign governments and cyber terrorists, have increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Although we have acquired and developed systems and processes designed to protect our proprietary or classified information, they may not be sufficient to prevent security breach, cyberattack, cyber intrusion, or disruption, and the failure to prevent these types of events could disrupt our operations, require significant management attention and resources, and could negatively impact our reputation among our customers and the public, which could have a negative impact on our financial condition, operating results and liquidity. In 2017, we formed a cross-functional executive management Security Steering Committee focused on mitigating the risk of security breaches, cyberattacks, cyber intrusions, or disruptions. In 2018, with the assistance of outside security consultants, we completed a comprehensive Systems Security Plan (“SSP”) and a Plan of Action & Milestones (“POAM”) in compliance with the requirements of National Institute of Standards and Technology (“NIST”) Special Publication 800-171, Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations. In 2019, the Company made further progress in implementing many of the security measures in our SSP and POAM, including increasing security awareness across our employee base. In 2020 through 2024, we continued to make progress towards achieving full implementation of all NIST 800-171 security standards, as well as the requirements under the Cybersecurity Maturity Model Certification (“CMMC”) framework released by the Department of Defense in 2020. We continue to review all key aspects of cybersecurity utilizing our outside security consultants to ensure a robust plan is in place and provides timely updates to our Board. Despite these measures, we cannot eliminate the risk of such security breaches and the potential adverse impacts these breaches may have on our business and financial results. Accordingly, for several years, including 2024, we maintained our cybersecurity insurance policy to help mitigate the impact of a cybersecurity incident.

As reported on Form 8-K filed on March 2, 2023, during performance of their daily information technology security procedures on January 25, 2023, our Information Technology Team ("IT Team") discovered an unauthorized entry into our information technology systems for our Newark, New York and Virginia Beach, Virginia locations. The accounts in question were immediately disabled by our IT Team, and the Company's Security Steering Committee met promptly, taking swift action, including the immediate notification of our cybersecurity insurance carrier. Shortly thereafter, with the assistance of recommendations from our cybersecurity carrier, we engaged external incident response professionals to assist with our assessment, recovery and response. On February 7, 2023, the Company received an electronic communication allegedly from a third-party, known for nefarious ransomware attacks, claiming responsibility for the incident, and discussions with that third party commenced through experienced cybersecurity professionals engaged by the Company.

This incident caused a partial disruption of our business operations at these locations, which resulted in production and shipping downtime of several weeks as well as lost sales orders. With the efforts of internal resources supported by external expertise, the Company restored its information technology systems and production was resumed in both locations. Based on the recovery of our systems, review of the files affected, as well as the Company's prompt response to and assessment of the incident, no ransom or other amount had been paid to the third party. Nevertheless, the cybersecurity event, the business interruption incurred and the resulting restoration was costly to the Company. Despite a business interruption claim, independently computed by a third-party forensic accountant, filed with our cyber insurance underwriter that has not been satisfied, on February 4, 2025 the Company filed a complaint in the Supreme Court of the State of New York, County of Wayne for the outstanding amount of our claim as computed by our third-party forensic accountant.

We continue to diligently monitor our information systems with outside expertise for any intrusions or other irregularities.

Our ability to recruit and retain experienced, competent management is critical to the success of the business, and the loss of top management and key personnel could significantly harm our business, and the ability to implement our succession plan.

The continued service of our officers and executive team is key to the successful implementation of our business model and growth strategy designed to deliver sustainable, consistent profitability. A top management priority has been the development and implementation of a formal written succession plan to mitigate the risks associated with the loss of senior executives. This formal succession plan is updated annually and presented to our Board of Directors. There is no guarantee that we will be successful in our efforts to effectively implement our succession plan.

Because of the specialized, technical nature of our business, we are highly dependent on certain members of our management, sales, engineering and technical staff. The loss of one or more of these employees could have a material adverse effect on our business, financial condition and results of operations. Our ability to effectively pursue our business strategy will depend upon, among other factors, the successful retention of our key personnel, recruitment of additional highly skilled and experienced managerial, sales, engineering and technical personnel, and the integration of such personnel obtained through business acquisitions. We cannot be sure that we will be able to retain or recruit this type of personnel at reasonable costs, or at all. An inability to hire sufficient numbers of people or to find people with the desired skills could result in greater demands being placed on limited management resources which could delay or impede the execution of our business plans and have other material adverse effects on our business, financial condition and results of operations.

Our operations in China are subject to unique risks and uncertainties, including political changes, tariffs and trade restrictions.

Our operating facility in China presents unique risks including, but not limited to, changes in local regulatory requirements, changes in labor laws, local wage laws, environmental regulations, taxes and operating licenses, compliance with U.S. regulatory requirements, including the Foreign Corrupt Practices Act, uncertainties as to the application and interpretation of local laws and enforcement of contract and intellectual property rights, currency restrictions, currency exchange controls, fluctuations in the value of currency to the U.S. dollar and currency revaluations, eminent domain claims, civil unrest, power outages, water shortages, labor shortages, labor disputes, increase in labor costs, rapid changes in government, economic and political policies, political or civil unrest, war, acts of terrorism, or the threat of boycotts, other civil disturbances, the impact of the imposition of tariffs by the U.S. Government on products that we manufacture or purchase in China as well as any retaliating trade policies or restrictions, and an outbreak of a contagious disease variant, related to COVID-19 or not, which may cause us or our suppliers and/or customers to temporarily suspend operations in the affected city or region. Any such disruptions could depress our earnings and have other material adverse effects on our business, financial condition and results of operations.

Fluctuations in the demand, supply and price of oil and gas and the resulting volatility in the level of downhole drilling could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in the demand, supply and pricing encountered in the oil and gas industry, may place financial strain on the producers and the companies that provide oilfield services and equipment to those producers. The volatility in this industry, whether driven by geopolitical developments; international tensions; supply and demand economics; the introduction of new global, national, and industry-specific regulations; U.S. administration policies; and technology, appears to be a cyclical trend. A significant downturn in the price of oil may result in a decrease in downhole drilling and adversely impact our financial results.

A decline in demand for products using our batteries or communications systems could reduce demand for our products and/or our products could become obsolete resulting in lower revenues and profitability.

A substantial portion of our business depends on the continued demand for products using our batteries and communications systems sold by our customers, including OEMs. Our success depends significantly upon the success of those customers' products in the marketplace. We are subject to many risks beyond our control that influence the success or failure of a particular product or service offered by a customer, including:

- competition faced by the customer in its particular industry,
- market acceptance of the customer's product or service,
- the engineering, sales, marketing and management capabilities of the customer,
- challenges unrelated to our technology or products faced by the customer in developing its products or services, and
- the financial and other resources of the customer.

The market for our products is characterized by rapidly changing technology and evolving industry standards, often resulting in product obsolescence or short product lifecycles. Although we believe that our products utilize state-of-the-art technology and that the costs associated with change could be prohibitive in terms of costs and time, there can be no assurance that competitors will not develop technologies or products that could render our technologies and products obsolete or less marketable. Many of the companies with which we compete have substantially greater resources than we do, and some have the capacity and volume of business to be able to produce their products more efficiently than we can. In addition, these companies are developing or have developed products using a variety of technologies that are expected to compete with our technologies. Furthermore, we have noted an increase in foreign competition, especially in Asia, over the last several years, which tends to compete on price in the battery industry, yet poor quality and the potential impact of tariffs could mitigate their progress. If these companies are more successful than we are in marketing their products and penetrating end markets, this may reduce our revenues and operating income and could have other material adverse effects on our business, financial condition and results of operations.

We are subject to certain safety risks, including the risk of fire or explosion, inherent in the manufacture, use and transportation of Lithium batteries. These risks also create the potential for claims against the Company, which can have a negative impact on our financial results.

Due to the high energy inherent in Lithium batteries, our Lithium batteries can pose certain safety risks, including the risk of fire. We incorporate procedures in research, development, product design, manufacturing processes and the transportation of Lithium batteries that are intended to reduce safety risks, but we cannot assure that accidents will not occur or that our products will not be subject to recall for safety concerns. Although we currently carry insurance policies which cover loss of plant and machinery, leasehold improvements, inventory and business interruption, any accident, whether at our manufacturing facilities or from the use and transportation of our products, may result in significant production delays or claims for damages resulting from injuries or death. While we maintain what we believe to be sufficient casualty liability coverage to protect against such occurrences, these types of losses could reduce our available cash and our operating and net income and have other material adverse effects on our reputation, business, financial condition and results of operation.

Our quarterly and annual results and the price of our common stock have and could in the future continue to fluctuate significantly.

Our future operating results and the price of our common stock may vary significantly from quarter-to-quarter and from year-to-year depending on factors such as the timing and shipment of significant orders, new product introductions, the transition of new products to higher-volume production, major project wins, U.S. and foreign government demand, delays in customer releases of purchase orders, delays in receiving raw materials from vendors and other supply-chain disruptions, the mix of distribution channels through which we sell our products and services and general economic conditions. Due to such variances in operating results, we have sometimes failed to meet, and in the future may not meet, market expectations regarding our future operating results.

In addition to the uncertainties of quarterly and annual operating results, future announcements concerning us or our competitors, including technological innovations or commercial products, litigation or public concerns as to the safety or commercial value of one or more of our products, or the impact of economic or geopolitical factors on any of the markets segments we participate in may cause the market price of our common stock to fluctuate substantially, all of which may be unrelated to our operating results.

Rising interest rates will increase the cost of our borrowing and will affect our earnings adversely.

The Company's Credit Agreement, among other things, provides for a 5-year, $55,000 senior secured term loan (the "Term Loan Facility") and a $30,000 senior secured revolving credit facility (the "Revolving Credit Facility", and together with the Term Loan Facility, the "Credit Facilities").

Upon closing of the Electrochem Acquisition on October 31, 2024, the Credit Facilities became effective to fund the acquisition and the related closing costs. As of December 31, 2024, the Company had $55,000 of outstanding principal on the Term Loan Facility, of which $2,750 is due to be paid in 2025 and included in current portion of long-term debt on the balance sheet, and no outstanding balance on the Revolving Credit Facility. The related interest rates on our borrowings are variable as disclosed in Note 3 to our Consolidated Financial Statements contained in Item 8 of this Form 10-K. While it is in the best interests of the Company to reduce the amount of debt quickly, those funds in some cases have been diverted to purchase raw material and component inventory above historical levels in order to satisfy commitments to our customers in light of our backlog and continued demand for our products as well as strategic capital expenditures to improve our gross margins. Accordingly, any increase in interest rates will adversely impact the Company's financial results, perhaps materially.

Our customers' purchases may not meet the volume expectations in our supply agreements.

We sell most of our products and services through supply agreements and contracts. While supply agreements and contracts contain volume-based pricing based on expected volumes, we cannot assure that adjustments to reflect volume shortfalls will be made under current industry practices because pricing is rarely adjusted retroactively when contract volumes are not achieved. Every effort is made to adjust future prices accordingly, but our ability to adjust prices is generally based on market conditions that may change quickly and we may not be able to adjust prices in various circumstances. This could have an adverse impact in the form of reduced revenues or lower margins.

The COVID-19 pandemic and other related illnesses have caused and may continue to create significant economic and social disruption and uncertainty around the world, may impact the health of our employees, the employees of our customers, and the employees of our suppliers, causing delays in the manufacture and delivery of our mission critical products to end customers, and may disrupt business with our collaborative business partners and service providers, which may continue to adversely impact our business and operating results.

The coronavirus disease of 2019 (COVID-19) has created significant economic disruption and uncertainty around the world. As we enter the fifth year following the initial outbreak of COVID-19, our workforce, customers and vendors still face the risk of the emergence of new strains, availability of effective treatment, and potential regulatory and macroeconomic effects stemming from such impacts. Except for certain situations in China, lockdowns, shelter-in-place restrictions, and vaccine mandates, prevalent during the initial stages of the pandemic, have now been lifted for most companies. While we have maintained normal business operations at virtually all our facilities throughout the pandemic, the related supply chain disruptions including increased lead times on key components experienced within our business and by our customers and vendors, continue to impact our work schedules and timing of shipments. The lingering impact of these conditions, potentially exacerbated by the emergence of new strains, on our business and financial results is uncertain and will depend on many evolving factors which we continue to monitor but cannot predict, including the resistance to treatments and current vaccinations, and the duration and scope of any new pandemic variants, the resulting actions taken by governments, businesses and individuals, and the flow-through impact on operations and supply chains.

We may incur significant costs or liabilities to satisfy obligations under the terms of the warranties we supply and the contractual terms under which we sell our products and services.

We typically offer standard warranties against product defects that range from ninety (90) days to three (3) years from the date of purchase. We also offer separately priced extended warranty contracts on certain Communications Systems products. Warranty costs expected to be incurred are estimated based on the Company's experience and recorded as costs of products sold, and have historically been minimal. There is no assurance that future warranty claims will be consistent with our past experience and estimates, and in the event we experience a significant increase in warranty claims, there is no assurance that our reserves will be sufficient to cover such increased warranty claims. Excessive warranty claims could have a material adverse effect on our business, financial condition and results of operations.

Any inability to comply with changes to the regulations for the shipment of our products could limit our ability to transport our products to customers in a cost-effective manner and reduce our operating income and margins.

The transportation of Lithium batteries is regulated by the International Civil Aviation Organization ("ICAO") and corresponding International Air Transport Association ("IATA") Dangerous Goods Regulations and the International Maritime Dangerous Goods Code ("IMDG") and in the U.S. by the Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"). These regulations are based on the United Nations Recommendations on the Transport of Dangerous Goods Model Regulations and the United Nations Manual of Tests and Criteria. We currently ship our products pursuant to ICAO, IATA and PHMSA hazardous goods regulations. These regulations require companies to meet certain testing, packaging, labeling and shipping specifications for safety reasons. We have not incurred, and do not expect to incur, any significant costs in order to comply with these regulations. We believe we materially comply with all current U.S. and international regulations for the shipment of our products, and we intend and expect to comply with any new regulations that are imposed. We have established our own testing facilities to ensure that we materially comply with these regulations. If, however, we are unable to comply with any such new regulations, or if regulations are introduced that limit our ability to transport our products to customers in a cost-effective manner, this could reduce our operating income and margins, and have other material adverse effects on our business, financial condition and results of operations.

Our entrance into new markets could lead to additional exposure to financial risk or increased liability, and our failure to successfully enter into those markets could lead to negative customer perception or loss of business from existing customers.

Our new products supporting our commercial diversification strategy will likely result in the introduction of our products in new end markets that we have not participated in before. These new market opportunities may carry certain risks that we may not have experienced in the past or that we may not be fully aware of. While we perform extensive due diligence in the launch of our products in new end markets and attempt to mitigate our risks with our contracts and insurance coverage, we may not be fully aware of the risks that may exist until we gain more experience in these markets.

Negative publicity concerning Lithium-ion batteries may adversely impact the industries or markets we operate in.

We are unable to predict the impact, severity or duration of negative publicity related to fire/mishandling of Lithium-ion batteries or the environmental impact of their disposal, and how it may impact the industries or markets we serve. Ongoing negative attention regarding Lithium-ion batteries that are used in certain cellular phones or are integrated into the power systems of new commercial aircraft and electric motor vehicles may have an impact on the Lithium-ion battery industry as a whole, regardless of the design or usage of those batteries. The effects of such events could reduce demand for our products and have an adverse effect on our business, financial condition, and results of operations.

We are subject to foreign currency fluctuations.

We maintain manufacturing operations in North America, the United Kingdom and China, and we export products to various countries. We purchase materials and sell our products in foreign currencies, and therefore currency fluctuations have and may in the future impact our pricing of products sold and materials purchased. Sales to non-U.S. customers make up a significant percentage of our total revenues. For example, the percentage of our business with customers outside of the U.S. was 41% in 2024 and 49% in 2023. A future strengthening of the U.S. dollar relative to our customers' currencies could make our products relatively more expensive and may adversely affect our sales levels and reduce profitability. In addition, our United Kingdom and China subsidiaries maintain their books in local currency and their translation to U.S. dollars for our consolidated financial statements have and may in the future have an adverse effect on our consolidated financial results due to changes in local currency values relative to the U.S. dollar. With the rapid pace of geopolitical events, it is difficult at this time to assess any future impact of currency fluctuation on the Company's financial results, despite our proactive efforts to minimize the short-term risks of currency fluctuations. Accordingly, currency fluctuations could have a material adverse effect on our business, financial condition and results of operations by increasing our expenses and reducing our income. Finally, we maintain certain domestic U.S. cash balances denominated in foreign currencies, and the U.S. dollar equivalent of these balances fluctuates with changes in the foreign exchange rates between these currencies and the U.S. dollar.

Our ability to use our net operating loss and tax credit carryforwards in the future may be limited, which could increase our tax liabilities and reduce our cash flow and net income.

At December 31, 2024, we had approximately $15,000 of U.S. net operating loss carryforwards and $3,200 of U.S. tax credit carryforwards available to offset future taxable income. We continually assess the carrying value of these assets based on the relevant accounting standards. Based on our latest assessment at December 31, 2024, we believe it is more likely than not that our U.S. deferred tax assets will be fully realized. However, failure to achieve our business targets could result in future charges to our income tax provision if any of the net operating loss or tax credit carryforwards are not utilized. See discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 27.

A finding that our proprietary and intellectual property rights are not enforceable or invalid could allow our competitors and others to produce competing products based on our proprietary and intellectual property or limit our ability to continue to manufacture and market our products, without significant, costly alterations.

We believe our success depends more on the knowledge, ability, experience and technological expertise of our employees than on the legal protection of patents and other proprietary rights. However, we claim proprietary rights in various unpatented technologies, know-how, trade secrets and trademarks relating to our products and manufacturing processes. We cannot guarantee the degree of protection these various rights may or will afford, or that competitors will not independently develop, patent or license technologies that are substantially equivalent or superior to our technologies. We also protect our proprietary rights in our products and operations through contractual obligations, including nondisclosure agreements with certain employees, customers, consultants and strategic partners. There can be no assurance as to the degree of protection these contractual measures may or will afford. We have had patents issued and have patent applications pending in the U.S. and elsewhere. We cannot assure (1) that patents will be issued from any of these pending applications, or that the claims allowed under any issued patents will sufficiently protect our technology, (2) that any patents issued to us will not be challenged, invalidated or circumvented, or (3) as to the degree or adequacy of protection that any patents or patent applications may or will afford. Further, if we are found to be infringing upon third party patents, we cannot assure that we will not be subjected to significant liability for damages or that we will be able to obtain licenses with respect to such patents on acceptable terms, if at all. In this event, the failure to obtain necessary licenses could delay product shipments or the introduction of new products, and costly attempts to design around such patents could foreclose the development, manufacture or sale of products, all of which could materially adversely affect our business and our results of operations.

Any impairment of goodwill and/or other indefinite-lived intangible assets could adversely impact our results of operations.

Our goodwill and other indefinite-lived intangible assets are subject to impairment testing on an annual basis. Additionally, goodwill and other indefinite-lived intangible assets are assessed for impairment whenever events and circumstances indicate that impairment may exist. Any excess carrying value of goodwill and/or other intangible assets resulting from an impairment assessment must be written off in the period of determination. In addition, from time to time, we may acquire a business which will require us to record goodwill and/or other indefinite-lived intangible assets based on the allocation of the total consideration transferred to consummate the acquisition to the identified tangible and intangible assets acquired and liabilities assumed based on their respective estimated fair values. We may subsequently experience unforeseen circumstances related to past or future acquisitions which may adversely impact the forecasted cash flows or other assumptions used to value these assets. Future determinations that the estimated fair value of our goodwill and/or indefinite-lived intangible assets is less than their respective carrying values may result in significant (non-cash) impairment charges which could have a material adverse impact on our future results of operations.

We are subject to the contract rules and procedures of the U.S. and foreign governments. These rules and procedures create significant risks and uncertainties for us that are not usually present in contracts with private parties.

We continue to develop battery products and communications systems to meet the needs of the U.S. and foreign governments. We compete in solicitations for awards of contracts from these governments. The receipt of an award, however, does not always result in the immediate release of an order and does not guarantee in any way any given volume of orders. Any delay of solicitations or anticipated purchase orders by, or future failure of, the U.S. or foreign governments to purchase products manufactured by us could have a material adverse effect on our business, financial condition and results of operations. In these scenarios we are also typically required to successfully meet contractual specifications and to pass various qualification tests for the products under contract. Our inability to pass these tests in a timely fashion, or to meet delivery schedules for orders released under contract, could have a material adverse effect on our business, financial condition and results of operations.

Additionally, when a U.S. government contract is awarded, there is a government procedure that permits unsuccessful companies to formally protest such award if they believe they were unjustly treated in the evaluation process. As a result of these protests, the government is precluded from proceeding under these contracts until the protests are resolved. A prolonged delay in the resolution of a protest, or a reversal of an award resulting from such a protest could have material adverse effects on our business, financial condition and results of operations.

Our business and results of operations could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act or other anti-corruption laws.

The FCPA, U.K. Bribery Act and other anti-corruption laws generally prohibit companies and their intermediaries from making improper payments (to foreign officials and otherwise) and require companies to keep accurate books and records and maintain appropriate internal controls. Our training program and policies mandate compliance with such laws. We operate in some parts of the world that have experienced governmental corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. If we are found to be liable for violations of anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others, including employees of our third-party partners or agents), we could suffer from civil and criminal penalties or other sanctions, incur significant internal investigation costs and suffer reputational harm. Such circumstances, if they occur, could have a material adverse impact on our results of operations.

We may incur significant costs because of known and unknown environmental factors.

National, state and local laws impose various environmental controls on the manufacture, transportation, storage, use and disposal of batteries and of certain chemicals used in the manufacture of batteries. We use and generate a variety of chemicals and other hazardous by-products in our manufacturing operations. These environmental laws govern, among other things, air emissions, wastewater discharges and the handling, storage and release of wastes and hazardous substances. Such laws and regulations can be complex and are subject to change. Although we believe that our operations are in substantial compliance with current environmental regulations and that there are no environmental conditions that will require material expenditures for clean up at our present or former facilities or at facilities to which we have sent waste for disposal, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities. There can be no assurance that additional or modified regulations relating to the manufacture, transportation, storage, use and disposal of materials used to manufacture our batteries or restricting disposal of batteries will not be imposed, or as to how these regulations will affect us or our customers. Such changes in regulations could reduce our operating income and margins and have other material adverse effects on our business, financial condition and results of operations. We could incur substantial costs as a result of violations of environmental laws, including clean-up costs, fines and sanctions and third-party property damage or personal injury claims. Failure to comply with environmental requirements could also result in enforcement actions that assess penalties and materially limit or otherwise affect the operations of the facilities involved. Under certain environmental laws, a current or previous owner or operator of an environmentally contaminated site may be held liable for the entire cost of investigation, removal or remediation of hazardous materials at such property. This liability could result whether or not the owner or operator knew of, or was responsible for, the presence of any hazardous materials.

The EU RoHS Directive places restrictions on the use of certain hazardous substances in electrical and electronic equipment. All applicable products sold in the European Union market after July 1, 2006 must comply with EU RoHS Directive. While this directive does not apply to batteries and does not currently affect our defense products, should any changes occur in the directive that would affect our products, we intend and expect to comply with any new regulations that are imposed. Our commercial chargers comply with this directive. Additional European Union directives, entitled the Waste Electrical and Electronic Equipment ("WEEE") Directive and the Directive "on batteries and accumulators and waste batteries and accumulators", impose regulations affecting our non-defense products. These directives require producers or importers of particular classes of electrical goods to be financially responsible for specified collection, recycling, treatment and disposal of past and future covered products. These directives assign levels of responsibility to companies doing business in European Union markets based on their relative market share. These directives call on each European Union member state to enact enabling legislation to implement the directive. As additional European Union member states pass enabling legislation our compliance system should be sufficient to meet such requirements. Our current estimated costs associated with our compliance with these directives based on our current market share are not significant. However, we continue to evaluate the impact of these directives as European Union member states implement guidance, and actual costs could differ from our current estimates.

The EU Battery Directive is intended to cover all types of batteries regardless of their shape, volume, weight, material composition or use. It is aimed at reducing mercury, cadmium, lead and other metals in the environment by minimizing the use of these substances in batteries and by treating and re-using old batteries. This directive applies to all types of batteries except those used to protect European member states' security, for military purposes, or sent into space. To achieve these objectives, the EU Battery Directive prohibits the marketing of some batteries containing hazardous substances. It establishes processes aimed at high levels of collection and recycling of batteries with quantified collection and recycling targets. The directive sets out minimum rules for producer responsibility and provisions with regard to labeling of batteries and their removability from equipment. Product markings are required for batteries and accumulators to provide information on capacity and to facilitate reuse and safe disposal. We currently ship our products pursuant to the requirements of the directive. Our current estimated costs associated with our compliance with these directives based on our current market share are not significant. However, we continue to evaluate the impact of these directives as European Union member states implement guidance, and actual costs could differ from our current estimates.

The China RoHS 2 directive provides a regulatory framework, including hazardous substance restrictions which are similar to those imposed by the EU RoHS Directive, and applies to methods for the control and reduction of pollution and other public hazards to the environment caused during the production, sale, and import of EEP in China affecting a broad range of electronic products and parts. The regulatory framework of China RoHS 2 also now references the updated marking and labeling requirements under Standard SJ/T 11364-2014. The methods required by China RoHS 2 only apply to EEP placed in the marketplace in China. We believe our compliance system is sufficient to meet our requirements under China RoHS 2. Our current estimated costs associated with our compliance with this regulation based on our current market share are not significant. However, we continue to evaluate the impact of this regulation, and actual costs could differ from our current estimates.

A number of domestic and international communities are prohibiting the landfill disposal of batteries and requiring companies to make provisions for product recycling. Of particular note are the EU Batteries Directive and the New York State Rechargeable Battery Recycling Law. We are committed to responsible product stewardship and ongoing compliance with these and future statutes and regulations. The compliance costs associated with current recycling statutes and regulations are not expected to be significant at this time. However, we continue to evaluate the impact of these regulations, and actual costs could differ from our current estimates and additional laws could be enacted by these and other states which entail greater costs of compliance.

The U.S. and foreign governments can audit our contracts with their respective defense and government agencies and, under certain circumstances, can adjust the economic terms, delivery schedule or other terms of those contracts.

A portion of our business comes from sales of products and services to the U.S. and foreign governments through various contracts. These contracts are subject to procurement laws and regulations that lay out policies and procedures for acquiring goods and services. The procurement laws and regulations also contain guidelines for managing contracts after they are awarded, including conditions under which contracts may be terminated, in whole or in part, at the government's convenience or for default. Failure to comply with the procurement laws or regulations can result in civil, criminal or administrative proceedings involving fines, penalties, suspension of payments, or suspension or disbarment from government contracting or subcontracting for a period of time, which could have a material adverse effect on the Company.

Compliance with government regulations regarding the use of "conflict minerals" may result in increased costs and risks to the Company.

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act"), the SEC has promulgated disclosure requirements regarding the use of certain minerals, which are mined from the Democratic Republic of Congo and adjoining countries, known as conflict minerals. We are required to perform due diligence inquiries of our supply chain and publicly disclose whether we manufacture (as defined in the Act) any products that contain conflict minerals and could incur significant costs related to implementing a process that will meet the mandates of the Act. Additionally, customers typically rely on us to provide critical data regarding the parts they purchase, including conflict mineral information. Our material sourcing is broad-based and multi-tiered, and we may not be able to easily verify the origins for conflict minerals used in the products we sell. We have many suppliers, and each provides conflict mineral information in a different manner, if at all. Accordingly, because our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of conflict minerals used in our products. Additionally, customers may demand that the products they purchase be free of conflict minerals. Such demands may limit the number of suppliers that can provide products in sufficient quantities to meet customer demand or at competitive prices. Any of these consequences may increase our costs of operations, increase or margins and adversely effect our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Securing the Company's IT systems is integral and foundational to its everyday operations. The Company’s Security Steering Committee is comprised of cross-functional executive management team members that collectively possess a high level of cybersecurity and technology operations expertise. The mission of our Security Steering Committee is to focus on defining and deploying its information security strategy, sustaining a robust employee cybersecurity awareness and training program, executing security engineering, providing continuous monitoring of the Company's information security strategy, responding and coordinating the response and investigation of cyber threats, building and testing its disaster recovery plans in support of its businesses’ continuity plan requirements, and developing its cyber and information security policies.

The Company's cybersecurity strategy is based on recognized best practices, standards, and frameworks for cybersecurity and information technology, including the Center for Information Security (“CIS”) Controls and National Institute of Standards and Technology (“NIST”). The strategy focuses on implementing technologies, controls, and processes to constantly monitor, identify, assess, and manage cybersecurity risks.

The Company’s cybersecurity program includes exercises and trainings designed to sustain a high level of cybersecurity awareness and readiness across our employee base. The Company also has a cybersecurity incident response plan that is designed to provide a framework across all functions for a coordinated identification and response to security incidents.

The Company engages leading cybersecurity firms to assist with its security engineering and operations; provide independent evaluations of its security posture through regular assessments; and to audit and provide advice on how to make its security processes and controls more effective.

The Company utilizes third-party service providers to perform a variety of functions to assist in operating its business. The cybersecurity risks associated with the use of certain providers are covered under a vendor management process. Depending on the nature of the services provided and the sensitivity and/or quantity of information processed, the vendor management process may include reviewing cybersecurity practices of these providers, contractually imposing obligations on the provider, inspecting independently audited reports, and/or conducting its own security assessments of their services.

The Company’s Board of Directors has ultimate oversight of the Company’s cybersecurity risk. Management updates the Board of Directors on the Company's cybersecurity and information security posture at least quarterly at the Company’s board meetings, or more frequently as determined to be necessary or advisable. These updates include a review of cybersecurity incidents determined to have a moderate to high business impact, even if immaterial to the Company as a whole. The Audit Committee has responsibility for assisting the Board in the review and oversight of risks affecting the Company, and oversees the enterprise risk management process, which includes, with the assistance of senior management, assessing the Company’s exposure to cybersecurity risk and the effectiveness of the Company’s processes and controls to address and respond to those risks. Management is responsible for hiring appropriate personnel, integrating cybersecurity considerations into the Company’s overall risk management strategy, and for communicating key priorities to employees, as well as for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Notwithstanding the focus and emphasis on cybersecurity, the Company has experienced and will continue to experience cybersecurity incidents, and there can be no guarantee that future incidents will not have a material adverse effect on its business. See Risk Factor "*Breaches in security, whether cyber or physical, and related disruptions and/or our inability to prevent or respond to such breaches, has previously, and in the future could diminish our ability to generate revenues or contain costs, compromise our assets, and negatively impact our business in other ways*" for more information on the Company's cybersecurity risks.

ITEM 2. PROPERTIES

As of December 31, 2024, we own two buildings in Newark, New York comprising approximately 250,000 square feet, which serve operations primarily in the Battery & Energy Products operating segment. Our corporate headquarters are located in our Newark, New York facility. We own one building in Missouri City, Texas comprising 69,000 square feet, which houses our SWE and Excell USA operations and one building in Raynham, Massachusetts comprising 82,000 square feet, which houses our Electrochem operations, and lease approximately 97,000 square feet in two buildings on one campus in Shenzhen, China, including a dormitory facility, approximately 25,000 square feet in six buildings in a contiguous area in Newcastle-under-Lyme, United Kingdom, and approximately 24,000 square feet in three facilities for our Excell Canada operations located in Calgary, Mississauga and Vancouver, Canada, all which serve operations in the Battery & Energy Products operating segment. We lease approximately 32,500 square feet in a facility in Virginia Beach, Virginia, which serves operations in the Communications Systems operating segment. We also lease sales and administrative offices, as well as manufacturing and production facilities, in India, which serve operations in the Battery & Energy Products operating segment. Our research and development efforts for Battery & Energy Products are conducted at our Newark, New York; Missouri City, Texas; Raynham, Massachusetts; Newcastle-under-Lyme, United Kingdom; Shenzhen, China; and our Canada facilities, while our research and development efforts for our Communications Systems products are conducted in our leased facilities in Tallahassee, Florida and in Virginia Beach, Virginia. We believe that our facilities are adequate and suitable for our current needs and provide sufficient capacity to produce our products to meet current demand.

ITEM 3. LEGAL PROCEEDINGS

We are subject to legal proceedings and claims that arise from time to time in the normal course of business. We believe that the final disposition of any such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows. However, recognizing that legal matters are subject to inherent uncertainties, there exists the possibility that ultimate resolution of these matters could have a material adverse impact on the Company's financial position, results of operations or cash flows. We are not aware of any such situations at this time.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Ultralife's common stock is listed on the NASDAQ Global Market under the symbol "ULBI."

Holders

As of March 1, 2025, there were approximately 5,700 registered holders of record of our common stock.

Purchases of Equity Securities by the Issuer

There were no purchases of our common stock by the Company during the years ended December 31, 2024 and December 31, 2023.

Dividends

We have never declared or paid any cash dividends on our capital stock. Pursuant to our current credit facility, we are precluded from paying any dividends. We intend to retain earnings, if any, to finance future operations and expansion and, therefore, do not anticipate paying any cash dividends in the foreseeable future. Any future payment of dividends will depend upon our financial condition, capital requirements and earnings, as well as upon other factors that our Board of Directors may deem relevant.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and notes thereto appearing in Item 8 of this Form 10-K.

The financial information in this Management's Discussion and Analysis of Financial Condition and Results of Operations is presented in thousands of dollars, except for share and per share amounts. All figures presented below represent results from continuing operations, unless otherwise specified.

General

We offer products and services ranging from power solutions to communications and electronics systems to customers across the globe in the government, defense and commercial sectors. With an emphasis on strong engineering and a collaborative approach to problem solving, we design, manufacture, install and maintain power and communications systems including rechargeable and non-rechargeable batteries, communications and electronics systems and accessories and custom engineered systems. We sell our products internationally through a variety of trade channels, including original equipment manufacturers ("OEMs"), industrial and defense supply distributors and directly to U.S. and international defense departments.

We report our results in two operating segments: Battery & Energy Products and Communications Systems. The Battery & Energy Products segment includes Lithium 9-volt, cylindrical, thin cell and other non-rechargeable batteries, in addition to rechargeable batteries, uninterruptable power supplies, charging systems and accessories. The Communications Systems segment includes RF amplifiers, power supplies, cable and connector assemblies, amplified speakers, equipment mounts, case equipment, man-portable systems, integrated communication systems for fixed or vehicle applications and communications and electronics systems design. We believe that reporting performance at the gross profit level is the best indicator of segment performance. As such, we report segment performance at the gross profit level and operating expenses as Corporate charges.

We continually evaluate ways to grow, including opportunities to expand through mergers, acquisitions and joint ventures, which we believe can broaden the scope of our products and services, expand operating and market opportunities and provide the ability to enter new lines of business synergistic with our portfolio of product offerings.

In January 2016, we acquired Accutronics Limited ("Accutronics"), a U.K. corporation based in Newcastle-under-Lyme, U.K., a leading independent designer and manufacturer of smart batteries and charger systems for high-performance, feature-laden portable and handheld electronic devices. Our acquisition of Accutronics advanced our strategy of commercial revenue diversification, expanded our geographic penetration, and achieved revenue growth from new product development.

On May 1, 2019, we acquired Southwest Electronic Energy Corporation, a Texas corporation ("SWE"), and a leading designer and manufacturer of high-performance smart battery systems and battery packs to customer specifications using Lithium cells. SWE serves a variety of industrial markets, including oil and gas, remote monitoring, process control and marine, which demand uncompromised safety, service, reliability and quality. We acquired SWE as a bolt-on acquisition which has supported our strategy of commercial revenue diversification by providing entry to the oil and gas exploration and production, and subsea electrification markets, which were previously unserved by us. Another key benefit has been obtaining a highly valuable technical team of battery pack and charger system engineers and technicians which has added to our new product development-based revenue growth initiatives in our commercial end-markets particularly asset tracking, smart metering and other industrial applications.

On December 13, 2021, we acquired 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" together with Excell Canada and 656700, collectively, "Excell"), which operate under the name Excell Battery Group. Based in Canada with U.S. operations, the Excell Battery Group is a leading independent designer and manufacturer of high-performance smart battery systems, battery packs and monitoring systems to customer specifications. Excell serves a variety of industrial markets including downhole drilling, OEM industrial and medical devices, automated meter reading, and mining, marine and other mission critical applications which demand uncompromised safety, service, reliability and quality. We acquired Excell as an important component of our strategy to diversify commercial revenue and expand the end markets we serve. Acquiring Excell has allowed us to further scale our Battery & Energy Products business and drive the operating leverage of our business model, expand into OEM device verticals that we do not presently serve, enhance our contributed value to both our customers and realize cost synergies. Furthermore, we utilize Excell experienced technical resources in our global new product initiatives and add a complementary line of highly engineered products, both existing and in development, that are costly for our customers to substitute with products of a competitor.

On October 31, 2024, we acquired Electrochem Solutions, Inc, a Massachusetts corporation ("Electrochem"). Based in Raynham, MA with over forty years of battery technology experience in critical applications, Electrochem designs and manufactures primary lithium metal and ultracapacitor cells and battery packs serving energy, military and various environmental, industrial and utility end markets on a global basis. Acquiring Electrochem advances our strategy of more fully realizing the operating leverage of our business model through scale and creates opportunities for gross margin expansion through the realization of manufacturing cost efficiencies, U.S.-based vertical integration, supply chain and lean initiatives. Electrochem primarily services a blue-chip customer base with little or no overlap with Ultralife's customers, has long-tenured technical resources which we plan to utilize in progressing our global new product initiatives, and has a complimentary portfolio of highly engineered thionyl, sulfuryl and bromine chloride cells and packs which can be commercially cost prohibitive to substitute or switch out. We view this acquisition as an avenue to create highly attractive opportunities to drive revenue growth through heightened cross-selling platforms and extend our reach into underserved adjacent markets that demand uncompromised safety, service, reliability and quality. Furthermore, with Electrochem we are increasing our value to our customers and significantly strengthening our competitive position in our end markets.

Currently, we do not experience significant seasonal sales trends in either of our operating segments, although sales to the U.S. Department of Defense and other international defense organizations can be sporadic based on the needs of those particular customers and allocated funding levels.

Consolidated revenues increased by $5,812 or 3.7% to $164,456 for the year ended December 31, 2024 compared to $158,644 for the year ended December 31, 2023. Revenues for 2024 include $6,062 for Electrochem which was acquired on October 31, 2024. Consolidated revenues for 2024 excluding Electrochem were $158,394, representing a decrease of $250 or 0.2% when compared to the prior year. During 2024, we experienced organic revenue growth, excluding Electrochem, of 6.2% for our Battery & Energy Products business and a revenue decline of 29.0% for our Communications Systems business. Our consolidated 2024 performance reflected a $1,240 or 1.2% increase in sales to our commercial customers and a $4,573 or 7.9% increase in sales to government and defense customers. The increase in our commercial business was due to Electrochem sales of $6,062, partially offset by a $1,559 or 4.2% decline in medical sales from $36,946 in 2023 to $35,387 in 2024, primarily reflecting the timing of sales to a large global medical device OEM and a $2,441 or 6.0% decline in oil & gas market sales from $40,562 in 2023 to $38,121 in 2024, excluding Electrochem, due primarily to market uncertainty leading up to the November 2024 U.S. Presidential election. The increase in government and defense sales reflects growth in Battery & Energy Products sales of $12,888 or 44.3% from $29,111 in 2023 to $41,999 in 2024 representing higher demand from prime defense contractors, partially offset by a decline in Communications Systems sales of $8,316 or 29.0% from $28,691 in 2023 to $20,375 in 2024, primarily attributable to fulfilling long-lead time orders of vehicle-amplifier adaptors to a global defense contractor for the U.S. Army and of integrated systems of amplifiers and radio vehicle mounts to a major international defense contractor in 2023. Demand for our products remains strong with our 2024 year-end backlog and high confidence orders of $102,156 representing 62.1% of 2024 revenues.

Gross margin increased to 25.7% for the year ended December 31, 2024 from 24.7% for the year ended December 31, 2023. The 100-basis point improvement was due primarily to the following: better alignment of the timing of our customer price increases with the impact of cost inflation on raw materials and key components; extending the time horizon of our sales & operations planning process ("S&OP") with both customers and suppliers while upgrading our internal resources responsible for the process to reduce the negative impact of production line start-ups, shutdowns and changeovers due to irregular component availability and lead time extensions; and concerted efforts to level-load production resulting in improved labor utilization efficiency and higher cost absorption.

Operating expenses increased by $2,624 or 8.8% to $32,349 during the year ended December 31, 2024, compared to $29,725 during the year ended December 31, 2023. The increase is primarily attributable to one-time costs of $1,294 directly related to the acquisition of Electrochem, and increased investments in new product development and the strengthening of sales and marketing leadership team to expedite organic growth and further leverage our global brand and resources. Both periods reflected continued tight control over discretionary spending. Operating expenses as a percentage of revenue was 19.7% for 2024 compared to 18.7% for 2023, a 100-basis point increase due primarily to the one-time acquisition costs.

Other expenses totaled $1,664 for the year ended December 31, 2024 compared to $358 for the year ended December 31, 2023. Other expenses for the 2023 period included an Employee Retention Credit ("ERC") of $1,544 under Section 2301 of the Coronavirus Aid, Relief and Economic Security Act which was filed with the Internal Revenue Service during the second quarter of 2023. Interest and financing expense decreased $76 or 3.8% from $2,016 for 2023 to $1,940 for the comparable period in 2024. The decrease is primarily due to the paydown of the financing of our acquisition of Excell in December 2021, partially offset by the financing of our acquisition of Electrochem on October 31, 2024. Excluding interest expense and the ERC gain in the 2023 period, miscellaneous income amounted to $276 for the 2024 period compared to $114 for the 2023 period, primarily attributable to foreign exchange gains and loss due to fluctuations in foreign currency exchange rates.

Income tax provision was $1,892 for the year ended December 31, 2024, compared to $1,951 for the year ended December 31, 2023. Our effective tax rate increased to 22.8% for the 2024 period as compared to 21.4% for the 2023 period, primarily attributable to the geographic mix in earnings and certain non-recurring transaction costs associated with the 2024 acquisition of Electrochem that were not deductible for income tax purposes. The income tax provision for 2024 is comprised of a $660 current provision for taxes expected to be paid on income primarily in foreign jurisdictions, representing a cash-based effective tax rate of 8.0%, and a $1,232 deferred tax provision which primarily represents non-cash charges for U.S. taxes that we expect will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future. For the comparable 2023 period, the income tax provision was comprised of a $650 current tax provision and a $1,301 deferred tax provision which primarily represents non-cash charges for U.S. taxes that we expect will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future.

Net income attributable to Ultralife Corporation was $6,312, or $0.38 per share – basic and diluted on a GAAP basis for the year ended December 31, 2024, compared to $7,197, or $0.44 per share – basic and diluted for the year ended December 31, 2023. Adjusted EPS was $0.45 per share on a diluted basis for 2024, compared to $0.52 per share for 2023. Adjusted EPS for 2024 excludes the provision for deferred income taxes of $1,232 which represents non-cash charges primarily for U.S. income taxes that we expect will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future. Adjusted EPS for 2023 excludes the provision for deferred income taxes of $1,301 which represents non-cash charges primarily for U.S. net operating losses and temporary tax differences which are expected to offset future U.S. taxable income. See section “Adjusted EPS” on page 35 for a reconciliation of adjusted EPS to EPS.

Adjusted EBITDA, defined as net income attributable to Ultralife Corporation before net interest expense, provision (benefit) for income taxes, depreciation and amortization, plus/minus income/expense that we do not consider reflective of our continuing operations, amounted to $16,480 for the year ended December 31, 2024, compared to $15,703 for the prior year. See the section “Adjusted EBITDA” beginning on page 33 for a reconciliation of adjusted EBITDA to net income attributable to Ultralife.

The Company’s liquidity remains solid, with cash on hand of $6,854, working capital of $67,869 and a current ratio (current assets divided by current liabilities) of 3.3 as of December 31, 2024, as compared to cash on hand of $10,278, working capital of $66,473 and a current ratio of 3.8 as of December 31, 2023.

We entered 2025 with a healthy backlog representing a broadened opportunity set in high-growth end markets that position us to more fully realize the operating leverage of our business model through scale; a plan to complete the integration of Electrochem and realize manufacturing cost efficiencies and U.S.-based vertical integration savings; a schedule of new products to launch; and a strengthened sales and marketing leadership team to expedite organic growth and further leverage our global brand and resources. As a result, we believe that we will be able to deliver profitable growth and incremental cash flow to reduce debt and support strategic capital expenditures.

Results of Operations

Year ended December 31, 2024 compared with the year ended December 31, 2023:

	Year Ended December 31, 2024	Year Ended December 31, 2023	Increase/ (Decrease)
Revenues:			
Battery & Energy Products	$ 144,081	$ 129,953	$ 14,128
Communications Systems	20,375	28,691	(8,316)
Total	164,456	158,644	5,812
Cost of products sold:			
Battery & Energy Products	107,764	99,178	8,586
Communications Systems	14,378	20,266	(5,888)
Total	122,142	119,444	2,698
Gross profit:			
Battery & Energy Products	36,317	30,775	5,542
Communications Systems	5,997	8,425	(2,428)
Total	42,314	39,200	3,114
Operating expenses	32,349	29,725	2,624
Operating income	9,965	9,475	490
Other expenses, net	1,664	358	1,306
Income before income taxes	8,301	9,117	(816)
Income tax provision	1,892	1,951	(59)
Net income	6,409	7,166	(757)
Net income (loss) attributable to non-controlling interest	97	(31)	128
Net income attributable to Ultralife Corporation	$ 6,312	$ 7,197	$ (885)
Net income attributable to Ultralife common shares – basic	$ 0.38	$ 0.44	$ (0.06)
Net income attributable to Ultralife common shares – diluted	$ 0.38	$ 0.44	$ (0.06)
Weighted average shares outstanding – basic	16,554,935	16,213,746	341,189
Weighted average shares outstanding – diluted	16,767,132	16,226,407	540,725

Revenues. Total revenues for the year ended December 31, 2024 amounted to $164,456, an increase of $5,812, or 3.7% from the $158,644 reported for the year ended December 31, 2023.

Battery & Energy Products revenues increased $14,128, or 10.9%, for the year ended December 31, 2024 as compared to the prior year. Commercial revenues of this business increased $1,240 or 1.2% from 2023 and now comprise 70.9% of total segment sales versus 77.6% last year. The increase in our commercial business was due to the acquisition of Electrochem on October 31, 2024 which contributed $6,062 to commercial sales for this segment. This increase was partially offset by a $1,559 or 4.2% decline in medical sales from $36,946 in 2023 to $35,387 in 2024, primarily reflecting the timing of sales to a large global medical device OEM, a $2,441 or 6.0% decline in oil & gas market sales from $40,562 in 2023 to $38,121 in 2024 excluding Electrochem due primarily to market uncertainty leading up to the November 2024 U.S. Presidential election, and an $823 or 3.5% decline in industrial and other commercial sales from $23,335 in 2023 to $22,512 in 2024 due primarily to timing of demand for and market testing of our new Thionyl Chloride and thin cell battery cells which are expected to increase in future periods. Government and defense sales of this business increased $12,888 or 44.3% from 2023 and now comprise 29.1% of total segment sales versus 22.4% last year. The increase primarily reflects higher U.S. demand resulting in year-over-growth of 49.9%. This was partially offset by a 6.1% decrease in sales to allied countries.

Communications Systems revenues decreased $8,316 or 29.0% for the year ended December 31, 2024 as compared to the prior year. The decrease is primarily attributable to fulfilling long-lead time orders of vehicle-amplifier adaptors to a global defense contractor for the U.S. Army and of integrated systems of amplifiers and radio vehicle mounts to a major international defense contractor under an ongoing allied country government/defense modernization program in 2023.

Our order backlog and high confidence orders at December 31, 2024 were $102,156, a decrease of $1,379 or 1.3% from the backlog and high confidence orders at December 31, 2023 which were $103,535. For our Battery & Energy Products business, the backlog and high confidence orders increased $2,587 or 2.8% to $94,584 from $91,997. The 2024 year-end backlog and high confidence orders are primarily related to orders expected to ship in 2025.

For our Communications Systems business, the backlog and high confidence orders decreased $3,966 or 34.4% to $7,572 from $11,538. The year-over-year decrease is primarily attributable to fulfilling long-lead time orders of vehicle-amplifier adaptors to a global defense contractor for the U.S. Army and of integrated systems of amplifiers and radio vehicle mounts to a major international defense contractor under an ongoing allied country government/defense modernization program in 2023. We have received or expect additional orders for Leader Radio and Vehicle Amplifier-Adaptors in 2025. The 2024 year-end backlog and high confidence orders are related to orders that are expected to ship throughout 2025.

Cost of Products Sold and Gross Profit. Cost of products sold for the year ended December 31, 2024 increased $2,698 or 2.3% from the year ended December 31, 2023. Consolidated cost of products sold as a percentage of total revenue decreased from 75.3% for the year ended December 31, 2023 to 74.3% for the year ended December 31, 2024. Correspondingly, consolidated gross margin was 25.7% for the year ended December 31, 2024, compared with 24.7% for the year ended December 31, 2023. The 100-basis point improvement in gross margin is due primarily to better alignment of the timing of our customer price increases with the impact of cost inflation on raw materials and key components; extending the time horizon of our sales & operations planning process (“S&OP”) with both customers and suppliers while upgrading our internal resources responsible for the process to reduce the negative impact of production line start-ups, shutdowns and changeovers due to irregular component availability and lead time extensions; and concerted efforts to level-load production resulting in improved labor utilization efficiency and higher cost absorption.

For our Battery & Energy Products segment, the cost of products sold increased $8,586 or 8.7%, from the year ended December 31, 2023. Battery & Energy Products’ gross profit for 2024 was $36,317 or 25.2% of revenues, an increase of $5,542 or 18.0% from gross profit of $30,775, or 23.7% of revenues, for 2023. Battery & Energy Products’ gross margin increased for the year ended December 31, 2024 by 150 basis points from the prior year to 25.2% primarily due to improved price realization as well as our concerted effort to level-load production more evenly resulting in labor utilization efficiencies and higher cost absorption.

For our Communications Systems segment, the cost of products sold decreased by $5,888 or 29.1% from the year ended December 31, 2023. Communications Systems’ gross profit for the year ended December 31, 2024 was $5,997 or 29.4% of revenues, a decrease of $2,428 or 28.8% from gross profit of $8,425 or 29.4% of revenues for the year ended December 31, 2023.

Operating Expenses. Total operating expenses for the year ended December 31, 2024 increased $2,624 or 8.8% from the year ended December 31, 2023. The increase is primarily attributable to one-time costs of $1,294 directly related to the acquisition of Electrochem, and increased investments in new product development and the strengthening of our sales and marketing leadership team to expedite organic growth and further leverage our global brand and resources. Both periods reflected continued tight control over discretionary spending.

Overall, operating expenses as a percentage of revenues was 19.7% for the year ended December 31, 2024 compared to 18.7% for the comparable 2023 period. Amortization expense associated with intangible assets related to our acquisitions increased to $1,032 for the year ended December 31, 2024 ($929 in selling, general and administrative expenses and $103 in research and development costs) from $889 for the year ended December 31, 2023 ($792 in selling, general and administrative expenses and $97 in research and development costs) as a result of the amortization periods of intangible assets associated with our acquisition of Electrochem on October 31, 2024. Research and development costs were $8,268 in 2024, an increase of $737 or 9.8%, from $7,531 reported in 2023. This increase is attributable to additional investments in new product development and our acquisition of Electrochem which contributed $227 of the increase. Selling, general, and administrative expenses increased $1,887 or 8.5% to $24,081 for the year-ended December 31, 2024 from $22,194 for the year ended December 31, 2023. The increase resulted from one-time costs of $1,294 directly related to the acquisition of Electrochem and $469 contributed by Electrochem. We continued tight control over discretionary spending across the Company.

Other Expense. Other expense totaled $1,664 for the year ended December 31, 2024 compared to $358 for the year ended December 31, 2023. Other expenses for 2023 includes an ERC of $1,544 under Section 2301 of the Coronavirus Aid, Relief and Economic Security Act which was filed with the Internal Revenue Service during the second quarter of 2023. Interest and financing expense decreased $76 or 3.8% from $2,016 for 2023 to $1,940 for the comparable period in 2024. The decrease is primarily due to the paydown of the financing of our acquisition of Excell in December 2021, partially offset by the financing of our acquisition of Electrochem on October 31, 2024. Excluding interest expense and the ERC gain in the 2023 period, miscellaneous income amounted to $276 for the 2024 period compared to $114 for the 2023 period, primarily attributable to foreign exchange gains and loss due to fluctuations in foreign currency exchange rates.

Income tax provision was $1,892 for the year ended December 31, 2024, compared to $1,951 for the year ended December 31, 2023. Our effective tax rate increased to 22.8% for the 2024 period as compared to 21.4% for the 2023 period, primarily attributable to the geographic mix in earnings and certain non-recurring transaction costs associated with the 2024 acquisition of Electrochem that were not deductible for income tax purposes. The income tax provision for 2024 is comprised of a $660 current provision for taxes expected to be paid on income primarily in foreign jurisdictions, representing a cash-based effective tax rate of 8.0%, and a $1,232 deferred tax provision which primarily represents non-cash charges for U.S. taxes that we expect will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future. For the comparable 2023 period, the income tax provision was comprised of a $650 current tax provision and a $1,301 deferred tax provision which primarily represents non-cash charges for U.S. taxes that we expect will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future.

Net income attributable to Ultralife Corporation was $6,312, or $0.38 per share – basic and diluted on a GAAP basis for the year ended December 31, 2024, compared to $7,197, or $0.44 per share – basic and diluted for the year ended December 31, 2023. Adjusted EPS was $0.45 per share on a diluted basis for 2024, compared to $0.52 per share for 2023. Adjusted EPS for 2024 excludes the provision for deferred income taxes of $1,232 which represents non-cash charges primarily for U.S. income taxes that we expect will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future. Adjusted EPS for 2023 excludes the provision for deferred income taxes of $1,301 which represents non-cash charges primarily for U.S. net operating losses and temporary tax differences which are expected to offset future U.S. taxable income. See section "Adjusted EPS" on page 35 for a reconciliation of adjusted EPS to EPS.

Weighted average common shares outstanding used to compute diluted earnings per share increased from 16,226,407 for the 2023 period to 16,767,132 for the 2024 period, due to the issuance of common stock upon the exercise of stock options in 2024 and a higher average stock price for 2024 as compared to 2023.

Adjusted EBITDA

In evaluating our business, we consider and use adjusted EBITDA, a non-GAAP financial measure, as a supplemental measure of our operating performance. We define adjusted EBITDA as net income (loss) attributable to Ultralife before net interest expense, provision (benefit) for income taxes, depreciation and amortization, and stock-based compensation expense, plus/minus expense/income that we do not consider reflective of our ongoing continuing operations. We also use adjusted EBITDA as a supplemental measure to review and assess our operating performance and to enhance comparability between periods. We also believe the use of adjusted EBITDA facilitates investors' understanding of operating performance from period to period by backing out potential differences caused by variations in such items as capital structures (affecting relative interest expense and stock-based compensation expense), the amortization of intangible assets acquired through our business acquisitions (affecting relative amortization expense and provision (benefit) for income taxes), the age and book value of facilities and equipment (affecting relative depreciation expense) and one-time charges/benefits relating to income taxes. We also present adjusted EBITDA from operations because we believe it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance. We reconcile adjusted EBITDA to net income (loss) attributable to Ultralife, the most comparable financial measure under GAAP.

We use adjusted EBITDA in our decision-making processes relating to the operation of our business together with GAAP financial measures such as operating income. We believe that adjusted EBITDA permits a comparative assessment of our operating performance, relative to our performance based on our GAAP results, while isolating the effects of depreciation and amortization, which may vary from period to period without any correlation to underlying operating performance, and of stock-based compensation, which is a non-cash expense that varies widely among companies. We believe that by presenting adjusted EBITDA, we assist investors in gaining a better understanding of our business on a going forward basis. We provide information relating to our adjusted EBITDA so that securities analysts, investors and other interested parties have the same data that we employ in assessing our overall operations. We believe that trends in our adjusted EBITDA are a valuable indicator of our operating performance on a consolidated basis and of our ability to produce operating cash flows to fund working capital needs, to service debt obligations and to fund capital expenditures.

The term adjusted EBITDA is not defined under GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. Our adjusted EBITDA has limitations as an analytical tool, and when assessing our operating performance, adjusted EBITDA should not be considered in isolation or as a substitute for net income attributable to Ultralife or other consolidated statement of operations data prepared in accordance with GAAP. Some of these limitations include, but are not limited to, the following:

a. Adjusted EBITDA does not reflect (1) our cash expenditures or future requirements for capital expenditures or contractual commitments; (2) changes in, or cash requirements for, our working capital needs; (3) the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; (4) income taxes or the cash requirements for any tax payments; and (5) all of the costs associated with operating our business;

b. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and adjusted EBITDA from continuing operations does not reflect any cash requirements for such replacements;

c. While stock-based compensation is a component of cost of products sold and operating expenses, the impact on our consolidated financial statements compared to other companies can vary significantly due to such factors as assumed life of the stock-based awards and assumed volatility of our common stock; and

d. Other companies may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

We compensate for these limitations by relying primarily on our GAAP results and using adjusted EBITDA only on a supplemental basis. Neither current nor potential investors in our securities should rely on adjusted EBITDA as a substitute for any GAAP measures and we encourage investors to review the following reconciliation of adjusted EBITDA to net income attributable to Ultralife.

	Year ended December 31,	
	2024	2023
Net income attributable to Ultralife Corporation	$ 6,312	$ 7,197
Adjustments:		
Interest expense, net	1,940	2,016
Income tax provision	1,892	1,951
Depreciation expense	3,125	3,022
Amortization of intangible assets	1,032	889
Stock-based compensation expense	698	528
Cyber insurance policy deductible	-	100
Acquisition and other non-recurring costs	1,361	-
Non-cash purchase accounting adjustments	120	-
Adjusted EBITDA	$ 16,480	$ 15,703

Adjusted Earnings Per Share

In evaluating our business, we consider and use adjusted earnings per share ("EPS"), a non-GAAP financial measure, as a supplemental measure of our business performance. We define adjusted EPS as net income (loss) attributable to Ultralife Corporation excluding the provision (benefit) for deferred income taxes divided by our weighted average shares outstanding on both a basic and diluted basis. We believe that this information is useful in providing period-to-period comparisons of our results by reflecting the portion of our tax provision that will be predominantly offset by our U.S. net operating loss carryforwards and other tax credits for the foreseeable future. We reconcile adjusted EPS to EPS, the most comparable financial measure under GAAP. Neither current nor potential investors in our securities should rely on adjusted EPS as a substitute for any GAAP measures and we encourage investors to review the following reconciliation of adjusted EPS to EPS and net income attributable to Ultralife Corporation.

Adjusted EPS is calculated as follows for the periods presented:

	Three-month period ended					
	December 31, 2024			December 31, 2023		
	Amount	Per basic share	Per diluted share	Amount	Per basic share	Per diluted share
Net income attributable to Ultralife Corporation	$ 194	$ .01	$ .01	$ 2,873	$ .18	$ .17
Deferred tax (benefit) provision	(63)	-	-	56	-	.01
Adjusted net income	$ 131	$ .01	$ .01	$ 2,929	$ .18	$ .18
Weighted average shares outstanding		16,629	16,762		16,338	16,479

	Year ended					
	December 31, 2024			December 31, 2023		
	Amount	Per basic share	Per diluted share	Amount	Per basic share	Per diluted share
Net income attributable to Ultralife Corporation	$ 6,312	$ .38	$ .38	$ 7,197	$ .44	$ .44
Deferred tax provision	1,232	.08	.07	1,301	.08	.08
Adjusted net income	$ 7,544	$ .46	$ .45	$ 8,498	$ .52	$ .52
Weighted average shares outstanding		16,555	16,767		16,214	16,226

Liquidity and Capital Resources

Cash Flows and General Business Matters

As of December 31, 2024, cash totaled $6,854, a decrease of $3,424 from the $10,278 as of December 31, 2023, primarily attributable to our profitable operations in 2023.

During the year ended December 31, 2024, cash generated from operations was $16,636, as compared to $1,929 for the year ended December 31, 2023. For the 2024 period, cash provided by our operations was comprised of net income of $6,409 plus non-cash items totaling $6,340 for depreciation, amortization, stock-based compensation, and deferred taxes, and other non-cash operating expenses, plus $3,887 attributable to a reduction in working capital, driven primarily by the timing of collections and payments.

Cash used in investing activities for the year ended December 31, 2024 was $49,954, comprised of $48,022 for the acquisition of Electrochem and $1,932 for capital expenditures, reflecting investments in equipment for new products transitioning to high-volume manufacturing, as compared to $2,552 capital spending for the year ended December 31, 2023.

Cash provided by financing activities for the year ended December 31, 2024 was $29,860, largely attributable to a $55,000 senior secured term loan upon entering into a new Credit and Security Agreement on October 31, 2024 to fund the acquisition of Electrochem, partially offset by $25,747 in repayments of outstanding indebtedness under the Company's Amended Credit Agreement including final settlement on October 31, 2024, and costs incurred in connection with issuance of the Credit and Security Agreement totaling $1,392. Cash proceeds on stock option exercises under our stock-based compensation plans provided $1,999 for the year ended December 31, 2024, as compared to $1,248 for the year ended December 31, 2023.

We continue to have significant U.S. net operating loss carryforwards available to utilize as an offset to taxable income. As of December 31, 2024, none of our U.S. net operating loss carryforwards have expired. See Note 7 to the consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Going forward, we expect positive operating cash flow and the availability under our credit facilities will be sufficient to meet our obligations for both financing and investing.

Commitments

As of December 31, 2024, the Company had $55,000 outstanding principal on the Term Loan, of which $2,750 is due to be paid in 2025, and no amounts outstanding on the Revolving Credit Facility. The Company is in full compliance with its debt covenants under the Credit Facilities.

As of December 31, 2024, we had made commitments to purchase approximately $752 of production machinery and equipment.

We typically offer standard warranties against product defects that range from ninety (90) days to three (3) years from the date of purchase. We also offer separately priced extended warranty contracts on certain Communications Systems products. Warranty costs expected to be incurred are estimated based on the Company's experience and recorded as costs of products sold. There is no assurance that future warranty claims will be consistent with our estimates, and in the event we experience a significant increase in warranty claims, there is no assurance that our reserves will be sufficient. Excessive warranty claims could have a material adverse effect on our business, financial condition and results of operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The above discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, included in Item 8 of this Form 10-K, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements requires the application of accounting policies and the use of estimates. The accounting policies most important to the preparation of the consolidated financial statements and estimates that require management's most difficult, subjective or complex judgments are described below.

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. For products shipped under vendor managed inventory arrangements, revenue is recognized and billed when the product is consumed by the customer, at which point control has transferred and there are no further obligations by the Company. 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.

Separately priced extended warranty contracts are offered on certain products. Extended warranties are treated as separate performance obligations and recognized to revenue evenly over the term of the respective contract. Revenue not yet recognized on extended warranty contracts is recorded as deferred revenue on the consolidated balance sheets.

For customer contracts with an original expected duration of less than one year, we apply the practical expedient with respect to disclosure of the deferral and future expected timing of revenue recognition for transaction price allocated to remaining performance obligations.

Valuation of Inventory:

Inventories are stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out ("FIFO") method. Our inventory includes raw materials, work in process and finished goods. We recognize provisions for excess, obsolete or slow-moving inventory. Inherent in our estimates of net realizable value in determining inventory valuation are assumptions related to expectations of future demand for our products, product lifecycles, product support, technical obsolescence, regulatory requirements, and economic and market conditions. Estimates related to the valuation of inventory are susceptible to changes as the underlying assumptions are continuously evaluated. If our assumptions are adversely different from those estimated by management, inventory adjustments to reduce inventory values would result in an increase in inventory write-offs and a decrease in gross margins.

Goodwill and Other Indefinite Lived Intangible Assets:

Under the acquisition method of accounting, the total consideration transferred to consummate the acquisition is allocated to the identified tangible and intangible assets acquired and liabilities assumed based on their respective estimated fair values as of the acquisition date with the residual amount recorded to goodwill. We do not amortize goodwill and other intangible assets with indefinite lives, but instead evaluate these assets for impairment at least annually and whenever events or circumstances indicate that impairment may exist.

The annual impairment test for goodwill consists of a comparison of the estimated fair value for each reporting unit to which goodwill is assigned to the carrying value of the respective reporting unit. The annual impairment test for the other intangible assets with an indefinite life consists of a comparison of the estimated fair value of each asset to the carrying value of the respective asset. If the estimated fair value of a reporting unit or other indefinite-lived intangible asset exceeds its respective carrying value, the goodwill or indefinite-lived intangible asset is considered not impaired. If carrying value of a reporting unit or indefinite-lived intangible asset exceeds its estimated fair value, the excess carrying value of the respective goodwill or indefinite-lived intangible asset is recognized as an impairment loss.

We conducted our annual impairment test for goodwill and other indefinite-lived intangible assets as of October 1, 2024. We identified two (2) goodwill reporting units and five (5) indefinite-lived intangible assets. We performed a quantitative impairment assessment of each goodwill reporting unit and indefinite-lived intangible asset. The estimated fair value of each reporting unit was determined using a discounted cash flow model. The estimated fair value of each indefinite-lived intangible asset was determined using other income-based valuation models. Significant estimates and assumptions were used to estimate fair value, including our internal operating and cash flow forecasts, excess working capital requirements, and inputs to the weighted-average cost of capital used to discount future cash flows. Other key assumptions used to value the trademarks and customer relationships included royalty rates and attrition rates, respectively. The significant estimates and assumptions used in these valuations are subject to judgment based on sources utilized and the assessment of risks related to our internal forecasts. Based on the results of our impairment test, and consideration of qualitative factors, no impairments were identified. There is a possibility that our goodwill and other intangible assets could be impaired in the future should there be a significant change in the significant estimates and assumptions used in our impairment assessment.

Impairment of Long-Lived Assets:

We assess our long-lived assets for impairment whenever events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of assessment. Should aggregate undiscounted future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. Fair value is estimated either through the assistance of an independent valuation or as the present value of expected discounted future cash flows. The discount rate used by us in our evaluation is an industry-based weighted average cost of capital. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, no impairment charge is recognized.

Income Taxes:

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Pursuant to ASC 740, a valuation allowance is recognized when the realizability of deferred tax assets is not more likely than not, based all available evidence, both positive and negative, weighted based on objective verifiability.

As of December 31, 2024, we concluded that it is more likely than not that our U.S. deferred tax assets will be fully realized based on management's assessment. In evaluating the realizability of our U.S. deferred tax assets, management considered all available evidence, both positive and negative, weighted based on objective verifiability. Our assessment also considered our ability to fully utilize before expiration our domestic net operating loss carryforwards, which expire 2031 thru 2035, and our general business tax credit carryforwards, which expire 2028 thru 2044. As of December 31, 2024, our domestic net operating loss carryforwards and general business tax credits were $15,000 and $3,200, respectively.

As of December 31, 2024, for certain past operations in the U.K., we continue to report a valuation allowance for net operating loss carryforwards of approximately $9,600, nearly all of which can be carried forward indefinitely. Management has concluded that utilization of the U.K. net operating losses may be limited due to the change in the past U.K. operation, and that they cannot currently be used to reduce taxable income of our other U.K. subsidiary, Accutronics Ltd. There are no other deferred tax assets related to the past U.K. operations.

As of December 31, 2024, we have not recognized a valuation allowance against our other foreign deferred tax assets, including net operating loss carryforwards of $1,000 which expire 2029 thru 2033, as we believe that it is more likely than not that they will be fully realized. We will continue to evaluate the realizability of our deferred tax assets in future periods.

Stock-Based Compensation:

We recognize compensation cost relating to share-based payment transactions in our financial statements. The cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award). We calculate implied volatility for stock options based on an average of historical volatility over the expected life of the awards. The computation of expected term is determined based on historical experience of similar awards, giving consideration to the contractual terms of the awards and the vesting period. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield in effect at the time of grant. Our awards are generally valued using the Black-Scholes method. If required, our market-based awards are valued using a Monte Carlo simulation.

Business Combinations:

We account for businesses acquired using the acquisition method of accounting. Under this method, all acquisition-related costs are expensed as incurred, and the total consideration transferred to consummate the acquisition is allocated to the identified tangible and intangible assets acquired and liabilities assumed based on their respective estimated fair values as of the acquisition date with the residual amount recorded to goodwill. As part of this process, we identify and attribute values and estimated lives to property and equipment and intangible assets acquired. These determinations involve significant estimates and assumptions, including those with respect to future cash flows, discount rates and asset lives, and therefore require considerable judgment. These determinations affect the amount of depreciation and amortization expense recognized in future periods. The results of operations of acquired businesses are included in the consolidated statements of income and comprehensive income beginning on the respective acquisition date.

Warranties:

We typically offer standard warranties against product defects that range from ninety (90) days to three (3) years from the date of purchase. We also offer separately priced extended warranty contracts on certain products. Warranty costs expected to be incurred are estimated based on the Company's experience and recorded as costs of products sold. Standard warranty costs are recognized upon product sale. Extended warranty costs are recognized over the term of the contract. Provision for warranty costs is recorded in accrued expenses and other current liabilities and other noncurrent liabilities on our consolidated balance sheet based on the duration of the warranty.

Environmental Issues:

Environmental expenditures, if any, that relate to current operations, are generally expensed. Remediation costs that relate to an existing condition caused by past operations are accrued when it is probable that these costs will be incurred and can be reasonably estimated.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and schedules listed in Item 15(a)(1) are included in this Report beginning on page 44.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Ultralife Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ultralife Corporation and its subsidiaries (the Company) as of December 31, 2024, and 2023, the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Our report dated April 1, 2025, expressed an opinion that the Company had not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Estimate for excess, obsolete, and slow-moving inventory reserve

As discussed in Notes 1 and 4 to the financial statements, inventories are stated at the lower of cost or net realizable value with cost determined under the first-in, first-out method. The Company records provisions for excess, obsolete, and slow-moving inventory based on changes in customer demand, technology developments or other economic factors. The excess, obsolete, and slow-moving inventory reserve serves to reduce the Company's inventory balance through a charge to cost of products sold.

The Company's reserve for excess, obsolete, and slow-moving inventory is based upon assumptions related to expectations of future demand, product lifecycles, product support, technical obsolescence, regulatory requirements, and economic and market conditions. If the actual realization of excess, obsolete, and slow-moving inventory does not meet the Company's assumptions future inventory adjustments would result in a decrease in gross margin. Due to the magnitude of the inventory and the subjectivity involved in estimating the reserve, we identified the evaluation of the reserve as a critical audit matter, which required a high degree of auditor judgment.

Addressing the matter involved performing subjective procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. The primary procedures we performed include: performing retrospective review of prior-year estimates to identify potential bias of management judgements, obtaining an understanding of the process and assumptions used by management to develop the reserve for excess, obsolete, and slow-moving inventory, obtaining an understanding of controls related to the reserve for excess, obsolete, and slow-moving inventory, perform brainstorming meeting among the engagement team to determine where the estimate may be susceptible to material misstatement, test management's calculation of the reserve for excess, obsolete, and slow-moving inventory, including testing the completeness and accuracy of source information used, mathematical accuracy of management's calculations, evaluate reasonableness and consistency of methodology and assumptions.

Goodwill Impairment Analysis

As discussed in Notes 1 and 4 to the financial statements, the Company performs its goodwill impairment test on an annual basis as of October 1st or whenever events and changes in circumstances indicate that the carrying value of a reporting unit might exceed its fair value. For each reporting unit the Company performed a quantitative test, which compares the fair value of the reporting unit to the carrying value of the respective reporting unit. The Company has identified two goodwill reporting units.

Management determines fair value of the respective reporting units using a discounted cash flow model. Significant estimates and judgements used in this model include internal operating and cash flow forecasts, excess working capital requirements, and inputs to the weighted-average cost of capital used to discount future cash flows. Future revenue and operating cash flow forecasts, the development of the weighted average cost of capital used to discount the future cash flows, and excess working capital requirements are subject to judgement based on sources utilized and the assessment of risks related to the cash flows. Due to the subjectivity involved with the assumptions used to determine the fair value of the reporting units, we identified the goodwill impairment test as a critical audit matter, which required a high degree of auditor judgement.

Addressing the matter involved performing subjective procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. The primary procedures we performed include: performing retrospective review of prior-year estimates to identify potential bias of management judgements, obtaining an understanding of the process and assumptions used by management to develop the impairment analysis, obtaining and understanding of controls related to the impairment analysis, performing brainstorming meeting among the engagement team to determine where the estimate may be susceptible to material misstatement, testing management's impairment analysis, including test the completeness and accuracy of source information used, mathematical accuracy of management's calculations, evaluate reasonableness and consistency of methodology and assumptions, engaging internal valuation specialist to evaluate assumptions included in the impairment analysis.

Electrochem Business Combination and Purchase Price Allocation

As discussed in Notes 1 and 2 to the financial statements, effective October 31, 2024, the Company acquired all the outstanding shares of Electrochem Solutions, Inc. (Electrochem). The total net purchase price paid for the shares of Electrochem was approximately $48.0 million. The Company applied the acquisition method of accounting for the acquisition. Under this method, identifiable assets acquired, and liabilities assumed are measured at their acquisition-date fair value. The Company used a valuation hierarchy and utilized an independent third-party valuation specialist to determine the fair values used in this allocation. Intangible assets and goodwill represented an allocation of purchase price of the acquired business in the amount of approximately $10.5 million and $7.6 million, respectively.

The Company's determination of the fair value used for the allocation of the purchase price is based upon assumptions of the future performance of Electrochem and includes work performed by a third-party valuation specialist. Due to the subjectivity involved in estimating the fair values and ultimate allocation of purchase price, we identified the fair value estimates for purchase price allocation of goodwill and intangible assets as a critical audit matter, which required a higher degree of auditor judgement as well as the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing subjective procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. The primary procedures we performed include: obtaining an understanding of the process and assumptions used by management to develop the estimate of the purchase price allocation, obtaining an understanding of the controls relating to the purchase price allocation, engaging an internal valuation specialist to review/test certain assumptions and approaches used, testing management's allocation, including test the completeness and accuracy of source information used, mathematical accuracy of management's calculations, evaluate reasonableness and consistency of methodology and assumptions.

/s/ Freed Maxick P.C. (f/k/a Freed Maxick CPAs, P.C.)

We have served as the Company's auditor since 2016.

Rochester, New York
April 1, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Ultralife Corporation

Opinion on the Internal Control Over Financial Reporting

We have audited Ultralife Corporation's (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements) and our report dated April 1, 2025 expressed an unqualified opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: ineffective control environment due to the lack of accounting personnel to provide a full complement of accounting and reporting expertise commensurate with the growth of the Company. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 financial statements, and this report does not affect our report dated April1, 2025 on those financial statements.

As described in Management's Report on Internal Controls over Financial Reporting, management has excluded Electrochem Solutions, Inc. (Electrochem) from its assessment of internal controls over financial reporting as of December 31, 2024, because it was acquired by the Company in a purchase business combination in the fourth quarter of 2024. We have also excluded Electrochem from our audit of internal controls over financial reporting. Electrochem is a wholly owned subsidiary whose net income and total assets (excluding goodwill and other intangible assets which were included in management's evaluation) represent approximately 14.5% and 16.4%, respectively, of the related consolidated financial statement amounts for the year ended December 31, 2024.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Freed Maxick P.C. (f/k/a Freed Maxick CPAs, P.C.)
Rochester, New York
April 1, 2025

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash	$ 6,854	$ 10,278
Trade accounts receivable, net of allowance for expected credit losses of $384 and $300, respectively	29,370	31,761
Inventories, net	51,363	42,215
Prepaid expenses and other current assets	9,573	5,949
Total current assets	97,160	90,203
Property, plant and equipment, net	40,485	21,117
Goodwill	45,006	37,571
Other intangible assets, net	24,557	15,107
Deferred income taxes, net	8,413	10,567
Other noncurrent assets	4,830	3,711
Total assets	$ 220,451	$ 178,276
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 14,160	$ 11,336
Current portion of long-term debt	2,750	2,000
Accrued compensation and related benefits	2,911	3,115
Accrued expenses and other current liabilities	9,470	7,279
Total current liabilities	29,291	23,730
Long-term debt, net	51,502	23,624
Deferred income taxes	1,443	1,714
Other noncurrent liabilities	4,028	3,781
Total liabilities	86,264	52,849
Commitments and contingencies (Note 5)		
Stockholders' Equity:		
Preferred stock – par value $.10 per share; authorized 1,000,000 shares; none issued	-	-
Common stock – par value $.10 per share; authorized 40,000,000 shares; issued – 21,069,079 shares and 20,783,607 shares, respectively; outstanding – 16,632,965 shares and 16,347,493 shares, respectively	2,107	2,078
Capital in excess of par value	191,828	189,160
Accumulated deficit	(34,442)	(40,754)
Accumulated other comprehensive loss	(4,006)	(3,660)
Treasury stock - at cost; 4,436,114 shares and 4,436,114 shares, respectively	(21,492)	(21,492)
Total Ultralife Corporation equity	133,995	125,332
Non-controlling interest	192	95
Total stockholders' equity	134,187	125,427
Total liabilities and stockholders' equity	$ 220,451	$ 178,276

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

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Dollars in Thousands, Except Per Share Amounts)

	Year ended December 31, 2024	Year ended December 31, 2023
Revenues	$ 164,456	$ 158,644
Cost of products sold	122,142	119,444
Gross profit	42,314	39,200
Operating expenses:		
Research and development	8,268	7,531
Selling, general and administrative	24,081	22,194
Total operating expenses	32,349	29,725
Operating income	9,965	9,475
Other expense (income):		
Interest and financing expense	1,940	2,016
Miscellaneous income	(276)	(1,658)
Total other expense, net	1,664	358
Income before income taxes	8,301	9,117
Income tax provision	1,892	1,951
Net income	6,409	7,166
Net income (loss) attributable to non-controlling interest	97	(31)
Income attributable to Ultralife Corporation	6,312	7,197
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(346)	90
Comprehensive income attributable to Ultralife Corporation	$ 5,966	$ 7,287
Net income per share attributable to Ultralife Corporation common stockholders – Basic	$ .38	$ .44
Net income per share attributable to Ultralife Corporation common stockholders – Diluted	$ .38	$ .44
Weighted average shares outstanding – Basic	16,555	16,214
Weighted average shares outstanding – Diluted	16,767	16,226

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

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in Thousands)

	Common stock							
	Number of shares	Amount	Capital in excess of par value	Accumulated other comprehensive income (loss)	Accumulated deficit	Treasury stock	Non-controlling interest	Total
Balance – December 31, 2022	20,570,710	$ 2,057	$ 187,405	$ (3,750)	$ (47,951)	$ (21,484)	$ 126	$ 116,403
Net loss					7,197		(31)	7,166
Stock option exercises	210,397	21	1,227			-		1,248
Stock-based compensation - stock options			522					522
Stock-based compensation - restricted stock			6					6
Vesting of restricted stock	2,500	-	-			(8)		(8)
Foreign currency translation adjustments				90				90
Balance – December 31, 2023	20,783,607	2,078	189,160	(3,660)	(40,754)	(21,492)	95	125,427
Net income					6,312		97	6,409
Stock option exercises	285,472	29	1,970			-		1,999
Stock-based compensation - stock options			640					640
Stock-based compensation - restricted stock			58					58
Foreign currency translation adjustments				(346)				(346)
Balance – December 31, 2024	21,069,079	$ 2,107	$ 191,828	$ (4,006)	$ (34,442)	$ (21,492)	$ 192	$ 134,187

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

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year ended December 31,	
	2024	**2023**
OPERATING ACTIVITIES:		
Net income	$ 6,409	$ 7,166
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,125	3,022
Amortization of intangible assets	1,032	889
Amortization of financing fees	91	64
Debt modification expense	162	-
Stock-based compensation	698	528
Deferred income tax expense	1,232	1,301
Changes in operating assets and liabilities:		
Accounts receivable	7,599	(3,890)
Inventories	(109)	(943)
Prepaid expenses and other assets	(3,754)	(3,098)
Income taxes receivable and payable	(64)	(142)
Accounts payable and other liabilities	215	(2,968)
Net cash provided by operating activities	16,636	1,929
INVESTING ACTIVITIES:		
Purchase of Electrochem	(48,022)	-
Purchases of property, plant and equipment	(1,932)	(2,552)
Net cash used in investing activities	(49,954)	(2,552)
FINANCING ACTIVITIES:		
Borrowings on credit facility	55,000	7,250
Payment of credit facilities	(25,747)	(3,000)
Payment of debt issuance costs	(1,392)	-
Proceeds from exercise of stock options	1,999	1,248
Tax withholdings on stock-based awards	-	(8)
Net cash provided by financing activities	29,860	5,490
Effect of exchange rate changes on cash	34	(302)
(DECREASE) INCREASE IN CASH	(3,424)	4,565
Cash - Beginning of year	10,278	5,713
Cash - End of year	$ 6,854	$ 10,278
Supplemental cash flow information:		
Construction in process in accounts payable	$ 248	$ 347
Income taxes paid	$ 722	$ 769
Interest paid	$ 1,855	$ 1,961

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

Note 1 - Summary of Operations and Significant Accounting Policies

a. *Description of Business*

As used in this annual report, unless otherwise indicated, the terms the “Company”, “we”, “our” and “us” refer to Ultralife Corporation (“Ultralife”) and its wholly owned subsidiaries ABLE New Energy Co., Limited and its wholly owned subsidiary ABLE New Energy Co., Ltd (collectively “ABLE”); Ultralife UK LTD and its wholly owned subsidiary Accutronics Ltd (collectively “Accutronics”); Ultralife Batteries (UK) Ltd.; Southwest Electronic Energy Corporation and its wholly owned subsidiary, CLB, Inc. (collectively “SWE”); Ultralife Excell Holding Corp. (“UEHC”) and its wholly owned subsidiary Excell Battery Corporation USA (collectively “Excell Battery USA”); Ultralife Canada Holding Corp (wholly owned by UEHC, “UCHC”) and its wholly owned subsidiary Excell Battery Canada ULC (“Excell Battery Canada”); Electrochem Solutions, Inc. (“Electrochem”); and its majority-owned joint venture Ultralife Batteries India Private Limited (“Ultralife India”).

We offer products and services ranging from power solutions to communications and electronics systems. Through our engineering and collaborative approach to problem solving, we serve government, defense and commercial customers across the globe. We design, manufacture, install and maintain power and communications systems including rechargeable and non-rechargeable batteries, charging systems, communications and electronics systems and accessories, and custom engineered systems. We sell our products worldwide through a variety of trade channels, including original equipment manufacturers (“OEMs”), industrial and defense supply distributors, and directly to U.S. and international defense departments.

b. *Principles of Consolidation*

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and include the accounts of Ultralife Corporation and its wholly owned subsidiaries ABLE, Accutronics, Ultralife Batteries (UK) Ltd., SWE, Excell, Electrochem, and its majority-owned joint venture Ultralife India. Intercompany accounts and transactions have been eliminated in consolidation.

c. *Management's Use of Judgment and Estimates*

The preparation of 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 year end and the reported amounts of revenues and expenses during the reporting period. Key areas affected by estimates include: (a) carrying value of goodwill and intangible assets; (b) reserves for excess and obsolete inventory, deferred tax assets, warranties, and bad debts; (c) valuation of assets acquired and liabilities assumed in business combinations; (d) various expense accruals; and (e) stock-based compensation. Our actual results could differ from these estimates.

d. *Reclassifications*

Certain items previously reported in specific financial statement captions are reclassified to conform to the current presentation. There were no material reclassifications for the years ended December 31, 2024 and 2023.

e. *Cash*

Our 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.

f. *Accounts Receivable and Allowance for Expected Credit Losses*

We extend credit to our customers in the normal course of business. We perform ongoing credit evaluations and generally do not require collateral. Payment terms are generally thirty (30) to sixty (60) days. Trade accounts receivable are recorded at their invoiced amounts, net of allowance for expected credit losses. We evaluate the adequacy of our allowance for expected credit losses quarterly. Accounts outstanding for longer than contractual payment terms are considered past due and are reviewed for collectability. We maintain reserves for potential credit losses based upon our historical experience, aging profile and general market conditions. Receivable balances are written off when collection is deemed unlikely.

g. *Inventories*

Inventories are stated at the lower of cost or net realizable value with cost determined under the first-in, first-out (FIFO) method. We record provisions for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments or other economic factors.

h. *Property, Plant and Equipment*

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

Buildings	10 – 40
Machinery and Equipment	5 – 10
Furniture and Fixtures	3 – 10
Computer Hardware and Software	2 – 5
Leasehold Improvements	Lesser of useful life or lease term

Betterments, renewals and extraordinary repairs that extend the life of the assets are capitalized. Other repairs and maintenance costs are expensed when incurred. When disposed, the cost and accumulated depreciation applicable to assets retired are removed from the accounts and the gain or loss on disposition is recognized in operating income.

i. *Long-Lived Assets, Goodwill and Intangibles*

We assess our long-lived assets for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. For property, plant and equipment and amortizable intangible assets, this is accomplished by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, no impairment is recognized. Should aggregate undiscounted future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. Fair value is estimated as the present value of expected discounted future cash flows. The discount rate used in our evaluation is an industry-based weighted average cost of capital.

Under the acquisition method of accounting, the purchase price paid, or the total consideration transferred, to consummate the acquisition is allocated to the identified tangible and intangible assets acquired and liabilities assumed based on their respective estimated fair values as of the acquisition date with the residual amount recorded to goodwill. We do not amortize goodwill and intangible assets with indefinite lives, but instead evaluate these assets for impairment at least annually, or whenever events or circumstances indicate that impairment may exist. We amortize intangible assets that have definite lives so that the economic benefits of the intangible assets are being recognized over their estimated useful life.

The annual impairment test for goodwill consists of a comparison of the estimated fair value for each reporting unit to which goodwill is assigned to the carrying value of the respective reporting unit. The annual impairment test for other indefinite-lived intangible assets consists of a comparison of the estimated fair value of each asset to the carrying value of the respective asset. If the estimated fair value of a reporting unit or other indefinite-lived intangible asset exceeds its respective carrying value, the goodwill or indefinite-lived intangible asset is considered not impaired. If carrying value of a reporting unit or indefinite-lived intangible asset exceeds its estimated fair value, the excess carrying value of the respective goodwill or indefinite-lived intangible asset is recognized as an impairment loss.

j. *Translation of Foreign Currency*

The financial statements of our foreign subsidiaries are translated from the functional currency into U.S. dollar equivalents, with translation adjustments recorded as the sole component of accumulated other comprehensive income (loss). Exchange gains and losses related to foreign currency transactions and balances denominated in currencies other than the functional currency are recognized in net income (loss).

k. *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. For products shipped under vendor managed inventory arrangements, revenue is recognized and billed when the product is consumed by the customer, at which point control has transferred and there are no further obligations by the Company. 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.

Separately priced extended warranty contracts are offered on certain Communications Systems products for a duration of up to eight (8) years. Extended warranties are treated as separate performance obligations and recognized to revenue evenly over the term of the respective contract. Revenue not yet recognized on extended warranty contracts is recorded as deferred revenue on the consolidated balance sheets.

As of December 31, 2024, there was deferred revenue on extended warranty contracts of $1,153, comprised of $298 expected to be recognized as revenue within one (1) year and classified as accrued expenses and other current liabilities on our consolidated balance sheets, and $855 expected to be recognized as revenue over the remaining duration of the respective contracts and classified as other noncurrent liabilities on our consolidated balance sheets.

As of December 31, 2024 and 2023, the Company had no other unsatisfied performance obligations for contracts with an original expected duration of greater than one year. Pursuant to Topic 606, we have applied the practical expedient with respect to disclosure of the deferral and future expected timing of revenue recognition for transaction price allocated to remaining performance obligations.

l. *Warranty Reserves*

We typically offer standard warranties against product defects that range from ninety (90) days to three (3) years from the date of purchase. We also offer separately priced extended warranty contracts on certain products. Warranty costs expected to be incurred are estimated based on the Company's experience and recorded as costs of products sold. Standard warranty costs are recognized upon product sale. Extended warranty costs are recognized over the term of the contract. Provision for warranty costs is recorded in accrued expenses and other current liabilities and other noncurrent liabilities on our consolidated balance sheets based on the duration of the warranty.

m. *Shipping and Handling Costs*

Costs incurred by us related to shipping and handling are included in cost of products sold. Amounts charged to customers pertaining to these costs are reflected as revenue.

n. *Sales Commissions*

Sales commissions are expensed as incurred for contracts with an expected duration of one year or less. There were no sales commissions capitalized as of December 31, 2024 and 2023.

o. *Research and Development*

Research and development expenditures are charged to operations as incurred. The majority of research and development expenses pertain to salaries and benefits, developmental supplies, depreciation and other contracted services. For the years ended December 31, 2024 and 2023, we expended $9,549 and $8,587, respectively, on research and development, including costs of $1,281 and $1,056, respectively, on customer sponsored research and development activities, which are included in cost of products sold.

p. *Environmental Costs*

Environmental expenditures that relate to current operations are expensed. Remediation costs that relate to an existing condition caused by past operations are accrued when it is probable that these costs will be incurred and can be reasonably estimated.

q. *Income Taxes*

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Pursuant to ASC 740, a valuation allowance is recognized when the realizability of deferred tax assets is not more likely than not, based all available evidence, both positive and negative, weighted based on objective verifiability.

r. *Concentration Related to Customers and Suppliers*

One of our customers, a large global defense primary contractor, comprised 23% and 15% of our total consolidated revenues for 2024 and 2023, respectively. Revenues for this customer represented 24% and 18% of our total Battery & Energy Products segment revenues for 2024 and 2023, respectively. There were no other customers that comprised greater than 10% of our total consolidated revenues during these years.

s. *Fair Value Measurements and Disclosures*

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or that we corroborate with observable market data for substantially the full term of the related assets or liabilities.

Level 3: Unobservable inputs supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The fair value of financial instruments approximated their carrying values at December 31, 2024 and 2023. The fair value of cash, accounts receivable, accounts payable, accrued liabilities, and the current portion of long-term debt approximates carrying value due to the short-term nature of these instruments. The carrying value of long-term debt approximates fair value, as the variable interest rates approximate current market rates.

t. *Earnings Per Share*

Basic earnings per share ("EPS") is computed by dividing net income (loss) attributable to Ultralife Corporation by the weighted average shares of common stock outstanding for the period. Diluted EPS reflects the assumed exercise and conversion of dilutive outstanding stock options and unvested restricted stock, if any, applying the treasury stock method.

For the year ended December 31, 2024, there were 770,376 outstanding stock options and 38,386 unvested restricted stock awards included in the calculation of diluted weighted average shares outstanding, as such securities were dilutive, resulting in 212,197 potential common shares included in the calculation of diluted EPS. There were 336,060 outstanding stock options for the year ended December 31, 2024 not included in EPS as the effect would be antidilutive.

For the comparable year ended December 31, 2023, there were 111,247 outstanding stock options and 4,029 unvested restricted stock awards included in the calculation of diluted weighted average shares outstanding, as such securities were dilutive, resulting in 12,661 potential common shares included in the calculation of diluted EPS. There were 1,139,348 outstanding stock options for the year ended December 31, 2023 not included in EPS as the effect would be antidilutive.

u. *Stock-Based Compensation*

We have various stock-based employee compensation plans that are described more fully in Note 6. 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).

v. *Segment Reporting*

We have two operating segments – Battery & Energy Products and Communications Systems. The basis for determining our operating segments is the manner in which financial information is used in monitoring our operations. Management operates and organizes itself according to business units that comprise unique products and services across geographic locations.

w. *Business Combinations*

We allocate the purchase price of acquired businesses to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values on the acquisition date. Any excess of the purchase price over the net fair value of the separately identifiable assets acquired and liabilities assumed is allocated to goodwill. Management determines the fair values of identifiable intangible assets acquired based on historical data, estimated discounted future cash flows, expected royalty rates for trademarks and trade names, as well as certain other information. The valuation of assets acquired and liabilities assumed requires a number of judgments and is subject to change as additional information about the fair value of assets and liabilities becomes available. Additional information, which existed as of the acquisition date but unknown to us at that time, may become known during the remainder of the measurement period. This measurement period may not exceed twelve months from the acquisition date. We will recognize any adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustments are determined. Additionally, in the same period in which adjustments are recognized, we will record the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of any change to the provisional amounts, calculated as if the accounting adjustment had been completed at the acquisition date. Acquisition costs are expensed as incurred. The results of operations and cash flows of acquired businesses are included in our consolidated financial statements from the date of acquisition.

x. *Leases*

At contract inception, the Company determines whether the arrangement is or contains a lease and determines the lease classification. The lease term is determined based on the non-cancellable term of the lease adjusted to the extent optional renewal terms and termination rights are reasonably certain. Lease expense for operating leases is recognized evenly over the lease term. Variable lease payments are recognized as period costs. The present value of remaining lease payments is recognized as a liability on the balance sheet with a corresponding right-of-use asset adjusted for prepaid or accrued lease payments. The Company uses its incremental borrowing rate for the discount rate, unless the interest rate implicit in the lease contract is readily determinable. The Company has adopted the practical expedients to not separate non-lease components from lease components and to not present short-term leases on the balance sheet. See Note 8 for further disclosure regarding lease accounting.

y. *Recent Accounting Pronouncements*

Recently Adopted Accounting Guidance

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13 "Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments" which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This guidance was effective for the Company for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. The adoption of this new accounting standard did not have a material impact on the Company's consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" to expand the disclosure requirements for reportable segments. The standard expands reportable segment disclosure requirements for public business entities primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment operating profit (loss). This standard is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The adoption of this new accounting standard did not have an impact on the Company's results of operations, financial position or cash flows.

Recent Accounting Guidance Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual reporting period beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the impact that ASU 2023-09 will have on its consolidated financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03 "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" which requires public entities to disclose specified information about certain costs and expenses. ASU 2024-03 is effective for the Company's annual reporting period beginning January 1, 2027 and interim reporting periods beginning January 1, 2028, with early adoption permitted. The Company is currently evaluating the impact that ASU 2024-03 will have on its consolidated financial statements.

Note 2 – Acquisition

On October 31, 2024, the Company completed the acquisition of all issued and outstanding shares of Electrochem Solutions, Inc., a Massachusetts corporation ("Electrochem"), pursuant to a stock purchase agreement (the "Agreement") with Greatbatch Ltd., a New York corporation (the "Seller"), dated September 27, 2024 (the "Acquisition"). The Agreement established a purchase price of $50,000 for the Acquisition subject to customary working capital adjustments. The Company completed the Acquisition for $48,022 in cash, inclusive of working capital adjustments of $1,978.

Based in Raynham, MA and with over forty years of battery technology experience in critical applications, Electrochem designs and manufactures primary lithium metal and ultracapacitor cells and battery packs serving energy, military and various environmental, industrial and utility end markets on a global basis. Acquiring Electrochem advances our strategy of more fully realizing the operating leverage of our business model through scale and manufacturing cost efficiencies. Electrochem brings a blue-chip customer base with little or no overlap with Ultralife's customers, long-tenured technical resources which we plan to utilize in progressing our global new product initiatives, and a complimentary portfolio of highly engineered thionyl, sulfuryl and bromine chloride cells and packs which can be commercially cost prohibitive to substitute or switch out. We view this acquisition as an avenue to create highly attractive opportunities to drive revenue growth through heightened cross-selling platforms and extend our reach into underserved adjacent markets that demand uncompromised safety, service, reliability and quality. In addition, the combination of Electrochem and Ultralife creates achievable opportunities for gross margin expansion through the realization of vertical integration, supply chain synergies and lean initiatives. With Electrochem we are increasing our value to our customers and significantly strengthening our competitive position in our end markets.

The Company funded the purchase price for the Acquisition through the New Credit Agreement (refer to Note 3).

The Acquisition was accounted for in accordance with the accounting treatment of a business combination pursuant to FASB ASC Topic 805, Business Combinations ("ASC 805"). Accordingly, the purchase price was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values on the acquisition date. The excess of the purchase price over the estimated fair value of the separately identifiable assets acquired and liabilities assumed was allocated to goodwill. Management is responsible for determining the acquisition date fair value of the assets acquired and liabilities assumed, which requires the use of various assumptions and judgments that are inherently subjective. The purchase price allocation presented below reflects all known information about the fair value of the assets acquired and liabilities assumed as of the acquisition date. The purchase price allocation is subject to change should additional information existing as of the acquisition date about the fair value of the assets acquired and liabilities assumed become known. The final purchase price allocation may reflect material changes in the valuation of assets acquired and liabilities assumed, including but not limited to intangible assets, fixed assets, deferred taxes, and residual goodwill.

Accounts receivable	$	5,270
Inventories		9,172
Prepaid expenses and other current assets		251
Property, plant and equipment		20,735
Goodwill		7,558
Other intangible assets		10,500
Other noncurrent assets		237
Accounts payable		(2,231)
Accrued compensation and related benefits		(1,561)
Accrued expenses and other current liabilities		(904)
Deferred tax liability, net		(748)
Other noncurrent liabilities		(257)
Net assets acquired	$	48,022

The goodwill included in the Company's purchase price allocation presented above represents the value of Electrochem's assembled and trained workforce, the incremental value that Excell engineering and technology will bring to the Company and the revenue growth which is expected to occur over time which is attributable to increased market penetration from future new products and customers. The goodwill acquired in connection with the acquisition is not deductible for income tax purposes.

Other intangible assets were valued 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 acquired.

			Annual Amortization				
	Estimated Fair Value	**Amortization Period (Years)**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Trade name	$ 5,300	15	$ 353	$ 353	$ 353	$ 353	$ 353
Customer relationships	5,100	15	340	340	340	340	340
Patents and technology	100	5	20	20	20	20	20
Total	$ 10,500		$ 713	$ 713	$ 713	$ 713	$ 713

We acquired right-of-use assets and assumed operating lease liabilities of $230. Right-of-use assets are classified as other noncurrent assets, and current and long-term lease liabilities are classified as accrued expenses and other current liabilities and other noncurrent liabilities, respectively, on the Company's consolidated balance sheets.

The operating results and cash flows of Electrochem are reflected in the Company's consolidated financial statements from the date of acquisition. Electrochem is included in the Battery & Energy Products segment.

For the year ended December 31, 2024, subsequent to the October 31, 2024 acquisition date, Electrochem contributed revenue of $6,062 and net income of $932, inclusive of a $120 increase in cost of products sold for the fair value step-up of acquired finished goods inventory sold during the period, and amortization expense of $119 on acquired identifiable intangible assets.

During the year ended December 31, 2024, the Company incurred transaction costs and other non-recurring expenses of $1,294 directly attributable to the acquisition, including one-time accounting, legal and due diligence services. These costs are included in selling, general and administrative expense on the consolidated statement of income and comprehensive income for the year ended December 31, 2024.

The following supplemental pro forma information presents the combined results of operations, inclusive of the acquisition accounting adjustments and one-time expenses described above, as if the acquisition of Electrochem had been completed on January 1, 2023, the beginning of the comparable prior period.

The supplemental pro forma results do not reflect the realization of potential synergies or other cost reductions following the completion of the business combination. The supplemental pro forma results are presented for informational purposes only and should not be considered indicative of the financial position or results of operations had the acquisition been completed as of the dates indicated and does not purport to indicate the future combined financial position or results of operation.

Set forth below are the unaudited supplemental pro forma results of the Company and Electrochem for the years ended December 31, 2024 and 2023 as if the acquisition had occurred as of January 1, 2023.

	Year Ended December 31,	
	2024	**2023**
Revenue	$ 188,724	$ 197,777
Operating income	9,139	7,350
Net income attributable to Ultralife Corporation	3,618	2,780
Net income per share attributable to Ultralife Corporation:		
Basic	$ .22	$ .17
Diluted	$ .22	$ .17

Note 3 – Debt

On October 31, 2024, Ultralife, SWE, CLB, Excell USA, and Electrochem, as borrowers, and certain other subsidiaries of the Company, entered into a new Credit and Security Agreement with KeyBank National Association ("KeyBank" or the "Bank"), as lender and administrative agent (the "New Credit Agreement"). The proceeds of the loans under the New Credit Agreement were used, in part, to repay outstanding indebtedness under the Company's Amended Credit Agreement.

The New Credit Agreement, among other things, provides in its term loan provisions for a 5-year, $55 million senior secured term loan (the "Term Loan" or "Term Loan Facility"). The Term Loan is subject to repayment in quarterly installments commencing March 31, 2025 in amounts as set forth in the New Credit Agreement. Interest is payable on the unpaid principal outstanding under the Term Loan. All amounts of unpaid principal and accrued and unpaid interest remaining due under the Term Loan are scheduled to be paid in full October 31, 2029.

Upon closing of the Acquisition on October 31, 2024, the Company borrowed the full amount of the Term Loan Facility.

As of December 31, 2024, the Company had $55,000 outstanding principal on the Term Loan, $2,750 of which is included in current portion of long-term debt on the consolidated balance sheets, and no amounts outstanding on the Revolving Credit Facility. As of December 31, 2024, unamortized debt issuance costs associated with the Term Loan of $748 are classified on the consolidated balance sheets as a reduction of long-term debt, and unamortized debt issuance costs associated with the Revolving Credit Facility of $514 are classified on the consolidated balance sheets as other noncurrent assets. Debt issuance costs include lender fees and certain costs paid to third parties, including legal and accountant fees, and are amortized to interest expense over the term of the New Credit Agreement.

The New Credit Agreement also provides under its revolving credit provisions for revolving loans, letters of credit, and swing loans ("Revolving Credit Facility"). Upon the effectiveness of the New Credit Agreement, any amounts outstanding under letters of credit issued pursuant to the Amended Credit Agreement became issued under the New Credit Agreement. The availability under the Revolving Credit Facility is subject to certain borrowing base limits based on trade receivables and inventories. All unpaid principal and accrued and unpaid interest with respect to the Revolving Credit Facility is due and payable in full on October 31, 2029.

The Company may voluntarily prepay principal amounts outstanding under the New Credit Agreement at any time subject to certain advance notifications and other restrictions.

In addition to the customary affirmative and negative covenants, the Company must maintain a consolidated fixed charge coverage ratio, as defined in the New Credit Agreement, of equal to or greater than 1.15 to 1.00 for the fiscal quarter ending March 31, 2025, and for each fiscal quarter thereafter, as calculated for the four (4) consecutive fiscal quarters ending on such date, and a consolidated senior leverage ratio, as defined in the New Credit Agreement, not to exceed (i) 3.50 to 1.00 for the fiscal quarters ending March 31, 2025 through December 31, 2025, (ii) 3.25 to 1.00 for the fiscal quarters ending March 31, 2026 through December 31, 2026, (iii) 3.00 to 1.00 for the fiscal quarter ending March 31, 2027 and on the last day of each fiscal quarter thereafter, for the remaining term of the New Credit Agreement.

Borrowings under the New Credit Agreement are secured by substantially all the assets of the Company and certain of its present and future subsidiaries who are or become parties to, or guarantors under the new Credit Agreement.

Interest will accrue on outstanding indebtedness under the Term Loan Facility and Revolving Credit Facilities at a variable rate of interest based on designated interest rate benchmarks plus a varying margin determined by reference to the consolidated senior leverage ratio in effect from time to time. Our borrowing rate was 7.07% as of December 31, 2024.

The Company must pay a fee of twenty, twenty-five or thirty basis points (depending on the consolidated senior leverage ratio in effect from time to time) based on the average daily unused availability under the Revolving Credit Facility.

The Company must make payments to the extent borrowings exceed the maximum amount then permitted to be borrowed and from the proceeds of certain transactions. Upon the occurrence of an event of default, the outstanding obligations may be accelerated, and the Bank will have other customary remedies including resort to the security interest the Company provided to the Bank.

Future minimum principal repayment obligations on our Amended Credit Facilities as of December 31, 2024 are as follows:

2025	$	2,750
2026		4,125
2027		5,500
2028		5,500
2029		37,125
Total	$	55,000

Note 4 - Supplemental Balance Sheet Information

a. Cash and Restricted Cash

The composition of the Company's cash was as follows.

	December 31,	
	2024	2023
Cash	$ 6,854	$ 10,196
Restricted cash	-	82
Total	$ 6,854	$ 10,278

As December 31, 2023, restricted cash of $82 represented euro-denominated deposits withheld by the Dutch tax authorities and third-party VAT representatives in connection with a previously utilized logistics arrangement in the Netherlands. During the year ended December 31, 2024, the deposits were returned to the Company and no longer restricted. As of December 31, 2024, there was no cash classified as restricted cash. Restricted cash as of December 31, 2023 is included as a component of the cash balance for purposes of the consolidated statements of cash flows.

b. Inventory, Net

Inventories are stated at the lower of cost or net realizable value with cost determined under the first-in, first-out (FIFO) method. The composition of inventories, net was:

	December 31,	
	2024	2023
Raw materials	$ 36,035	$ 29,098
Work in process	4,501	3,187
Finished products	10,827	9,930
Total	$ 51,363	$ 42,215

c. Property, Plant and Equipment

Major classes of property, plant and equipment consisted of the following:

	December 31,	
	2024	2023
Land	$ 4,693	$ 1,273
Buildings and leasehold improvements	30,109	15,998
Machinery and equipment	60,986	57,584
Furniture and fixtures	3,067	2,845
Computer hardware and software	7,990	7,868
Construction in progress	2,077	2,033
	108,922	87,601
Less: Accumulated depreciation	(68,437)	(66,484)
Total	$ 40,485	$ 21,117

Depreciation expense was $3,125 and $3,022 for the years ended December 31, 2024 and 2023, respectively.

d. *Goodwill and Other Intangible Assets*

The Company conducted its annual impairment test for goodwill and other indefinite-lived intangible assets as of October 1, 2024. We identified two (2) goodwill reporting units and five (5) indefinite-lived intangible assets. We performed a quantitative impairment assessment of each goodwill reporting unit and indefinite-lived intangible asset. Based on the results of our quantitative impairment tests, and consideration of qualitative factors as of our test date and December 31, 2024, no impairment was identified.

The following table summarizes the goodwill activity by segment for the years ended December 31, 2024 and 2023:

	Battery & Energy Products	Communications Systems	Total
Balance – January 1, 2024	$ 26,078	$ 11,493	$ 37,571
Acquisition of Electrochem	7,558	-	7,558
Effect of foreign currency translation	(123)	-	(123)
Balance – December 31, 2024	$ 33,513	$ 11,493	$ 45,006

The composition of intangible assets was:

	December 31, 2024		
	Cost	Accumulated amortization	Net
Customer relationships	$ 18,154	$ 7,296	$ 10,858
Trade names	9,942	813	9,129
Patents and technology	5,690	5,428	262
Trademarks	3,399	-	3,399
Other	1,500	591	909
Total other intangible assets	$ 38,685	$ 14,128	$ 24,557

	December 31, 2023		
	Cost	Accumulated amortization	Net
Customer relationships	$ 13,092	$ 6,656	$ 6,436
Trade names	4,647	647	4,000
Patents and technology	5,606	5,322	284
Trademarks	3,402	-	3,402
Other	1,500	515	985
Total other intangible assets	$ 28,247	$ 13,140	$ 15,107

The change in the cost value of other intangible assets is a result of the Electrochem acquisition (Note 2) and the effect of foreign currency translations.

Amortization of other intangible assets was included in the following financial statement captions:

	Year ended December 31,	
	2024	2023
Selling, general and administrative expense	$ 929	$ 792
Research and development expense	103	97
Total	$ 1,032	$ 889

Future amortization expense of amortizable intangible assets will be approximately $1,620, $1,486, $1,486, $1,486 and $1,465 for the five fiscal years ending December 31, 2025 through 2029, respectively.

Note 5 - Commitments and Contingencies

a. *Legal Matters*

We are subject to legal proceedings and claims that arise from time to time in the ordinary course of business. We believe that the final disposition of any such matters of which we are currently aware will not have a material adverse effect on the Company's financial position, results of operations or cash flows. However, recognizing that legal matters are subject to inherent uncertainties, there exists the possibility that ultimate resolution of current or future legal matters could have a material adverse impact on the Company's financial position, results of operations or cash flows. We are not aware of any such situations at this time.

b. *Indemnity*

Our organizational documents provide that our directors or officers will be reimbursed for all expenses, to the fullest extent permitted by law arising out of their performance.

c. *Purchase Commitments*

As of December 31, 2024, we have made commitments to purchase approximately $752 of production machinery and equipment.

d. *China*

Our operating facility in China presents risks including, but not limited to, changes in local regulatory requirements, changes in labor laws, local wage laws, environmental regulations, taxes and operating licenses, compliance with U.S. regulatory requirements, including the Foreign Corrupt Practices Act, uncertainties as to application and interpretation of local laws and enforcement of contract and intellectual property rights, currency restrictions, currency exchange controls, fluctuations of currency, and currency revaluations, eminent domain claims, civil unrest, power outages, water shortages, labor shortages, labor disputes, increase in labor costs, rapid changes in government, economic and political policies, political or civil unrest, acts of terrorism, or the threat of boycotts, other civil disturbances and the possible impact of the imposition of tariffs by the U.S. Government on 9 Volt batteries that we manufacture in China as well as any retaliating trade policies or restrictions. Any such disruptions could depress our earnings and have other material adverse effects on our business, financial condition and results of operations.

e. *Product Warranties*

We typically offer standard warranties against product defects that range from ninety (90) days to three (3) years from the date of purchase. We also offer separately priced extended warranty contracts on certain products. Warranty costs expected to be incurred are estimated based on the Company's experience and recorded as costs of products sold. Standard warranty costs are recognized upon product sale. Extended warranty costs are recognized over the term of the contract. The following table summarizes the warranty activity for the years ended December 31, 2024 and 2023:

	2024	**2023**
Accrued warranty obligations – beginning	$ 547	$ 323
Accruals for warranties issued	1,149	458
Settlements made	(809)	(234)
Accrued warranty obligations - ending	$ 887	$ 547

Note 6 – Stock-Based Compensation

We recorded non-cash stock compensation expense in each period as follows:

	Year ended December 31,	
	2024	**2023**
Stock options	$ 640	$ 522
Restricted stock	58	6
Total	$ 698	$ 528

We have various stock-based employee compensation plans, for which compensation cost is recognized in the financial statements. The cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award).

Our stockholders have approved various equity-based plans that permit the grant of stock options, restricted stock and other equity-based awards. In addition, our stockholders have approved the grant of stock options outside of these plans.

On July 16, 2024, our stockholders approved the 2024 Long-Term Incentive Plan ("2024 LTIP") as the successor plan to the 2014 Long-Term Incentive Plan ("2014 LTIP") that expired on June 2, 2024. Under the 2024 LTIP, a total of 2,000,000 shares of common stock were made available for grant of awards.. Of the total number of shares of common stock available for awards under the 2024 LTIP, no more than 800,000 shares of common stock may be used for awards other than stock options and stock appreciation rights. Grants under the 2024 LTIP may be awarded through July 15, 2034.

Stock options granted under the 2024 LTIP and 2014 LTIP are either Incentive Stock Options ("ISOs") or Non-Qualified Stock Options ("NQSOs"). Key employees are eligible to receive ISOs and NQSOs; however, directors and consultants are eligible to receive only NQSOs. Stock options vest in equal installments on the first, second and third anniversaries of the grant date and expire on the seventh anniversary of the grant date. As of December 31, 2024, there were 258,060 stock options outstanding under the 2024 LTIP and 848,376 stock options outstanding under the 2014 LTIP.

As of December 31, 2024, there was $1,108 of total unrecognized compensation costs related to outstanding stock options, which we expect to recognize over a weighted average period of 2.1 years.

We use the Black-Scholes option-pricing model to estimate fair value of stock-based awards. The following weighted average assumptions were used to value options granted during the years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
Risk-free interest rate	4.3%	4.1%
Volatility factor	58%	57%
Weighted average expected life (years)	4.7	4.9
Forfeiture rate	10.0%	10.0%
Dividends	0.0%	0.0%

We calculate expected volatility for stock options by taking an average of historical volatility over the expected term. The computation of expected term was determined based on historical experience of similar awards and consideration of the contractual terms of the stock-based awards and vesting schedules. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield in effect at the time of grant. Forfeiture rates are calculated by dividing unvested shares forfeited by beginning shares outstanding. The pre-vesting forfeiture rate is calculated yearly and is determined based on historical experience.

The following tables summarize data for the stock options issued by us:

Year ended December 31, 2024				
	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term	Aggregate intrinsic value
Shares under option – January 1	1,250,595	$ 7.10		
Options granted	261,520	7.85		
Options exercised	(298,293)	7.08		
Options forfeited or expired	(107,386)	8.41		
Shares under option – December 31	1,106,436	$ 7.15	4.53	$ 741
Vested and expected to vest - December 31	1,003,942	$ 7.17	4.36	$ 674
Options exercisable – December 31	625,826	$ 7.18	3.18	$ 477

Year ended December 31, 2023		
	Number of shares	Weighted average exercise price per share
Shares under option – January 1	1,425,693	$ 6.72
Options granted	231,650	6.69
Options exercised	(254,393)	5.83
Options forfeited or expired	(152,355)	5.06
Shares under option – December 31	1,250,595	$ 7.10
Options exercisable – December 31	789,209	$ 7.56

The following table represents additional information about stock options outstanding at December 31, 2024:

	Option outstanding			Options exercisable	
Range of exercise prices	Number of outstanding options	Weighted-average remaining contractual life	Weighted-average exercise price	Number of options exercisable	Weighted-average exercise price
$4.07 - $6.51	316,702	4.01	$ 5.68	235,589	$ 5.83
$6.84 - $6.97	317,594	5.21	6.88	176,157	6.92
$7.86 - $7.86	258,060	6.95	7.86	0	0
$8.25 - $9.85	214,080	1.37	8.89	214,080	8.89
$4.07 - $9.85	1,106,436	4.53	$ 7.15	625,826	$ 7.18

The weighted average fair value of options granted during the years ended December 31, 2024 and 2023 was $4.08 and $3.48, respectively. The total intrinsic value of options (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) exercised during the years ended December 31, 2024 and 2023 was $1,007 and $556, respectively.

Cash received from stock option exercises under our stock-based compensation plans for the years ended December 31, 2024 and 2023 was $1,999 and $1,248, respectively.

Restricted stock awards vest in equal annual installments over three years. The Company granted restricted stock awards of 35,700 shares and 4,029 shares for the years ended December 31, 2024 and 2023, respectively. The average grant date fair value of restricted stock awards was $8.71 and $7.45 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, there was $280 of total unrecognized compensation costs related to outstanding restricted shares.

There were 1,707,440 shares of common stock available for future issuance under equity compensation plans as of December 31, 2024.

Note 7 - Income Taxes

For the years ended December 31, 2024 and 2023, we recognized an income tax provision of $1,892 and $1,951, respectively.

	Year ended December 31, 2024	Year ended December 31, 2023
Current:		
Domestic	$ 50	$ 27
Foreign	610	623
	660	650
Deferred:		
Domestic	1,371	1,466
Foreign	(139)	(165)
	1,232	1,301
Total income tax provision	$ 1,892	$ 1,951

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Net operating loss carryforwards	$ 5,817	$ 8,515
Research and development	4,894	3,536
Tax credit carryforwards	3,180	2,898
Inventory reserves	2,859	1,794
Intangible assets	1,678	1,596
Accrued expenses and other	1,539	1,115
Total deferred tax assets	19,964	19,454
Valuation allowance for deferred tax assets	(2,404)	(2,441)
Net deferred tax assets	17,563	17,013
Deferred tax liabilities:		
Intangible assets	(9,480)	(8,095)
Property, plant and equipment	(1,113)	(65)
Total deferred tax liabilities	(10,593)	(8,160)
Net deferred tax assets	$ 6,970	$ 8,853

Net deferred tax assets (liabilities) are comprised of the following balance sheet amounts:

	December 31, 2024	December 31, 2023
Deferred tax assets, net	$ 8,413	$ 10,567
Deferred tax liabilities	(1,443)	(1,714)
	$ 6,970	$ 8,853

For financial reporting purposes, net income from continuing operations before income taxes is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
United States	$ 7,044	$ 7,294
Foreign	1,257	1,823
	$ 8,301	$ 9,117

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to income from continuing operations before income taxes as follows:

	Year ended December 31,	
	2024	**2023**
Statutory income tax rate	21.0%	21.0%
Increase (decrease) in tax provision resulting from:		
Equity compensation	0.5	0.4
Global intangible low-taxed income	0.7	1.4
China R&D deduction	(1.1)	(1.0)
Income tax credits	(3.6)	(3.3)
Tax rate changes	(0.1)	-
Foreign exchange loss	0.8	-
Foreign tax rates	2.3	1.7
States taxes	1.1	0.8
Transaction costs	0.7	-
Other	0.5	0.4
Effective income tax rate	22.8%	21.4%

As of December 31, 2024, it was concluded that it is more likely than not that our U.S. deferred tax assets will be fully realized based on management's assessment. In evaluating the realizability of our U.S. deferred tax assets, management considered all available evidence, both positive and negative, weighted based on objective verifiability. Our assessment also considered our ability to fully utilize before expiration our domestic net operating loss carryforwards, which expire 2031 thru 2035, and our general business tax credit carryforwards, which expire 2028 thru 2044. As of December 31, 2024, our domestic net operating loss carryforwards and general business tax credits were $15,000 and $3,200, respectively.

As of December 31, 2024, for certain past operations in the U.K., we continue to report a valuation allowance for net operating loss carryforwards of approximately $9,600, nearly all of which can be carried forward indefinitely. Management has concluded that utilization of the U.K. net operating losses may be limited due to the change in the past U.K. operation, and that they cannot currently be used to reduce taxable income of our other U.K. subsidiary, Accutronics Ltd. There are no other deferred tax assets related to the past U.K. operations.

As of December 31, 2024, we have not recognized a valuation allowance against our other foreign deferred tax assets, including net operating loss carryforwards of $1,000 which expire 2029 thru 2033, as we believe that it is more likely than not that they will be fully realized.

There were no unrecognized tax benefits related to uncertain tax positions at December 31, 2024 and 2023.

As of December 31, 2024, the Company maintains its assertion that all foreign earnings will be indefinitely reinvested in those operations, other than earnings generated in the U.K.

As a result of our operations, we file income tax returns in various jurisdictions including U.S. federal, U.S. state and foreign jurisdictions. We are routinely subject to examination by taxing authorities in these various jurisdictions. Our U.S. tax matters for 2021 thru 2023 remain subject to IRS examination. Our U.S. tax matters for 2001-2002, 2005-2007, 2009, and 2011-2015 also remain subject to IRS examination due to the remaining availability of net operating loss carryforwards generated in those years. Our U.S. tax matters for 2014 thru 2023 remain subject to examination by various state and local tax jurisdictions. Our tax matters for the years 2014 thru 2023 remain subject to examination by the respective foreign tax jurisdiction authorities.

Note 8 – Operating Leases

The Company has operating leases predominantly for operating facilities. As of December 31, 2024, the remaining lease terms on our operating leases range from approximately one (1) year to seven (7) years. Lease terms include renewal options reasonably certain of exercise. There is no transfer of title or option to purchase the leased assets upon expiration. There are no residual value guarantees or material restrictive covenants.

The components of lease expense for the current and prior-year comparative periods were as follows:

	Year ended December 31,	
	2024	2023
Operating lease cost	$ 1,101	$ 1,016
Variable lease cost	100	114
Total lease cost	$ 1,201	$ 1,130

Supplemental cash flow information related to leases was as follows:

	Year ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,108	$ 1,036
Right-of-use assets obtained in exchange for lease liabilities:	$ 1,706	$ 2,192

Supplemental balance sheet information related to leases was as follows:

	Balance Sheet Classification	December 31, 2024	December 31, 2023
Assets:			
Operating lease right-of-use asset	Other noncurrent assets	$ 4,153	$ 3,589
Liabilities:			
Current operating lease liability	Accrued expenses and other current liabilities	$ 1,138	$ 894
Operating lease liability, net of current portion	Other noncurrent liabilities	2,998	2,644
Total operating lease liability		$ 4,136	$ 3,538
Weighted-average remaining lease term (years)		4.5	5.3
Weighted-average discount rate		6.7%	4.5%

Future minimum lease payments as of December 31, 2024 are as follows:

Maturity of Operating Lease Liabilities	
2025	$ 1,178
2026	1,035
2027	981
2028	965
2029	507
Thereafter	107
Total lease payments	$ 4,773
Less: Imputed interest	(637)
Present value of remaining lease payments	$ 4,136

Note 9 - 401(k) Retirement Benefit Plan

We maintain a defined contribution 401(k) plan covering substantially all employees. Employees can contribute a portion of their salary or wages as prescribed under Section 401(k) of the Internal Revenue Code and, subject to certain limitations, we may, at the discretion of our Board of Directors, authorize an employer contribution based on a portion of the employees' contributions. For the years ended December 31, 2024 and 2023, the Company matched 100% on the first 3% and 50% on the next 2% contributed by the employee, or a maximum of 4% of the employee's income. For 2024 and 2023, we contributed $771 and $678, respectively, to the 401(k) plan.

Note 10 - Business Segment Information

We structure our operations primarily around the products we sell and report our financial results in following two operating segments: Battery & Energy Products and Communications Systems. The Battery & Energy Products segment includes Lithium 9-volt, cylindrical and various other non-rechargeable batteries, in addition to rechargeable batteries, uninterruptable power supplies, charging systems and accessories. The Communications Systems segment includes RF amplifiers, power supplies, cable and connector assemblies, amplified speakers, equipment mounts, case equipment, man-portable systems, integrated communication systems for fixed or vehicle applications and communications and electronics systems design.

Our Chief Operating Decision Maker ("CODM") is Mike Manna, President & Chief Executive Officer. Both of our business segments are regularly reviewed by the CODM through weekly revenue, gross margin and consolidated financial forecast updates, bi-weekly business and financial reviews to assess business performance, top priorities, utilization of resources and to regularly communicate with segment management, who are part of the CODM's executive leadership team, and monthly meetings with the executive leadership team. In his role as CODM, Mr. Manna is deeply involved in business operations through daily updates by the segment management and ongoing financial, revenue and operations discussions.

The primary financial measures used by the CODM to monitor and evaluate the performance of the operating segments is segment contribution, as defined by gross profit less direct research and development ("R&D") and direct selling, general and administrative ("SG&A") expenses. This metric is used as a consistent benchmark for comparison across reporting periods.

Corporate general and administrative ("G&A") expenses, including costs associated with our acquisitions, include corporate functions including board of directors, executive officers, accounting & finance, human resources, legal, information technology and their related functional expenses. These costs are not directly allocable to the business segments.

2024:

	Battery & Energy Products	Communications Systems	Corporate	Total
Revenue	$ 144,081	$ 20,375	$ -	$ 164,456
Cost of products sold	(107,764)	(14,378)	-	(122,142)
Gross profit	36,317	5,997	-	42,314
Direct R&D and SG&A expenses	(17,320)	(4,806)	-	(22,126)
Segment contribution	18,997	1,191	-	20,188
Corporate G&A expenses	-	-	(10,223)	(10,223)
Operating profit				9,965
Other expense, net			(1,664)	(1,664)
Income tax provision			(1,892)	(1,892)
Non-controlling interest			(97)	(97)
Net income attributable to Ultralife				$ 6,312
Total assets	$ 173,954	$ 26,876	$ 19,621	$ 220,451
Capital expenditures	$ 1,261	$ 513	$ 158	$ 1,932
Goodwill	$ 33,513	$ 11,493	$ -	$ 45,006
Depreciation and amortization of intangible assets	$ 3,676	$ 237	$ 244	$ 4,157
Stock-based compensation	$ 383	$ 96	$ 219	$ 698

2023:

	Battery & Energy Products	Communications Systems	Corporate	Total
Revenue	$ 129,953	$ 28,691	$ -	$ 158,644
Cost of products sold	(99,178)	(20,266)	-	(119,444)
Gross profit	30,775	8,425	-	39,200
Direct R&D and SG&A expenses	(16,499)	(4,467)	-	(20,966)
Segment contribution	14,276	3,958	-	18,234
Corporate G&A expenses	-	-	(8,759)	(8,759)
Operating profit				9,475
Other expense, net			(358)	(358)
Income tax provision			(1,951)	(1,951)
Non-controlling interest			31	31
Net income attributable to Ultralife				$ 7,197
Total assets	$ 124,411	$ 28,873	$ 24,992	$ 178,276
Capital expenditures	$ 2,064	$ 118	$ 370	$ 2,552
Goodwill	$ 26,078	$ 11,493	$ -	$ 37,571
Depreciation and amortization of intangible assets	$ 3,336	$ 183	$ 392	$ 3,911
Stock-based compensation	$ 336	$ 74	$ 118	$ 528

Long-lived assets (comprised of property, plant and equipment; goodwill; and other intangible assets) held outside the U.S., principally in Canada, United Kingdom and China, were $22,306 and $23,709 as of December 31, 2024 and 2023, respectively.

The following tables disaggregate our business segment revenues by major source and geography.

Commercial and Government/Defense Revenue Information:

Year ended December 31, 2024:

	Total Revenue	Commercial	Government/ Defense
Battery & Energy Products	$ 144,081	$ 102,082	$ 41,999
Communications Systems	20,375	-	20,375
Total	$ 164,456	$ 102,082	$ 62,374
		62%	38%

Year ended December 31, 2023:

	Total Revenue	Commercial	Government/ Defense
Battery & Energy Products	$ 129,953	$ 100,842	$ 29,111
Communications Systems	28,691	-	28,691
Total	$ 158,644	$ 100,842	$ 57,802
		64%	36%

U.S. and Non-U.S. Revenue Information[1]:

Year ended December 31, 2024:

	Total Revenue	United States	Non-United States
Battery & Energy Products	$ 144,081	$ 82,227	$ 61,854
Communications Systems	20,375	14,813	5,562
Total	$ 164,456	$ 97,040	$ 67,416
		59%	41%

Year ended December 31, 2023:

	Total Revenue	United States	Non-United States
Battery & Energy Products	$ 129,953	$ 64,120	$ 65,833
Communications Systems	28,691	17,276	11,415
Total	$ 158,644	$ 81,396	$ 77,248
		51%	49%

[1] Sales classified to U.S. include shipments to U.S.-based prime contractors which in some cases may serve non-U.S. projects.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures – Disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

Management, under the supervision and with the participation of our President and Chief Executive Officer (principal executive officer) and our Chief Financial Officer and Treasurer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report. Management has concluded that our disclosure control and procedures were not effective as of December 31, 2024, as a result of a material weakness in our internal control over financial reporting, as described below.

Notwithstanding the material weakness identified, management believes that the Consolidated Financial Statements included in this Annual Report on Form 10-K present fairly, in all material respects, the financial position of the Company at December 31, 2024 and December 31, 2023 and the consolidated results of operations and cash flows for each of the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Report on Internal Control Over Financial Reporting – Management, under the supervision and with the participation of our President and Chief Executive Officer and Chief Financial Officer and Treasurer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

In accordance with guidance issued by the SEC, registrants are permitted to exclude acquisitions from the final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred while integrating the acquired operations. Our management's evaluation of internal control over financial reporting excluded Electrochem which we acquired on October 31, 2024, as discussed in Note 2 to the consolidated financial statements. Total net income of Electrochem from the date of acquisition included in our consolidated results represented 14.5% of our consolidated net income for the year ended December 31, 2024. Total assets of Electrochem (excluding acquired goodwill and other intangible assets which were included in management's evaluation) represented 16.4% of our consolidated total assets as of December 31, 2024.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework (2013). Based on our evaluation, we have concluded that, while we believe that the Consolidated Financial Statements included in this Annual Report on Form 10-K are free of material misstatement, there is a material weakness in our internal control over financial reporting attributable to our need for additional accounting personnel to provide a full complement of accounting and reporting expertise commensurate with the growth of the Company both organic and through acquisitions. As a result of the material weakness identified, management has concluded that our internal control over financial reporting was not effective as of December 31, 2024.

A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Freed Maxick P.C., our independent registered public accounting firm, as stated in their report included in Part II, Item 8 of this Annual Report on Form 10-K.

<u>Remediation Efforts to Address the Material Weaknesses</u> – Management has already taken steps to remediate our identified material weakness and will continue to take further steps until the remediation is complete. The Company is currently seeking to hire additional personnel including certified public accountants to augment the experience and expertise of our accounting team and provide for a full complement of resources commensurate with the Company's continued growth. During the fourth quarter of 2024, we hired a highly experienced individual as VP of Financial Growth, Transition & Efficiency and in the first quarter of 2025 we hired a Controller for Electrochem. Until all of the necessary resources are in place, expected to occur in 2025, the current members of our accounting team will continue their best efforts to provide additional oversight. We believe that with this interim additional oversight, coupled with the additional personnel we are in the process of recruiting and hiring, will allow us to execute business process controls more quickly and ensure a greater level of monitoring whether controls are present and functioning.

Remediation will be deemed complete once our corrective actions are fully implemented and further evaluation is performed, including testing, to conclude that our internal control over financial reporting is effective.

<u>Changes in Internal Control over Financial Reporting</u> –There have been no changes in our internal control over financial reporting that occurred during the fourth quarter of the fiscal year covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

<u>Limitations on the Effectiveness of Controls</u> – Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or its internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that its objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons or by the collusion of two or more persons. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

The information required by Part III, other than as set forth in Item 12, and each of the following items is omitted from this report and will be presented in our definitive proxy statement ("Proxy Statement") to be filed pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this report, in connection with our 2025 Annual Meeting of Stockholders, which information included therein is incorporated herein by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The sections entitled "Election of Directors", "Executive Officers", "Delinquent Section 16(a) Reports Compliance" and "Corporate Governance" in the Proxy Statement are incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The sections entitled "Executive Compensation", "Directors Compensation", "Employment Arrangements" and "Compensation and Management Committee" in the Proxy Statement are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The section entitled "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" in the Proxy Statement is incorporated herein by reference.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,106,436	$ 7.15	1,707,440
Equity compensation plans not approved by security holders	-	-	-
Total	1,106,436	$ 7.15	1,707,440

See Note 6 in the notes to consolidated financial statements for additional information.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The section entitled "Corporate Governance – General" in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The section entitled "Proposal to Ratify the Selection of Independent Registered Accounting Firm - Principal Accountant Fees and Services" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

1. Financial Statements

The financial statements and schedules required by this Item 15 are set forth in Part II, Item 8 of this Form 10-K.

Auditor information:
Freed Maxick P.C. (f/k/a Freed Maxick CPAs, P.C.)
Rochester, New York
PCAOB ID 317

(b) Exhibits. The following exhibits are filed as a part of this report:

Exhibit Index	Description of Document	Filed Herewith or Incorporated by Reference from:
2.1	Share Purchase Agreement, dated December 13, 2021, by and among 1336889 B.C. Unlimited Liability Company, Mark Kroeker, Randolph Peters, Brian Larsen, M. & W. Holdings Ltd., Karen Kroeker, Heather Peterson, Michael Kroeker, Nicholas Kroeker, Brentley Peters, Craig Peters, Kurtis Peters, Heather Larsen, Ian Kane, Carol Peters, 0835205 B.C. LTD, and Excell Battery Canada Inc.	Exhibit 2.1 of the Form 8-K filed on December 16, 2021
2.2	Share Purchase Agreement, dated December 13, 2021, by and among 1336902 B.C. Unlimited Liability Company, M. & W. Holdings Ltd., Ian Kane, Sanford Capital Ltd., Arcee Enterprises Inc., 0835205 B.C. Ltd., and 656700 B.C. LTD	Exhibit 2.2 of the Form 8-K filed on December 16, 2021
2.3	Stock Purchase Agreement, dated May 1, 2019, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, Southwest Electronic Energy Medical Research Institute, and Claude Leonard Benckenstein	Exhibit 2.1 of the Form 8-K filed on May 2, 2019
2.4	Stock Purchase Agreement Relating to Accutronics Limited by and between Robert Andrew Phillips and Others and Ultralife Corporation	Exhibit 2.2 of the Form 10-K for the year ended December 31, 2015, filed March 2, 2016
3.1	Restated Certificate of Incorporation	Exhibit 3.1 of the Form 10-K for the year ended December 31, 2008, filed March 13, 2009
3.2	Amended and Restated By-laws	Exhibit 3.2 of the Form 8-K filed December 9, 2011
4.1	Specimen Stock Certificate	Exhibit 4.1 of the Form 10-K for the year ended December 31, 2008, filed March 13, 2009
4.2	Description of Registrant's Securities	Exhibit 4.2 of the Form 10-K/A for the year ended December 31, 2019, filed April 28, 2020

10.1*	Amendment to the Agreement relating to rechargeable batteries	Exhibit 10.24 of our Form 10-K for the fiscal year ended June 30, 1996 (this Exhibit may be found in SEC File No. 0-20852)
10.3†	Ultralife Corporation Amended 2014 Long-Term Incentive Plan	Appendix B of Form DEF 14A filed on June 1, 2021
10.4	Credit and Security Agreement between Ultralife Corporation and KeyBank National Association dated May 31, 2017	Exhibit 10.1 of the Form 8-K filed on June 6, 2017
10.5	First Amendment Agreement, dated May 1, 2019, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, CLB, Inc., and KeyBank National Association	Exhibit 10.1 of the Form 8-K filed on May 2, 2019
10.6†	Amendment No. 1 to Ultralife Corporation Amended 2014 Long-Term Incentive Plan	Appendix A of Form DEF 14A filed on June 1, 2021
10.7	Second Amendment Agreement, dated December 13, 2021, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, CLB, Inc., Ultralife Excell Holding Corp., Ultralife Canada Holding Corp., Excell Battery Corporation USA, and KeyBank National Association	Exhibit 10.1 of the Form 8-K filed on December 16, 2021
10.8	Third Amendment Agreement, dated November 28, 2022, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, CLB, Inc., Ultralife Excell Holding Corp., Ultralife Canada Holding Corp., Excell Battery Corporation USA, Excell Battery Canada ULC and KeyBank National Association	Exhibit 10.8 of the Form 10-K for the year ended December 31, 2022, filed March 31, 2013
10.9	Stock Purchase Agreement dated September 27, 2024	Exhibit 10.1 of the Form 8-K filed on October 3, 2024
10.10	Credit and Security Agreement dated as of October 31, 2024	Exhibit 10.2 of the Form 8-K filed on November 6, 2024
21	Subsidiaries	Filed herewith
23.1	Consent of Freed Maxick P.C. (f/k/a Freed Maxick CPAs, P.C.)	Filed herewith
31.1	Rule 13a-14(a) / 15d-14(a) CEO Certifications	Filed herewith
31.2	Rule 13a-14(a) / 15d-14(a) CFO Certifications	Filed herewith
32	Section 1350 Certifications	Filed herewith
97.1	Ultralife Corporation Policy for the Recovery of Erroneously Awarded Compensation	Exhibit 97.1 of the Form 10-K for the year ended December 31, 2023, filed March 21, 2024
101.INS	Inline XBRL Instance Document	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith

* Confidential treatment has been granted as to certain portions of this exhibit.

† Management contract or compensatory plan or arrangement.

Attached as Exhibit 101 to this report are the following formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2024 and December 31, 2023, (ii) Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2024 and December 31, 2023, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2024 and December 31, 2023, (iv) Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2024 and December 31, 2023, and (v) Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	ULTRALIFE CORPORATION
Date: April 1, 2025	/s/ Michael E. Manna Michael E. Manna President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: April 1, 2025	/s/ Michael E. Manna Michael E. Manna President, Chief Executive Officer and Director (Principal Executive Officer)
Date: April 1, 2025	/s/ Philip A. Fain Philip A. Fain Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Date: April 1, 2025	/s/ Janie Goddard Janie Goddard (Director)
Date: April 1, 2025	/s/ Thomas L. Saeli Thomas L. Saeli (Director)
Date: April 1, 2025	/s/ Robert W. Shaw II Robert W. Shaw II (Director)
Date: April 1, 2025	/s/ Bradford T. Whitmore Bradford T. Whitmore (Director)

SUBSIDIARIES

We have a 100% ownership interest in ABLE New Energy Co., Limited, incorporated in Hong Kong, which has a 100% ownership interest in ABLE New Energy Co., Ltd, incorporated in the People's Republic of China.

We have a 100% ownership interest in Ultralife Batteries (UK) LTD, incorporated in the United Kingdom.

Through our ownership interest in Ultralife UK LTD, we have a 100% controlling interest in Accutronics, Ltd., also incorporated in the United Kingdom.

We have 100% ownership interest in Southwest Electronic Energy Corporation and its wholly owned subsidiary, CLB, Inc. (collectively "SWE"), both incorporated in Texas.

We have 100% ownership interest in Ultralife Excell Holding Corp., a Delaware corporation, which has 100% ownership interest in Excell Battery Corporation USA, a Texas corporation, and 100% ownership interest in Ultralife Canada Holding Corp., a Delaware corporation, which has 100% ownership interest in Excell Battery Canada ULC, a British Columbia unlimited liability corporation.

We have 100% ownership interest in Electrochem Solutions, Inc., incorporated in Massachusetts.

We have a 51% ownership interest in Ultralife Batteries India Private Limited, incorporated in India.

We have a 100% ownership interest in Ultralife Energy Services Corporation, incorporated in Florida.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Numbers 333-203037 and 333-258107) and Form S-3 (Registration Numbers 333-278360 and 333-254846) of our report dated April 1, 2025, relating to the consolidated financial statements and effectiveness of internal control over financial reporting of Ultralife Corporation appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

Our report dated April 1, 2025, on the effectiveness of internal control over financial reporting as of December 31, 2024, expressed an opinion that Ultralife Corporation had not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission of 2013.

/s/ Freed Maxick P.C. (f/k/a Freed Maxick CPAs, P.C.)

Rochester, New York
April 1, 2025

Exhibit 31.1

I, Michael E. Manna, certify that:

1. I have reviewed this annual report on Form 10-K of Ultralife Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2025

/s/ Michael E. Manna
Michael E. Manna
President and Chief Executive Officer

Exhibit 31.2

I, Philip A. Fain, certify that:

1. I have reviewed this annual report on Form 10-K of Ultralife Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2025

/s/ Philip A. Fain
Philip A. Fain
Chief Financial Officer and Treasurer

Exhibit 32

Section 1350 Certification

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (“Section 906”), Michael E. Manna and Philip A. Fain, the President and Chief Executive Officer and Chief Financial Officer and Treasurer, respectively, of Ultralife Corporation, certify that (i) the Annual Report on Form 10-K for the year ended December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Ultralife Corporation.

A signed original of this written statement required by Section 906 has been provided to Ultralife Corporation and will be retained by Ultralife Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 1, 2025	/s/ Michael E. Manna Michael E. Manna President and Chief Executive Officer
Date: April 1, 2025	/s/ Philip A. Fain Philip A. Fain Chief Financial Officer and Treasurer

This certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate this certification by reference.