

**UNIVERSAL POWER GROUP, INC.
CONSOLIDATED BALANCE SHEET**

ASSETS

(Amounts in thousands except share amounts)

	December 31, 2013	December 31, 2012
CURRENT ASSETS		
Cash and equivalents	\$ 1,180	\$ 2,069
Accounts receivable:		
Trade, net	12,012	8,847
Other	98	455
Inventories, net	24,967	30,396
Current deferred tax asset	854	838
Income tax receivable	443	512
Prepaid expenses and other current assets	1,063	970
Total current assets	40,617	44,087
PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,928	1,908
Machinery and equipment	484	709
Furniture and fixtures	911	518
Leasehold improvements	968	395
Vehicles	1	111
Total property and equipment	4,292	3,641
Less accumulated depreciation and amortization	(2,658)	(3,173)
Net property and equipment	1,634	468
GOODWILL	1,387	1,387
INTANGIBLES, net	416	593
NON-CURRENT DEFERRED TAX ASSET	374	357
OTHER ASSETS	165	155
Total other assets	2,342	2,492
TOTAL ASSETS	\$ 44,593	\$ 47,047

**UNIVERSAL POWER GROUP, INC.
CONSOLIDATED BALANCE SHEET**

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	December 31, 2013	December 31, 2012
CURRENT LIABILITIES		
Line of credit	\$ 7,643	\$ 12,188
Accounts payable	7,717	7,231
Accrued liabilities	1,054	386
Current portion of capital lease and note obligations	731	620
Deferred rent	72	—
Total current liabilities	17,217	20,425
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	3,152	3,608
Deferred rent, less current portion	1,217	—
Total long-term liabilities	4,369	3,608
TOTAL LIABILITIES	21,586	24,033
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - \$0.01 par value, 50,000,000 shares authorized		
5,020,000 shares issued and outstanding	50	50
Additional paid-in-capital	16,434	16,390
Retained earnings	6,523	6,574
Total shareholders' equity	23,007	23,014
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 44,593	\$ 47,047

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2013 (unaudited)	2012 (unaudited)	2013	2012
Net sales	\$ 19,877	\$ 19,895	\$ 81,617	\$ 91,930
Cost of sales	16,067	16,045	65,551	75,661
Gross profit	3,810	3,850	16,066	16,269
Operating expenses	4,083	3,820	15,599	14,703
Operating income (loss)	(273)	30	467	1,566
Other income (expense)				
Interest expense	(66)	(120)	(366)	(561)
Other, net	(15)	—	(51)	129
Total other expense, net	(81)	(120)	(417)	(432)
Income (loss) from continuing operations before provision for income taxes	(354)	(90)	50	1,134
Provision for income taxes	78	7	(101)	(433)
Net income (loss) from continuing operations	(276)	(83)	(51)	701
Discontinued operations:				
Loss from operations of discontinued Monarch Outdoor Adventure, LLC	—	—	—	(707)
Provision for income taxes	—	—	—	161
Loss on discontinued operations	—	—	—	(546)
Net income (loss)	<u>\$ (276)</u>	<u>\$ (83)</u>	<u>\$ (51)</u>	<u>\$ 155</u>
Net income (loss) per share				
Basic:				
Income (loss) from continuing operations	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ 0.14
Loss on discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.11)
Net income (loss)	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ 0.03
Diluted:				
Income (loss) from continuing operations	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ 0.13
Loss on discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.10)
Net income (loss)	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ 0.03
Weighted average shares outstanding				
Basic	<u>5,020</u>	<u>5,020</u>	<u>5,020</u>	<u>\$ 5,020</u>
Diluted	<u>5,020</u>	<u>5,169</u>	<u>5,020</u>	<u>\$ 5,205</u>

**UNIVERSAL POWER GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

	Years Ended December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (51)	\$ 155
Items not requiring (providing) cash:		
Depreciation and amortization	453	434
Provision for bad debts	797	73
Provision for obsolete inventory	463	264
Deferred income taxes	(33)	(10)
Loss on disposal of Monarch	—	616
Loss on disposal of property and equipment	44	—
Stock-based compensation	44	51
Changes in operating assets and liabilities, net of effect of disposition and acquisition:		
Accounts receivable – trade	(3,962)	4,045
Accounts receivable – other	359	67
Inventories	4,966	(6,651)
Income taxes receivable	69	209
Prepaid expenses and other assets	(103)	399
Accounts payable	486	386
Accrued liabilities	668	(1,077)
Settlement accrual	—	(241)
Deferred rent	343	(88)
Net cash provided by (used in) operating activities	<u>4,543</u>	<u>(1,368)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash received on Monarch sale	—	40
Purchases of intellectual property	—	(240)
Purchases of property and equipment	(248)	(60)
Proceeds from sales of property and equipment	11	—
Net cash used in investing activities	<u>(237)</u>	<u>(260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	(4,545)	(466)
Proceeds from term loan	—	4,000
Payments on capital lease and note obligations	(650)	(120)
Net cash provided by (used in) financing activities	<u>(5,195)</u>	<u>3,414</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(889)	1,786
Cash and cash equivalents at beginning of period	<u>2,069</u>	<u>283</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,180</u></u>	<u><u>\$ 2,069</u></u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	<u>\$ 84</u>	<u>\$ 101</u>
Interest paid	<u>\$ 339</u>	<u>\$ 563</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment through landlord incentives	<u>\$ 946</u>	<u>\$ —</u>
Acquisition of property and equipment through capital lease	<u>\$ 345</u>	<u>\$ —</u>