

## FORM 8-K

### CURRENT REPORT

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

July 30, 2020

Date of Report (Date of Earliest Event Reported)

## ULTRALIFE CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**000-20852**  
(Commission File Number)

**16-1387013**  
(IRS Employer Identification No.)

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

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

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

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

**Common Stock, \$0.10 par value per share**  
(Title of each class)

**ULBI**  
(Trading Symbol)

**NASDAQ**  
(Name of each exchange on which registered)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934. 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.

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## Item 2.02 Results of Operations and Financial Condition

On July 30, 2020, Ultralife Corporation issued a press release regarding the financial results for its second quarter ended June 30, 2020. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by this reference.

The information set forth in this Form 8-K and the attached exhibit is being furnished to and not filed with the Securities and Exchange Commission and shall not be deemed as incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent specifically provided in any such filing.

## Item 9.01 Financial Statements, Pro Forma Financials and Exhibits

(d) Exhibits.

| <b>Exhibit<br/>Number</b> | <b>Exhibit Description</b>   |
|---------------------------|--|
| 99.1                      | <a href="#">Press Release of Ultralife Corporation dated July 30, 2020</a> |

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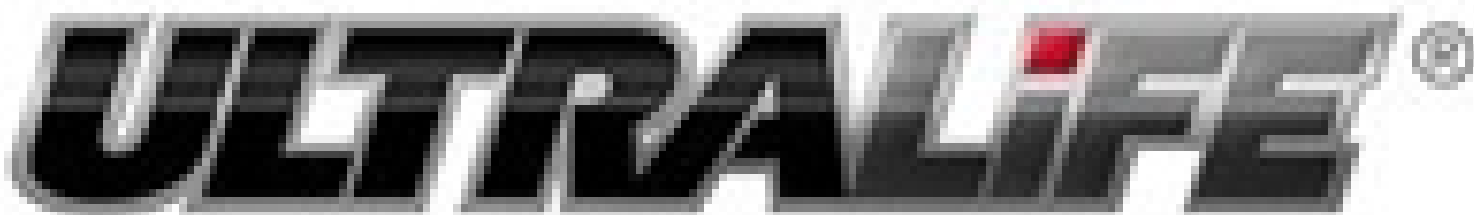
**SIGNATURES**

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

Date: July 30, 2020

**ULTRALIFE CORPORATION**

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



## **Ultralife Corporation Reports Second Quarter Results**

NEWARK, N.Y. – July 30, 2020 -- Ultralife Corporation (NASDAQ: ULBI) reported operating income of \$2.3 million on revenue of \$28.6 million for the second quarter ended June 30, 2020. For the second quarter of 2019, the Company reported operating income of \$3.0 million on revenue of \$29.4 million.

“Ultralife’s second quarter adjusted earnings per share of \$0.13 cents reflects the benefits of our end-market diversity and resilient business model in the face of continued business disruptions caused by the pandemic,” said Michael D. Popielec, President and Chief Executive Officer. “Our Battery and Energy Products’ medical sales and government/defense sales increased 72% and 50% year over year, respectively, and when combined with the contribution from SWE, nearly offset Communications Systems sales which were lower due to the completion of shipments on a major contract. Altogether, our second quarter performance reinforces our view that Ultralife is durably positioned both to sustain profitability and positive cash flow/liquidity through a period of economic weakness and to execute on initiatives to drive future growth opportunities.”

### **Second Quarter 2020 Financial Results**

Revenue was \$28.6 million, a decrease of \$0.8 million, or 2.8%, compared to \$29.4 million for the second quarter of 2019, as a significant increase in battery sales across diversified end markets was offset by higher Communications Systems sales in 2019. Overall, commercial sales increased 7.5% and government/defense sales decreased 13.7% from the 2019 period. Battery & Energy Products revenues grew 18.4% to \$24.0 million, compared to \$20.3 million last year, reflecting a 71.7% increase in medical battery sales and a 49.8% increase in government/defense sales, partially offset by a 33.7% decline in oil & gas market sales. Communications Systems sales decreased 50.3% to \$4.5 million compared to \$9.1 million for the same period last year, primarily reflecting higher 2019 shipments of mounted power amplifiers to support the U.S. Army’s Network Modernization initiatives under the delivery orders announced in October 2018. These orders were completed in the second quarter of 2020.

Gross profit was \$8.0 million, or 27.9% of revenue, compared to \$8.9 million, or 30.2% of revenue, for the same quarter a year ago. Battery & Energy Products’ gross margin was 25.1%, compared to 27.9% last year, reflecting incremental costs in 2020 associated with the transition of new products to higher volume production and supply chain disruptions relating to COVID-19. Communications Systems gross margin was 42.8%, compared to 35.3% last year, due to efficiencies and improved productivity in the production of vehicle amplifier-adaptor systems for the U.S. Army.



Operating expenses were \$5.7 million compared to \$5.8 million last year. Included in operating expenses for the 2019 quarter was \$0.2 million of non-recurring expenses related to the acquisition of SWE. Operating expenses were 19.8% of revenue for both the 2020 and 2019 periods.

Operating income was \$2.3 million compared to \$3.0 million last year, and operating margin was 8.0% compared to 10.3% last year.

Net income was \$1.7 million or \$0.10 per diluted share using the U.S. statutory tax rate, compared to net income of \$2.3 million, or \$0.14 per diluted share for the second quarter of 2019. Adjusted EPS was \$0.13 on a diluted basis for the second quarter of 2020, compared to \$0.18 for the 2019 period. Adjusted EPS excludes the provision for deferred taxes which primarily represents non-cash charges of \$0.4 million for U.S. taxes which will be fully offset by net operating loss carryforwards and other tax credits for the foreseeable future.

Adjusted EBITDA, defined as EBITDA including non-cash, stock-based compensation expense, was \$3.3 million for the second quarter of 2020, or 11.6% of sales, compared to \$4.1 million for the second quarter of 2019, or 13.9% of sales. For the trailing twelve-month period, Adjusted EBITDA was \$11.6 million or 10.2% of sales.

See the “Non-GAAP Financial Measures” section of this release for a reconciliation of Adjusted EPS to EPS and Adjusted EBITDA to Net Income Attributable to Ultralife Corporation.

## **About Ultralife Corporation**

Ultralife Corporation serves its markets with products and services ranging from power solutions to communications and electronics systems. Through its engineering and collaborative approach to problem solving, Ultralife serves government, defense and commercial customers across the globe.

Headquartered in Newark, New York, the Company's business segments include Battery & Energy Products and Communications Systems. Ultralife has operations in North America, Europe and Asia. For more information, visit [www.ultralifecorporation.com](http://www.ultralifecorporation.com).

## **Conference Call Information**

Ultralife will hold its second quarter earnings conference call today at 8:30 AM ET. To participate in the live call, please dial (800) 915-4836 at least ten minutes before the scheduled start time, identify yourself and ask for the Ultralife call. A live webcast of the conference call will be available to investors in the Events & Presentations section of the Company's website at <http://investor.ultralifecorporation.com>. For those who cannot listen to the live broadcast, a replay of the webcast will be available shortly after the call at the same location.

This press release may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks and uncertainties that could cause actual results to differ materially include potential reductions in revenues from key customers, acceptance of our new products on a global basis and uncertain global economic conditions. The Company cautions investors not to place undue reliance on forward-looking statements, which reflect the Company's analysis only as of today's date. The Company undertakes no obligation to publicly update forward-looking statements to reflect subsequent events or circumstances. Further information on these factors and other factors that could affect Ultralife's financial results is included in Ultralife's Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

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

**ASSETS**

|   | <b>June 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|--------------------------|------------------------------|
| <b>Current Assets:</b>                            |                          |                              |
| Cash  | \$ 8,389                 | \$ 7,405                     |
| Trade Accounts Receivable, Net                    | 26,405                   | 30,106                       |
| Inventories, Net                                  | 28,064                   | 29,759                       |
| Prepaid Expenses and Other Current Assets         | 2,144                    | 3,103                        |
| <b>Total Current Assets</b>                       | <b>65,002</b>            | <b>70,373</b>                |
| Property, Equipment and Improvements, Net         | 22,713                   | 22,525                       |
| Goodwill  | 26,459                   | 26,753                       |
| Other Intangible Assets, Net                      | 9,250                    | 9,721                        |
| Deferred Income Taxes, Net                        | 12,526                   | 13,222                       |
| Other Non-Current Assets                          | 1,638                    | 1,963                        |
| <b>Total Assets</b>                               | <b>\$ 137,588</b>        | <b>\$ 144,557</b>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                          |                              |
| <b>Current Liabilities:</b>                       |                          |                              |
| Accounts Payable                                  | \$ 7,766                 | \$ 9,388                     |
| Current Portion of Long-Term Debt                 | 1,482                    | 1,372                        |
| Accrued Compensation and Related Benefits         | 1,382                    | 1,655                        |
| Accrued Expenses and Other Current Liabilities    | 3,840                    | 4,775                        |
| <b>Total Current Liabilities</b>                  | <b>14,470</b>            | <b>17,190</b>                |
| Long-Term Debt                                    | 9,284                    | 15,780                       |
| Deferred Income Taxes                             | 501                      | 559                          |
| Other Non-Current Liabilities                     | 999                      | 1,278                        |
| <b>Total Liabilities</b>                          | <b>25,254</b>            | <b>34,807</b>                |
| <b>Shareholders' Equity:</b>                      |                          |                              |
| Common Stock                                      | 2,030                    | 2,026                        |
| Capital in Excess of Par Value                    | 184,900                  | 184,292                      |
| Accumulated Deficit                               | (50,113)                 | (52,830)                     |
| Accumulated Other Comprehensive Loss              | (3,296)                  | (2,531)                      |
| Treasury Stock                                    | (21,246)                 | (21,231)                     |
| <b>Total Ultralife Equity</b>                     | <b>112,275</b>           | <b>109,726</b>               |
| Non-Controlling Interest                          | 59                       | 24                           |
| <b>Total Shareholders' Equity</b>                 | <b>112,334</b>           | <b>109,750</b>               |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 137,588</b>        | <b>\$ 144,557</b>            |

**ULTRALIFE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In Thousands Except Per Share Amounts)  
(Unaudited)

|   | Three-Month Period Ended |                  | Six-Month Period Ended |                  |
|---|--------------------------|------------------|------------------------|------------------|
|   | June 30,<br>2020         | June 30,<br>2019 | June 30,<br>2020       | June 30,<br>2019 |
| <b>Revenues:</b>  |                          |                  |                        |                  |
| Battery & Energy Products   | \$ 24,036                | \$ 20,300        | \$ 44,797              | \$ 36,298        |
| Communications Systems  | 4,524                    | 9,097            | 9,577                  | 11,981           |
| <b>Total Revenues</b>   | <u>28,560</u>            | <u>29,397</u>    | <u>54,374</u>          | <u>48,279</u>    |
| <b>Cost of Products Sold:</b>   |                          |                  |                        |                  |
| Battery & Energy Products   | 18,010                   | 14,645           | 33,455                 | 26,233           |
| Communications Systems  | 2,587                    | 5,887            | 5,622                  | 8,097            |
| <b>Total Cost of Products Sold</b>  | <u>20,597</u>            | <u>20,532</u>    | <u>39,077</u>          | <u>34,330</u>    |
| <b>Gross Profit</b>   | <u>7,963</u>             | <u>8,865</u>     | <u>15,297</u>          | <u>13,949</u>    |
| <b>Operating Expenses:</b>  |                          |                  |                        |                  |
| Research and Development  | 1,275                    | 1,587            | 2,823                  | 2,623            |
| Selling, General and Administrative   | 4,394                    | 4,236            | 8,695                  | 7,736            |
| Total Operating Expenses  | <u>5,669</u>             | <u>5,823</u>     | <u>11,518</u>          | <u>10,359</u>    |
| <b>Operating Income</b>   | 2,294                    | 3,042            | 3,779                  | 3,590            |
| <b>Other Expense</b>  | 117                      | 83               | 209                    | 141              |
| <b>Income Before Income Tax Provision</b>   | <u>2,177</u>             | <u>2,959</u>     | <u>3,570</u>           | <u>3,449</u>     |
| Income Tax Provision  | 499                      | 676              | 818                    | 717              |
| <b>Net Income</b>   | 1,678                    | 2,283            | 2,752                  | 2,732            |
| Net Income Attributable to Non-Controlling Interest                                 | 20                       | 27               | 35                     | 51               |
| <b>Net Income Attributable to Ultralife Corporation</b>                             | <u>\$ 1,658</u>          | <u>\$ 2,256</u>  | <u>\$ 2,717</u>        | <u>\$ 2,681</u>  |
| <b>Net Income Per Share Attributable to Ultralife Common Shareholders – Basic</b>   |                          |                  |                        |                  |
|   | <u>\$ .10</u>            | <u>\$ .14</u>    | <u>\$ .17</u>          | <u>\$ .17</u>    |
| <b>Net Income Per Share Attributable to Ultralife Common Shareholders – Diluted</b> |                          |                  |                        |                  |
|   | <u>\$ .10</u>            | <u>\$ .14</u>    | <u>\$ .17</u>          | <u>\$ .17</u>    |
| <b>Weighted Average Shares Outstanding – Basic</b>                                  | <u>15,882</u>            | <u>15,742</u>    | <u>15,880</u>          | <u>15,741</u>    |
| <b>Weighted Average Shares Outstanding – Diluted</b>                                | <u>16,133</u>            | <u>16,193</u>    | <u>16,114</u>          | <u>16,180</u>    |



**Non-GAAP Financial Measures:****Adjusted Earnings Per Share**

In evaluating our business, we consider and use Adjusted EPS, a non-GAAP financial measure, as a supplemental measure of our business performance. We define Adjusted EPS as net income attributable to Ultralife Corporation excluding the provision for deferred 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 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 U.S. Generally Accepted Accounting Principles (“U.S. 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.

**ULTRALIFE CORPORATION AND SUBSIDIARIES**  
**CALCULATION OF ADJUSTED EPS**  
(In Thousands Except Per Share Amounts)  
(Unaudited)

|                                     | Three-Month Period Ended |                 |                   |                 |                 |                   |
|-------------------------------------|--------------------------|-----------------|-------------------|-----------------|-----------------|-------------------|
|                                     | June 30, 2020            |                 |                   | June 30, 2019   |                 |                   |
|                                     | Amount                   | Per Basic Share | Per Diluted Share | Amount          | Per Basic Share | Per Diluted Share |
| Net Income                          | \$ 1,658                 | \$ .10          | \$ .10            | \$ 2,256        | \$ .14          | \$ .14            |
| Deferred Tax Provision              | 391                      | .03             | .03               | 641             | .04             | .04               |
| Adjusted Net Income                 | <u>\$ 2,049</u>          | <u>\$ .13</u>   | <u>\$ .13</u>     | <u>\$ 2,897</u> | <u>\$ .18</u>   | <u>\$ .18</u>     |
| Weighted Average Shares Outstanding |                          | 15,882          | 16,133            |                 | 15,742          | 16,193            |

|                                     | Six-Month Period Ended |                 |                   |                 |                 |                   |
|-------------------------------------|------------------------|-----------------|-------------------|-----------------|-----------------|-------------------|
|                                     | June 30, 2020          |                 |                   | June 30, 2019   |                 |                   |
|                                     | Amount                 | Per Basic Share | Per Diluted Share | Amount          | Per Basic Share | Per Diluted Share |
| Net Income                          | \$ 2,717               | \$ .17          | \$ .17            | \$ 2,681        | \$ .17          | \$ .17            |
| Deferred Tax Provision              | 633                    | .04             | .04               | 636             | .04             | .04               |
| Adjusted Net Income                 | <u>\$ 3,350</u>        | <u>\$ .21</u>   | <u>\$ .21</u>     | <u>\$ 3,317</u> | <u>\$ .21</u>   | <u>\$ .21</u>     |
| Weighted Average Shares Outstanding |                        | 15,880          | 16,114            |                 | 15,741          | 16,180            |

## 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 attributable to Ultralife Corporation before net interest expense, provision (benefit) for income taxes, depreciation and amortization, and stock-based compensation expense, plus/minus expenses/income that we do not consider reflective of our ongoing operations. We reconcile Adjusted EBITDA to net income attributable to Ultralife Corporation, the most comparable financial measure under U.S. GAAP. 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.

**ULTRALIFE CORPORATION AND SUBSIDIARIES**  
**CALCULATION OF ADJUSTED EBITDA**  
**(Dollars in Thousands)**  
**(Unaudited)**

|  | <b>Three-Month Period Ended</b> |                      | <b>Six-Month Period Ended</b> |                      |
|--|---------------------------------|----------------------|-------------------------------|----------------------|
|  | <b>June 30, 2020</b>            | <b>June 30, 2019</b> | <b>June 30, 2020</b>          | <b>June 30, 2019</b> |
| Net Income Attributable to Ultralife Corporation     | \$ 1,658                        | \$ 2,256             | \$ 2,717                      | \$ 2,681             |
| Adjustments:   |                                 |                      |                               |                      |
| Interest and Financing Expense, Net                  | 106                             | 114                  | 280                           | 119                  |
| Income Tax Provision                                 | 499                             | 676                  | 818                           | 717                  |
| Depreciation Expense                                 | 582                             | 515                  | 1,161                         | 962                  |
| Amortization of Intangible Assets and Financing Fees | 158                             | 143                  | 319                           | 244                  |
| Stock-Based Compensation Expense                     | 304                             | 175                  | 534                           | 360                  |
| Non-Cash Purchase Accounting Adjustments             | -                               | 205                  | -                             | 205                  |
| Adjusted EBITDA                                      | <u>\$ 3,307</u>                 | <u>\$ 4,084</u>      | <u>\$ 5,829</u>               | <u>\$ 5,288</u>      |

**Company Contact:**

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