

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

ASSETS

(Amounts in thousands except share amounts)

| | June 30, 2014 <u>(unaudited)</u> | December 31, 2013 <u></u> |
|--|--|---------------------------------|
| CURRENT ASSETS | | |
| Cash and equivalents | \$ 1,119 | \$ 1,180 |
| Accounts receivable: | | |
| Trade, net | 12,212 | 12,012 |
| Other | 81 | 98 |
| Inventories, net | 21,278 | 24,967 |
| Current deferred tax asset | 775 | 854 |
| Income tax receivable | 379 | 443 |
| Prepaid expenses and other current assets | 957 | 1,063 |
| Total current assets | <u>36,801</u> | <u>40,617</u> |
| PROPERTY AND EQUIPMENT | | |
| Logistics and distribution systems | 1,928 | 1,928 |
| Machinery and equipment | 484 | 484 |
| Furniture and fixtures | 881 | 911 |
| Leasehold improvements | 962 | 968 |
| Vehicles | 24 | 1 |
| Total property and equipment | 4,279 | 4,292 |
| Less accumulated depreciation and amortization | <u>(2,788)</u> | <u>(2,658)</u> |
| Net property and equipment | 1,491 | 1,634 |
| GOODWILL | 1,387 | 1,387 |
| INTANGIBLES, net | 348 | 416 |
| NON-CURRENT DEFERRED TAX ASSET | 351 | 374 |
| OTHER ASSETS | 160 | 165 |
| Total other assets | <u>2,246</u> | <u>2,342</u> |
| TOTAL ASSETS | <u>\$ 40,538</u> | <u>\$ 44,593</u> |

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

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

| | <u>June 30, 2014</u> | <u>December 31, 2013</u> |
|--|--------------------------|------------------------------|
| | (unaudited) | |
| CURRENT LIABILITIES | | |
| Line of credit | \$ 4,344 | \$ 7,643 |
| Accounts payable | 7,442 | 7,717 |
| Accrued liabilities | 966 | 1,054 |
| Current portion of capital lease and note obligations | 571 | 731 |
| Deferred rent | 82 | 72 |
| Total current liabilities | 13,405 | 17,217 |
| LONG-TERM LIABILITIES | | |
| Capital lease and note obligations, less current portion | 2,619 | 3,152 |
| Deferred rent, less current portion | 1,183 | 1,217 |
| Total long-term liabilities | 3,802 | 4,369 |
| TOTAL LIABILITIES | 17,207 | 21,586 |
| 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 | 16,439 | 16,434 |
| Retained earnings | 6,842 | 6,523 |
| Total shareholders' equity | 23,331 | 23,007 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 40,538 | \$ 44,593 |

UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands except per share amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|---------------|---------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Net sales | \$ 21,741 | \$ 21,176 | \$ 43,320 | \$ 41,634 |
| Cost of sales | 17,997 | 17,073 | 35,618 | 33,097 |
| Gross profit | 3,744 | 4,103 | 7,702 | 8,537 |
| Operating expenses | 3,426 | 3,970 | 7,081 | 7,901 |
| Operating income | 318 | 133 | 621 | 636 |
| Other income (expense) | | | | |
| Interest expense | (58) | (116) | (131) | (201) |
| Other, net | 1 | 12 | 2 | (38) |
| Total other expense, net | (57) | (104) | (129) | (239) |
| Income before provision for income taxes | 261 | 29 | 492 | 397 |
| Provision for income taxes | (68) | (30) | (174) | (187) |
| Net income (loss) | <u>\$ 193</u> | <u>\$ (1)</u> | <u>\$ 318</u> | <u>\$ 210</u> |
| Net income (loss) per share | | | | |
| Basic | \$ 0.04 | \$ (0.00) | \$ 0.06 | \$ 0.04 |
| Diluted | \$ 0.04 | \$ (0.00) | \$ 0.06 | \$ 0.04 |
| Weighted average shares outstanding | | | | |
| Basic | 5,020 | 5,020 | 5,020 | 5,020 |
| Diluted | 5,065 | 5,094 | 5,030 | 5,112 |

UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Amounts in thousands)

| | <u>Six Months Ended June 30,</u> | |
|--|----------------------------------|-----------------|
| | <u>2014</u> | <u>2013</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 319 | \$ 210 |
| Items not requiring (providing) cash: | | |
| Depreciation and amortization | 199 | 219 |
| Provision for bad debts | 60 | 338 |
| Provision for obsolete inventory | 260 | 208 |
| Deferred income taxes | 102 | (60) |
| Loss on disposal of property and equipment | — | 44 |
| Stock-based compensation | 5 | 6 |
| Changes in operating assets and liabilities, net of effect of disposition and acquisition: | | |
| Accounts receivable – trade | (260) | (3,836) |
| Accounts receivable – other | 17 | 319 |
| Inventories | 3,429 | 2,372 |
| Income taxes receivable | 64 | 196 |
| Prepaid expenses and other assets | 111 | (508) |
| Accounts payable | (275) | (569) |
| Accrued liabilities | (88) | 489 |
| Deferred rent | (18) | 197 |
| Net cash provided by (used in) operating activities | <u>3,925</u> | <u>(375)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (24) | (172) |
| Proceeds from sales of property and equipment | — | 8 |
| Net cash used in investing activities | <u>(24)</u> | <u>(164)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net activity on line of credit | (3,299) | (219) |
| Payments on capital lease and note obligations | (663) | (310) |
| Net cash used in financing activities | <u>(3,962)</u> | <u>(529)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (61) | (1,068) |
| Cash and cash equivalents at beginning of period | 1,180 | 2,069 |
| Cash and cash equivalents at end of period | <u>\$ 1,119</u> | <u>\$ 1,001</u> |
| SUPPLEMENTAL DISCLOSURES | | |
| Income taxes paid | <u>\$ 39</u> | <u>\$ 50</u> |
| Interest paid | <u>\$ 169</u> | <u>\$ 200</u> |
| SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Acquisition of property and equipment through landlord incentives | <u>\$ —</u> | <u>\$ 932</u> |
| Acquisition of property and equipment through capital lease | <u>\$ —</u> | <u>\$ 345</u> |