

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

ASSETS

(Amounts in thousands except share amounts)

	December 31, 2015	December 31, 2014
CURRENT ASSETS		
Cash and equivalents	\$ 205	\$ 399
Accounts receivable:		
Trade, net of allowance of \$145 and \$156, respectively	16,092	12,063
Other	142	282
Inventories – finished goods, net of allowances for obsolescence of \$687 and \$583, respectively	24,235	24,178
Current deferred tax assets	706	655
Prepaid expenses and other current assets	1,387	748
Total current assets	42,767	38,325
PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,932	1,932
Machinery and equipment	1,216	490
Furniture and fixtures	905	881
Leasehold improvements	1,121	968
Vehicles	24	24
Total property and equipment	5,198	4,295
Less accumulated depreciation and amortization	(3,292)	(2,913)
Net property and equipment	1,906	1,382
GOODWILL	9,440	1,387
INTANGIBLES, net	551	311
NON-CURRENT DEFERRED TAX ASSETS	241	244
OTHER ASSETS	160	160
Total other assets	2,102	2,102
TOTAL ASSETS	\$ 55,065	\$ 41,809

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

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
CURRENT LIABILITIES		
Line of credit	\$ 15,000	\$ 4,568
Accounts payable	10,385	8,455
Accrued liabilities	884	515
Income tax payable	—	259
Current portion of capital lease and note obligations	571	571
Current portion of deferred rent	19	92
Total current liabilities	<u>26,859</u>	<u>14,460</u>
LONG-TERM LIABILITIES		
Deferred rent, less current portion	1,123	1,131
Capital lease and note obligations, less current portion	3,143	2,333
Total long-term liabilities	<u>4,266</u>	<u>3,464</u>
TOTAL LIABILITIES	31,125	18,025
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	16,468	16,468
Retained earnings	7,422	7,367
Total shareholders' equity	<u>23,940</u>	<u>23,885</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>55,056</u>	\$ <u>41,809</u>

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
	(unaudited)	(unaudited)		
Net sales	\$ 24,533	\$ 21,472	\$ 90,947	\$ 88,613
Cost of sales	20,108	17,631	73,961	72,729
Gross profit	4,425	3,841	16,986	15,884
Operating expenses	4,111	3,446	15,621	14,126
Operating income	314	395	1,365	1,758
Other income (expense)				
Interest expense	(120)	(58)	(413)	(238)
Other, net	(9)	(14)	13	15
Total other expense, net	(129)	(72)	(400)	(223)
Income before provision for income taxes	185	323	965	1,535
Provision for income taxes	(148)	(260)	(410)	(691)
Net income	\$ 37	\$ 63	\$ 555	\$ 844
Net income per share				
Basic	\$ 0.01	\$ 0.01	\$ 0.11	\$ 0.17
Diluted	\$ 0.01	\$ 0.01	\$ 0.11	\$ 0.17
Weighted average shares outstanding				
Basic	5,020	5,020	5,020	5,020
Diluted	5,020	5,199	5,111	5,098

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Years Ended December 31,	
	2015	2014
OPERATING ACTIVITIES		
Net income	\$ 555	\$ 844
Items not requiring (providing) cash:		
Depreciation and amortization	499	361
Provision for doubtful accounts	128	59
Provision for obsolete inventory	203	681
Deferred income taxes	(48)	329
Stock-based compensation	—	34
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable – trade	(1,911)	(110)
Accounts receivable – other	140	(184)
Inventories	2,567	108
Income taxes receivable/payable	—	702
Prepaid expenses and other assets	(333)	320
Accounts payable	241	738
Accrued liabilities	(253)	(539)
Deposits	(259)	—
Deferred rent	(81)	(66)
Net cash provided by operating activities	1,448	3,277
INVESTING ACTIVITIES		
Purchases of property and equipment	(292)	(4)
Payment of ITECH acquisition, net of cash acquired	(12,092)	—
Net cash used in investing activities	(12,384)	(4)
FINANCING ACTIVITIES		
Net activity on line of credit	10,432	(3,075)
Dividends paid	(500)	—
Proceeds from note obligations	4,000	—
Payments on capital lease and note obligations	(3,190)	(979)
Net cash provided by (used in) financing activities	10,742	(4,054)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(194)	(781)
Cash and Cash Equivalents, Beginning of Year	399	1,180
Cash and Cash Equivalents, End of Year	\$ 205	\$ 399
SUPPLEMENTAL DISCLOSURES		
Income taxes paid (received)	\$ 714	\$ (322)
Interest paid	\$ 379	\$ 241
The Company purchased all of the membership interest of iTech for \$1,128. In conjunction with the acquisition, liabilities were assumed as follows:		
Fair value of assets acquired	\$ 14,438	
Cash paid for the membership interests	\$ (12,128)	
Liability assumed	\$ 2,310	