

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

**ASSETS**

(Amounts in thousands except share amounts)

	March 31, 2014 (unaudited)	December 31, 2013
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,310	\$ 1,180
Accounts receivable:		
Trade, net	13,680	12,012
Other	77	98
Inventories, net	22,353	24,967
Current deferred tax asset	775	854
Income tax receivable	443	443
Prepaid expenses and other current assets	1,016	1,063
Total current assets	39,654	40,617
<b>PROPERTY AND EQUIPMENT</b>		
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	(2,723)	(2,658)
Net property and equipment	1,556	1,634
<b>GOODWILL</b>	1,387	1,387
<b>INTANGIBLES, net</b>	372	416
<b>NON-CURRENT DEFERRED TAX ASSET</b>	351	374
<b>OTHER ASSETS</b>	160	165
Total other assets	2,270	2,342
<b>TOTAL ASSETS</b>	\$ 43,480	\$ 44,593

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**LIABILITIES AND SHAREHOLDERS' EQUITY**

(Amounts in thousands except share amounts)

	March 31, 2014 <u>(unaudited)</u>	December 31, 2013
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 9,211	\$ 7,643
Accounts payable	5,838	7,717
Accrued liabilities	685	1,054
Current portion of capital lease and note obligations	571	731
Deferred rent	80	72
Total current liabilities	<u>16,385</u>	<u>17,217</u>
<b>LONG-TERM LIABILITIES</b>		
Capital lease and note obligations, less current portion	2,762	3,152
Deferred rent, less current portion	1,199	1,217
Total long-term liabilities	<u>3,961</u>	<u>4,369</u>
<b>TOTAL LIABILITIES</b>	<b>20,346</b>	<b>21,586</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock - \$0.01 par value, 50,000,000 shares authorized		
5,020,000 shares issued and outstanding	50	50
Additional paid-in-capital	16,436	16,434
Retained earnings	6,648	6,523
Total shareholders' equity	<u>23,134</u>	<u>23,007</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ <u>43,480</u></b>	<b>\$ <u>44,593</u></b>

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

(Amounts in thousands except per share amounts)

	Three Months Ended March 31,	
	2014	2013
Net sales	\$ 21,579	\$ 20,458
Cost of sales	17,621	16,024
Gross profit	3,958	4,434
Operating expenses	3,655	3,931
Operating income	303	503
Other income (expense)		
Interest expense	(73)	(85)
Other, net	1	(50)
Total other expense, net	(72)	(135)
Income before provision for income taxes	231	368
Provision for income taxes	(106)	(157)
Net income	\$ 125	\$ 211
Net income per share		
Basic	\$ 0.02	\$ 0.04
Diluted	\$ 0.02	\$ 0.04
Weighted average shares outstanding		
Basic	5,020	5,020
Diluted	5,020	5,133

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

(Amounts in thousands)

	Three Months Ended March 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 125	\$ 211
Items not requiring (providing) cash:		
Depreciation and amortization	110	96
Provision for bad debts	45	78
Provision for obsolete inventory	140	102
Deferred income taxes	102	41
Loss on disposal of property and equipment	—	50
Stock-based compensation	2	3
Changes in operating assets and liabilities, net of effect of disposition and acquisition:		
Accounts receivable – trade	(1,713)	(3,392)
Accounts receivable – other	21	281
Inventories	2,474	164
Income taxes receivable	—	91
Prepaid expenses and other assets	52	(327)
Accounts payable	(1,879)	870
Accrued liabilities	(369)	158
Deferred rent	(4)	137
Net cash used in operating activities	(894)	(1,437)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(24)	(168)
Proceeds from sales of property and equipment	—	3
Net cash used in investing activities	(24)	(165)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net activity on line of credit	1,568	632
Payments on capital lease and note obligations	(520)	(119)
Net cash provided by financing activities	1,048	513
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	130	(1,089)
Cash and cash equivalents at beginning of period	1,180	2,069
Cash and cash equivalents at end of period	\$ 1,310	\$ 980
<b>SUPPLEMENTAL DISCLOSURES</b>		
Income taxes paid	\$ 1	\$ 13
Interest paid	\$ 72	\$ 86
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property and equipment through landlord incentives	\$ —	\$ 896
Acquisition of property and equipment through capital lease	\$ —	\$ 345