

ADVANTAGE TECHNOLOGIES GROUP INC
Form DEFM14A
April 18, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20649

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to § 240.14a-12

ADDvantage Technologies Group, Inc.

(Name of Registrant As Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title to each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act
Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was
determined):

4) Proposed maximum aggregate value of transaction: \$10,314,141.00

5) Total fee paid: \$1,250.07

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify
the filing for which the offsetting fee was paid previously. Identify the previous filing by registration
statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

- 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012

April 17, 2019

To Our Stockholders:

We cordially invite you to attend a special meeting of the stockholders of ADDvantage Technologies Group, Inc., which we refer to as ADDvantage or the Company, which will be held at the Renaissance Tulsa Hotel & Convention Center, 6808 S. 107th E. Ave., Tulsa, Oklahoma 74133, on Wednesday, May 29, 2019 at 9:00 a.m., local time. At the special meeting, you will be asked to consider and vote upon a proposal to authorize the proposed sale of ADDvantage's cable business. This sale, if approved, will conclude a year-long plus effort by our Board of Directors to raise capital through the sale of real estate and of our cable business and to invest that capital into our telecommunications and wireless services businesses with the goal of generating a higher return on investment for our stockholders.

We propose to sell our cable business to Leveling 8 Inc, which we refer to as Leveling 8 or buyer, pursuant to the terms of the Stock Purchase Agreement, dated as of December 26, 2018, as amended as of March 15, 2019, which we refer to as the Stock Purchase Agreement. Specifically, under the Stock Purchase Agreement, we have agreed to sell to Leveling 8 all of the outstanding shares, and limited liability company membership interests, as applicable, of Tulsat, LLC, which we refer to as Tulsat, NCS Industries, Inc., which we refer to as NCS, Addvantage Technologies Group of Missouri, Inc., which we refer to as ComTech, Addvantage Technologies Group of Texas, Inc., which we refer to as Tulsat-Texas, and Tulsat-Atlanta, L.L.C., which we refer to as Tulsat-Atlanta and collectively with Tulsat, NCS, ComTech, and Tulsat-Texas, we refer to collectively as the Cable Companies. We refer to this proposed sale pursuant to the terms of the Stock Purchase Agreement as the Sale Transaction.

Subject to certain post-closing adjustments, the purchase price that Leveling 8 will pay in the Sale Transaction is \$10,314,141, with \$3,939,141 payable in cash at closing and \$6,375,000 million in a promissory note bearing interest at 6% per annum, payable over five years and personally guaranteed by David E. Chymiak who we refer to as D. Chymiak. An affiliate of D. Chymiak has paid us \$5 million for the purchase of our Broken Arrow, Oklahoma facility in November of 2018, and \$1.35 million for the purchase of our Sedalia, Missouri facility in March of 2019. (The \$1.35 million paid for the Sedalia, Missouri property is a credit to the purchase price and down payment amounts stated above). Leveling 8 is 100% beneficially owned by D. Chymiak, who is the Chief Technology Officer and a member of the Board of Directors of ADDvantage (until recently the Chairman of ADDvantage's Board). D. Chymiak beneficially owns approximately 26% of the outstanding common stock of ADDvantage. In addition, D. Chymiak was one of the original founders of Tulsat in 1985.

For many years, our Board of Directors has sought to diversify from our original core cable business based on the general decline in the cable TV business, the specific decline of our own cable business and the relatively low return on capital investment generated by our cable business. In 2010, we conducted a market check and found little buyer interest in our cable business. We then pursued and acquired businesses in the telecommunications and wireless services businesses. Now, upon completion of the Sale Transaction, I believe we will be well-positioned to grow our telecommunication businesses which are conducted through our wholly-owned subsidiaries, Nave Communications Company ("Nave"), engaged in the business of selling telecommunications equipment and located in Jessup, Maryland and Triton Datacom ("Triton") engaged in the business of providing new and refurbished networking products, including IP desktop phones, and located in Miami, Florida, and our recently acquired Fulton Technologies, engaged in the wireless services business and located in Dallas, Texas. Following the closing, the Company will continue to be an

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Oklahoma corporation publicly traded on the NASDAQ Global Market. Importantly, the completion of the proposed Sale Transaction will not affect your share ownership of ADDvantage common stock.

Our Board of Directors established an independent committee of our Board of Directors, referred to herein as the “strategic direction committee”, to negotiate and approve or disapprove the Sale Transaction on behalf of the Board of Directors. The strategic direction committee acting on behalf of and with the approval of the Board of Directors has (i) determined that the Stock Purchase Agreement and the Sale Transaction are expedient and in the best interests of ADDvantage and its stockholders, (ii) approved the Stock Purchase Agreement and the Sale Transaction, and (iii) directed that the Sale Transaction be submitted for consideration by the stockholders at the special meeting. The Board of Directors (D. Chymiak abstaining) has concurred with the approval by the strategic direction committee with respect to the Sale Transaction and, together with the strategic direction committee, recommends that stockholders vote “FOR” the Sale Transaction.

The enclosed proxy statement additionally requests stockholder approval of a grant of authority to our Board of Directors to postpone the special meeting for up to 10 business days in order to solicit additional proxies for the purpose of securing stockholder approval of the Sale Transaction, provided that our Board of Directors determines in good faith that such a postponement or adjournment is necessary or advisable to obtain approval of the Sale Transaction, or to allow additional time for the filing and/or mailing of any supplemental or amended disclosure which our Board of Directors has determined, after consultation with outside counsel, is necessary under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by the stockholders prior to the special meeting. Our Board of Directors recommends that stockholders vote “FOR” this additional proposal. We encourage you to read the enclosed proxy statement and the annexes and exhibits to the proxy statement carefully in their entirety.

Your vote is very important. The Sale Transaction cannot be completed unless holders of a majority of the (i) outstanding shares of common stock of ADDvantage vote in favor of the approval of the Sale Transaction and (ii) outstanding shares of common stock (excluding shares owned by D. Chymiak and his affiliates) vote in favor of the approval of the Sale Transaction. Accordingly, if you fail to vote in favor of the Sale Transaction, the effect will be the same as a vote against the Sale Transaction.

While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to attend the special meeting. Accordingly, we have enclosed a proxy that will enable you to vote your shares on the matters to be considered at the special meeting even if you are unable to attend. If you desire to vote in accordance with the Board of Directors’ recommendation, you need only sign, date and return the proxy in the enclosed postage-paid envelope to record your vote. Otherwise, please mark the proxy to indicate your vote; date and sign the proxy; and return it in the enclosed postage-paid envelope. You also may vote your shares by proxy using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. You may also access the proxy materials on the Internet at www.proxyvote.com. Thank you for your continued support.

Very truly yours,
/s/ Joseph E. Hart

Joseph E. Hart

Chief Executive Officer and President

p.s. If you have any questions or need assistance voting your shares, please call Saratoga Proxy Consulting LLC at (212) 257-1311 (collect) or (888) 368-0379 (toll free) or by email at info@saratogaproxy.com.

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The attached proxy statement is dated April 17, 2019 and is intended to be first mailed on or about April 24, 2019 to ADDvantage stockholders of record as of the close of business on April 10, 2019.

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ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 29 , 2019

Date: May 29 , 2019

Time: 9:00 A.M.

Place: Renaissance Tulsa Hotel & Convention Center, 6808 S. 107th E. Ave., Tulsa, Oklahoma 74133

ITEMS OF BUSINESS:

To consider and vote on a proposal (the "Sale Proposal") to authorize the sale to Leveling 8 Inc ("Leveling 8" or "buyer"), pursuant to the terms and subject to the conditions set forth in the Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of December 26, 2018, as amended as of March 15, 2019, between ADDvantage Technologies, Inc. ("ADDvantage," "we," or "us") and Leveling 8, of all of the outstanding shares, and limited liability company membership interests (collectively the "Shares"), as applicable, of Tulsat, LLC, an Oklahoma limited liability company, NCS Industries, Inc., a Pennsylvania corporation, Addvantage Technologies Group of Missouri, Inc., a Missouri corporation, Addvantage Technologies Group of Texas, Inc., a Texas corporation, and Tulsat-Atlanta, L.L.C., an Oklahoma limited liability company (each a "Cable Company" and collectively the "Cable Companies"), each a wholly-owned subsidiary of ADDvantage;

To consider and vote on a proposal (the "Adjournment Proposal") to authorize the Board of Directors of ADDvantage (the "Board") to postpone or adjourn the special meeting (i) for up to 10 business days to solicit additional proxies for the purpose of obtaining stockholder approval of the Sale Proposal, if the Board determines in good faith such postponement or adjournment is necessary or advisable to obtain stockholder approval or (ii) to allow reasonable additional time for the filing and/or mailing of any supplemental or amended disclosure which the Board has determined, after consultation with outside legal counsel, is necessary under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by the stockholders prior to the special meeting; and

To act upon other business as may properly come before the special meeting (provided ADDvantage does not know, at a reasonable time before the special meeting, that such matters are to be presented at the meeting) or any adjournment or postponement thereof.

The holders of record of our common stock, par value \$0.01 per share ("common stock"), at the close of business on April 10, 2019, are entitled to notice of and to vote at the special meeting or at any adjournment or postponement thereof. All stockholders of record are cordially invited to attend the special meeting in person. A list of our stockholders will be available at our headquarters located at 1221 East Houston, Broken Arrow, Oklahoma 74012, during ordinary business hours for ten days prior to the special meeting.

Your vote is important, regardless of the number of shares of common stock you own. The approval of the Sale Proposal by the affirmative vote of holders of a majority of the (i) outstanding shares of common stock and (ii) outstanding shares of common stock not owned by David Chymiak ("D. Chymiak") or his affiliates) are conditions to the consummation of the Sale Transaction contemplated by the Stock Purchase Agreement. The proposal to adjourn the special meeting, if

necessary or appropriate, to solicit additional proxies or to amend or supplement the proxy statement requires the affirmative vote of holders of a majority of the voting power present and entitled to vote. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend.

You also may vote your shares by proxy using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the approval of the Sale Proposal and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies or to amend or supplement the proxy statement. If you fail to vote, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the approval of the Sale Proposal, but will not affect the vote regarding the adjournment of the special meeting.

Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement. If you are a stockholder of record and do attend the special meeting and wish to vote in person, you may revoke your proxy and vote in person.

By Order of the Board of Directors,

/s/ Scott Francis

Scott Francis, Vice President, Chief Accounting Officer and Secretary

April 17, 2019

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Stockholders to be Held on May 29 , 2019

We have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. The proxy materials are available at www.proxyvote.com.

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ADVANTAGE TECHNOLOGIES GROUP, INC.
PROXY STATEMENT

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QUESTIONS AND ANSWER ABOUT THE SALE PROPOSAL AND THE SPECIAL MEETING

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed sale of our cable business (the “Sale Proposal”) as contemplated by the Stock Purchase Agreement, as amended, between ourselves as seller and Leveling 8 as buyer. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

Q: What is the transaction contemplated by the Sale Proposal?

A: The proposed transaction (the “Sale Transaction”) is the sale of stock and equity interests in our operating companies in the cable segment pursuant to the Stock Purchase Agreement. If the stockholders approve the Sale Proposal, the Company will no longer operate the cable segment following the closing of the Sale Transaction.

Q: Why did the strategic direction committee determine that the Sale Transaction was expedient and in the best interests of the Company and its stockholders?

A: The Board of Directors formed a committee of independent directors, referred to as the strategic direction committee, to consider, negotiate and approve or disapprove the Sale Transaction. The strategic direction committee consulted with senior management of the Company (excluding D. Chymiak) as well as our outside legal counsel, retained appraisal firms to evaluate the Company’s real estate and the firm of ValueScope, Inc., to evaluate the fairness to the Company of the purchase price under the Stock Purchase Agreement and considered many factors, including the decline over time of our cable business and of the cable TV business in general, the large working capital requirement of the cable business relative to the return generated and the limited market for the cable business. The strategic direction committee also reviewed a significant amount of information and considered numerous factors, including the price to be paid by Leveling 8 in the Sale Transaction, the strategic and financial benefits of the Sale Transaction, the extensive review process that led to the Sale Transaction, the need for additional capital to grow the Company’s non-cable businesses, and that the Company’s stockholders will continue to own stock in the Company after the Sale Transaction and will thereby be able to participate in the potential future earnings and growth generated by ADDvantage.

Q: What proceeds has and will the Company receive from the sale of our cable business assets?

A: In November, 2018, we received \$5 million in cash proceeds from the sale of our Broken Arrow, Oklahoma facility, and upon completion of the Sale Transaction contemplated by the Stock Purchase Agreement we will receive a purchase price of \$10,314,141, subject to possible adjustment for changes in working capital and in the book value of our equipment, of which \$3,939,141 will be paid at the closing of the Sale Transaction and the balance of the purchase price (\$6,375,000) will be paid under the buyer’s secured promissory note, bearing interest at 6% per annum and payable over five years. The note will be guaranteed by the owner of the buyer, D. Chymiak, who has been the Chief Technology Officer of the Company and a director of the Company for many years and has overseen the Company’s cable business. If the Sale Transaction is completed, D. Chymiak will continue to be the largest single stockholder of the Company with current ownership of approximately 26% of the outstanding common stock and will likely remain on the Company’s Board of Directors. The Company has recently entered into agreements to sell its Sedalia, Missouri and Warminster, Pennsylvania properties to an affiliate of D. Chymiak, and any amounts we receive from those sales will be deducted from the purchase price and the down payment under the Stock Purchase Agreement. On March 28, 2019, the agreement for the sale of the Sedalia, Missouri property was closed with the Company receiving a cash purchase price of \$1,350,000, which will be deducted from the purchase price and down payment under the Stock Purchase Agreement.

Q: How will the proceeds of the Sale Transaction be used?

A: The Company intends to use the proceeds of the Sale Transaction to support its telecommunication businesses and its recently acquired wireless services business, to meet ongoing cash needs, and to further grow the Company.

Q: Will the stockholders receive any proceeds of the Sale Transaction?

A: No. Stockholders will not receive any direct proceeds of the Sale Transaction.

Q: Where and when is the special meeting?

A: The special meeting will take place on May 29, 2019, starting at 9:00 a.m. local time at Renaissance Tulsa Hotel & Convention Center, 6808 S. 107th E. Ave., Tulsa, Oklahoma 74133.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

- the Sale Proposal, which is a proposal to approve the Sale Transaction as contemplated by the Stock Purchase Agreement;
- the Adjournment Proposal, which is a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Sale Proposal or to allow for the amending or supplementing of the proxy statement; and
- to act upon other business that may properly come before the special meeting or any adjournment or postponement thereof (provided the Company does not know, at a reasonable time before the special meeting, that such matters are to be presented at the meeting).

Q: Who can vote at the Special Meeting?

A: Stockholders of record as of the record date of April 10, 2019.

Q: What vote of our stockholders is required to approve the Sale Transaction?

A: For the Company to complete the Sale Transaction, under Oklahoma law, stockholders holding at least a majority in voting power of common stock outstanding at the close of business on the record date must vote "FOR" the approval of the Sale Proposal. In addition, it is a condition to the consummation of the Sale Transaction that stockholders holding at least a majority in voting power of common stock outstanding at the close of business on the record date and not owned by D. Chymiak or his affiliates must vote "FOR" the approval of the Sale Proposal. A failure to vote your shares of common stock or an abstention from voting will have the same effect as a vote against the Sale Proposal.

As of the record date, there are 10,361,292 shares of common stock outstanding. D. Chymiak is the largest single stockholder of the Company. D. Chymiak and his affiliates own directly or indirectly 2,664,805 shares of common stock. Accordingly, in addition to D. Chymiak's shares, a total of 2,515,842 shares of common stock, or approximately 24% of the outstanding shares of common stock, must vote in favor of the Sale Proposal to obtain the requisite approval of a majority of the outstanding stock of the Company. The directors and current executive officers of the Company (other than D. Chymiak), all of whom have expressed their intent to vote in favor of the Sale Proposal because they view the Sale Transaction as a favorable opportunity for the Company, may be deemed to own directly or indirectly an additional 302,899 shares of common stock. Except in their capacities as members of the Board of

Directors of the Company, as applicable, no officer or director of the Company has made any recommendation either in support of or

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opposed to the Sale Transaction.

Excluding shares held by D. Chymiak and his affiliates leaves approximately 74% of the common stock, or 7,696,487 shares. A majority of these shares, the so-called “majority of the minority”, must also approve the Sale Proposal. The executive officers and directors of the Company have indicated their intention to vote in favor of the Sale Proposal. Ken Chymiak, brother of D. Chymiak and a former officer and director of the Company and co-founder of Tulsat, is the owner of approximately 1,984,367 shares of common stock, or 19% of the outstanding common stock. D. Chymiak has represented to the Company that Ken Chymiak does not own any interest of any kind in the buyer or have any contractual relationship of any kind with the buyer, and for that reason Ken Chymiak’s shares are considered part of the “minority”. Assuming Mr. Ken Chymiak votes his shares in favor of the Sale Transaction, an additional 1,863,877 shares, or 18% of the outstanding shares, must vote in favor of the Sale Proposal in order to obtain the requisite approval of a majority of the minority.

Q: What vote of our stockholders is required to approve the proposal to adjourn the special meeting, if necessary, to solicit additional proxies or to allow for the amending or supplementing of the proxy statement?

A: The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies or to allow for the amending or supplementing of the proxy statement requires the affirmative vote of the holders of a majority of the voting power of common stock present or represented by proxy at the special meeting.

Q: How does the Company’s Board of Directors recommend that I vote?

A: Our Board of Directors (other than D. Chymiak who has abstained), acting upon the unanimous approval of the Sale Transaction by the strategic direction committee, unanimously concurs with the decision of the strategic direction committee that our stockholders vote “FOR” the approval of the Sale Proposal as contemplated by the Stock Purchase Agreement and “FOR” the adjournment proposal. You should read “Special Factors—Purposes and Reasons for the Sale; Position of the Company as to Fairness of the Sale; Recommendation of the Strategic direction committee and of our Board of Directors” for a discussion of the factors that our strategic direction committee considered in deciding to approve the Stock Purchase Agreement and the Sale Transaction. See also “Special Factors—Interests of the Company’s Directors and Executive Officers in the Sale Transaction”.

Q: What effects will the Sale Transaction have on ADDvantage?

A: ADDvantage will no longer own any interest in the Cable Companies and will no longer operate the cable segment. ADDvantage will receive the proceeds of the Sale Transaction and will continue to operate the telecommunications and wireless segments. See “Special Factors—Plans for ADDvantage after the Sale Transaction.”

Q: What happens if the Sale Transaction is not consummated?

A: If the Sale Proposal is not approved by the Company’s stockholders or if the Sale Transaction is not consummated for any other reason, the Company will continue to operate the cable segment as well as its telecommunication and wireless segments. Each party would bear its own costs and expenses. See “The Stock Purchase Agreement—Reimbursement of Expenses”.

Q: Are there any risks to the Sale Transaction?

A: Yes. A discussion of certain possible risks is set forth under “Special Factors—Risk Factors”.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the documents referred to as incorporated by reference in this proxy statement, and to consider how the Sale Transaction would affect you. If you are a stockholder of record, you can ensure that your shares are voted at the special meeting by submitting your proxy via:

- telephone, using the toll-free number listed on each proxy card;
- the Internet, at the address provided on each proxy card; or
- mail, by completing, signing, dating and mailing each proxy card and returning it in the envelope provided.

If you hold your shares in “street name” through a broker, bank or other nominee you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the Sale Transaction.

Q: Can I revoke my vote?

A: Yes, you can revoke your vote at any time before your proxy is voted at the special meeting. If you are a stockholder of record, you may revoke your proxy by notifying the Company’s Corporate Secretary in writing at ADDvantage Technologies Group, Inc., 1221 East Houston, Broken Arrow, Oklahoma 74012, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, your proxy may be revoked by attending the special meeting and voting in person (simply attending the special meeting will not cause your proxy to be revoked). Please note that if you hold your shares in “street name” and you have instructed a broker, bank or other nominee to vote your shares, the above-described options for revoking your vote do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to revoke your vote.

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: Who will count the votes?

A: A representative of Broadridge Financial Solutions, Inc. will count the votes. The Company’s stock transfer agent, Continental Stock Transfer & Trust, will act as an inspector of election.

Q: Who can help answer my other questions?

A: If you have more questions about the Stock Purchase Agreement or the Sale Transaction, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact Saratoga Proxy Consulting LLC, our proxy solicitor, at (888) 368-0379 (toll free) or (212) 257-1311 (collect) or by email at info@saratogaproxy.com. If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

SUMMARY TERM SHEET

This Summary Term Sheet discusses the material information contained in this proxy statement, including with respect to the Stock Purchase Agreement, as defined below, and the Sale Transaction. We encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement, as this Summary Term Sheet may not contain all of the information that may be important to you. The items in this Summary Term Sheet include page references directing you to a more complete description of that topic in this proxy statement.

The Parties to the Stock Purchase Agreement

ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012
Tel: 918-251-9121

ADDvantage Technologies Group, Inc., referred to herein as “ADDvantage”, the “Company”, “we”, “our” or “us”, is an Oklahoma corporation. ADDvantage (through our subsidiaries) distributes and services a comprehensive line of electronics and hardware for the cable television and telecommunications industries. ADDvantage also provides equipment repair services to cable operators. In addition, ADDvantage offers telecommunications customers decommissioning services for surplus and obsolete equipment, which, in turn is processed through our recycling services. ADDvantage also provides wireless infrastructure services for wireless carriers, contractors supporting the wireless carriers and equipment manufacturers. See “Important Information Regarding ADDvantage and its Directors and Executive Officers—Information Regarding ADDvantage” beginning on page 64.

Additional information about ADDvantage is contained in its public filings, which are incorporated by reference hereto. See “Where You Can Find Additional Information” beginning on page 77.

Leveling 8 Inc
21553 E. Apache Street
Catoosa, Oklahoma 74105
Tel:

Leveling 8, Inc., referred to herein as “Leveling 8”, is an Oklahoma corporation. Leveling 8 was recently formed by D. Chymiak for the purpose of acquiring ADDvantage’s cable business and assets in the Sale Transaction. It is wholly-owned and managed by D. Chymiak. See “Important Information regarding Leveling 8 and David E. Chymiak” on page 68.

The Sale Proposal

You will be asked to consider and vote upon the Sale Proposal to approve the Sale Transaction contemplated by that certain Stock Purchase Agreement, dated as of December 26, 2018, as amended as of March 15, 2019, by and among ADDvantage and Leveling 8, which, as it may be further amended from time to time, is referred to herein as the “Stock Purchase Agreement”. The Stock Purchase Agreement provides that Leveling 8 will purchase of all of the outstanding shares of common stock or limited liability company membership interests (collectively the “Shares”), as applicable, of Tulsat, LLC, an Oklahoma limited liability company (“Tulsat”), NCS Industries, Inc., a Pennsylvania corporation (“NCS”), Addvantage Technologies Group of Missouri, Inc., a Missouri corporation (“ComTech”), Addvantage Technologies Group of Texas, Inc., a Texas corporation (“Tulsat-Texas”), and Tulsat-Atlanta, L.L.C., an Oklahoma limited liability company (“Tulsat-Atlanta”) (each a “Cable Company” and collectively the “Cable Companies”). See “The

Stock Purchase Agreement and Related Agreements” beginning on page 53.

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The Cable Companies

ADDvantage has owned and operated its cable business segment through several operating subsidiaries since 1999. The Shares of the Cable Companies are proposed to be sold to Leveling 8 under the Stock Purchase Agreement. See “Important Information Regarding the Cable Companies” beginning on page 69.

The following is a brief description of each of the Cable Companies:

Tulsat is a provider of new, surplus and re-manufactured cable television equipment and also repairs cable television equipment for various cable companies. It is located in Broken Arrow, Oklahoma.

NCS is a provider of new, surplus and re-manufactured cable television equipment and also repairs cable television equipment for various cable companies. It is located in Warminster, Pennsylvania.

ComTech is a provider of new, surplus and re-manufactured cable television equipment and also repairs cable television equipment for various cable companies. It is located in Sedalia, Missouri.

Tulsat-Texas repairs cable television equipment for various cable companies. It is located in New Boston, Texas.

Tulsat-Atlanta repairs cable television equipment for various cable companies. It is located in Johns Creek, Georgia.

The Stock Purchase Agreement and Related Agreements (Page 53)

The Company has entered into a Stock Purchase Agreement with Leveling 8. Upon satisfaction of the terms and subject to the conditions set forth in the Stock Purchase Agreement, Leveling 8 will purchase and acquire the Shares of the Cable Companies and will thereby acquire ownership of ADDvantage’s cable segment for a purchase price of \$10,314,141 (subject to post-closing adjustments) with \$3,939,141 payable at closing and the balance payable under a promissory note, the terms of which are discussed below. This is the “Sale Transaction”. Following the Sale Transaction, ADDvantage will continue to own and operate its telecommunication and wireless segments. The Company has recently entered into agreements to sell its Sedalia, Missouri and Warminster, Pennsylvania facilities to an affiliate of D. Chymiak, and any amounts received by the Company from those sales will be credited to the purchase price and down payment under the Stock Purchase Agreement. On March 28, 2019, the agreement for the sale of the Sedalia, Missouri property was closed with the Company receiving a cash purchase price of \$1,350,000, which will be credited to the purchase price and down payment under the Stock Purchase Agreement.

D. Chymiak, the owner of the buyer, will personally guarantee the performance by buyer of its obligations to the Company under the Stock Purchase Agreement, buyer’s promissory note and buyer’s other agreements with the Company.

Other agreements to be executed in connection with the closing of the Sale Transaction include the following:

Buyer’s Promissory Note. The Promissory Note requires Leveling 8 to pay the Company \$6,375,000 plus interest at 6% per annum over the course of five years in unequal payments of principal and interest every six months. The Promissory Note requires payments equal to a total of \$2,800,000 (principal and interest) over the first two years, payments equal to a total of \$2,350,000 (principal and interest) over the next two and one-half years and a tenth and final payment of \$2,500,000 (principal and interest).

Transition Services Agreement. The Company is required to provide certain administrative services to the buyer for up to 90 days after the closing. The Company will be reimbursed its actual cost for such services.

Collateral Agreements. D. Chymiak and affiliates of D. Chymiak will secure payment of the promissory note by granting the Company mortgages and security interests in real property located in Broken Arrow, Oklahoma, Sedalia, Missouri, Warminster, Pennsylvania and Johns Creek, Georgia, in shares of common stock in the Company and in a securities account. The real estate mortgages will be subordinate to the security interest in the same collateral granted to buyer's senior lender.

Conditions to the Sale Transaction (Page 59)

Each party's obligation to complete the Sale Transaction is subject to a non-waivable condition that the Sale Transaction as contemplated by the Stock Purchase Agreement must have been approved by the affirmative vote of holders of a majority of the (i) outstanding shares of common stock of the Company and (ii) outstanding shares of common stock not owned by D. Chymiak and his affiliates. There are certain other customary conditions to each's party's obligation to complete the Sale Transaction.

The obligation of the Company to complete the Sale Transaction is subject to the satisfaction or waiver of certain customary conditions and in addition is subject to the condition that the Company must be satisfied that the financial condition of Leveling 8 and D. Chymiak, as a guarantor, is adequate to support Leveling 8's obligations under the Stock Purchase Agreement and under the Promissory Note associated with the Stock Purchase Agreement.

The obligation of Leveling 8 to complete the Sale Transaction is subject to the satisfaction or waiver of certain customary conditions, and in addition is subject to the condition that it shall have obtained financing to fund the down payment for the Sale Transaction.

When the Sale Transaction will be Completed (Page 53)

We anticipate completing the Sale Transaction within a few days of obtaining the required stockholder approvals of the Sale Transaction and the satisfaction of the other closing conditions.

Purposes and Reasons for the Sale; Position of the Company as to Fairness of the Sale; Recommendation of the Strategic Direction Committee and of our Board of Directors

Our Board of Directors formed a strategic direction committee, referred to herein as the "strategic direction committee", comprised initially of the four independent directors on the Company's Board of Directors, including James C. McGill, David W. Sparkman, Thomas J. Franz and Joseph E. Hart, for the purpose of investigating, evaluating and negotiating and approving or disapproving the proposal by D. Chymiak, to purchase and acquire ownership of the Cable Companies. During the course of negotiations, Mr. Hart became the President and Chief Executive Officer of the Company and resigned his position on the strategic direction committee. On December 20, 2018, the strategic direction committee unanimously (i) determined that the Stock Purchase Agreement and the Sale Transaction were advisable, fair to and in the best interests of the stockholders of ADDvantage, and (ii) approved the submission of the Sale Transaction as contemplated by the Stock Purchase Agreement to the stockholders of the Company for their approval. The entire Board of Directors (D. Chymiak abstaining) likewise concurred in the approval by the strategic direction committee of the Stock Purchase Agreement and the Sale Transaction and has submitted the Sale Transaction as contemplated by the Stock Purchase Agreement to the stockholders of the Company for their approval. The strategic direction committee and the entire Board of Directors (other than the abstaining director) recommend that you vote "FOR" the proposal to approve the Sale Proposal. See "Special Factors—Background" beginning on page 19.

In evaluating the fairness and advisability of the Sale Transaction as contemplated by the Stock Purchase Agreement, the strategic direction committee considered information with respect to the

Company's financial condition, results of operations, businesses, competitive position and business strategy, on both a historical and prospective basis, as well as current industry, economic and market conditions and trends. The factors considered by strategic direction committee are set forth in detail under "Special Factors—Purposes and Reasons for the Sale; Position of the Company as to Fairness of the Sale; Recommendation of the Strategic direction committee and of our Board of Directors" beginning on page 24. The Company's Board of Directors (D. Chymiak abstaining) assessed the additional factor of the fairness of the process undertaken by the strategic direction committee and its advisors in connection with evaluating the proposed Sale Transaction, as described above in the section titled "Special Factors—Background of the Sale Transaction" beginning on page 19.

Fairness Opinion (Page 27)

ValueScope, Inc. rendered its oral opinion, which was subsequently confirmed in writing, dated as of March 21, 2019, to the strategic direction committee and the Board of Directors that, as of the opinion date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its written opinion, the purchase price to be paid to the Company for the Cable Companies pursuant to the Stock Purchase Agreement is fair.

The full text of ValueScope's written opinion dated March 21, 2019, together with a detailed report regarding its financial analysis and the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. ValueScope's opinion was provided for the use and benefit of the strategic direction committee of the Company's Board of Directors in its evaluation of the Sale Transaction. ValueScope did not act as a financial advisor to the Company in connection with the Sale Transaction. ValueScope's opinion is limited solely to the fairness, from a financial point of view, of the consideration to be received by the Company in the Sale Transaction and does not address the Company's underlying business decision to effect the Sale Transaction or the relative merits of the Sale Transaction as compared to any alternative business strategies or transactions that might be available with respect to the Company. ValueScope's opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote or act with respect to the Sale Transaction or any other matter.

Plans for ADDvantage after the Sale Transaction (Page 35)

If the Sale Transaction is approved by stockholders and completed, ADDvantage will cease to operate its cable business segment and will continue to operate its telecommunications and wireless services business segments. In 2018, management of the Company implemented both cost reduction and expansion plans for its telecommunications businesses, Nave and Triton. In January of 2019, the Company entered the wireless services business through its acquisition of Fulton Technologies. See "Special Factors—Plans for ADDvantage after the Sale Transaction" beginning on page 35 for an additional discussion as to ADDvantage's plans for the Company after the Sale Transaction.

Certain Effects of the Sale (Page 37)

If the conditions to the closing of the Sale Transaction are either satisfied or, to the extent permitted, waived, ADDvantage will sell its interest in the Cable Companies to Leveling 8, and Leveling 8 will become the sole owner of the Cable Companies. ADDvantage will cease to own any interest in the Cable Companies.

Interests of the Company's Directors and Executive Officers in the Sale Transaction (Page 37)

You should be aware that D. Chymiak, until recently, served as the Chairman of the Company's Board of Directors, is still a member of the Board of Directors and the Company's Chief Technology Officer, and is the owner of the buyer under the Stock Purchase Agreement. In addition, Mr. Chymiak was one of the founders of Tulsat and has for many years overseen the operations of the Cable Companies. As the owner of the buyer, D. Chymiak's interest in the Sale Transaction is adverse to the interest of the Company and its stockholders. After conclusion of the Sale Transaction, D. Chymiak would cease to be Chief Technology

Officer or an employee of ADDvantage but would continue to own approximately 26% of the Company's outstanding stock and would likely remain on the ADDvantage Board of Directors. See "Special Factors— Interests of the Company's Directors and Executive Officers in the Sale Transaction" beginning on page 37. The Board of Directors were aware of D. Chymiak's interests as discussed above and established the strategic direction committee of independent directors in order to ensure that the process of negotiating with D. Chymiak for the sale of the Cable Companies would be fair and in the best interests of all the Company's stockholders.

United States Federal Income Tax Consequences of the Sale Transaction (Page 38)

The Sale Transaction will generally be taxable to ADDvantage for U.S. federal income tax purposes but not to its stockholders.

Regulatory Approvals (Page 39)

The Company is unaware of any federal or state regulatory requirements that must be complied with or necessary approvals in connection with the Sale Transaction.

Anticipated Accounting Treatment of the Sale Transaction (page 39)

The Sale Transaction will be accounted for as a "sale of a business" as that term is used under generally accepted accounting principles in the United States for financial accounting purposes.

No Appraisal Rights (Page 39)

Neither Oklahoma law nor ADDvantage's certificate of incorporation provides ADDvantage stockholders with appraisal or dissenters' rights in connection with the Sale Transaction.

No Solicitation of Transactions (Page 58)

Pursuant to the Stock Purchase Agreement, neither the Company nor its officers, directors and representatives may encourage, solicit, initiate, facilitate or continue inquiries that constitute, or could reasonably be expected to lead to, any "acquisition proposal", execute or enter into any contract with respect to an acquisition proposal or engage in, continue or otherwise participate in any discussions or negotiations regarding, or provide or furnish any information to any person regarding an acquisition proposal.

We may, however, prior to the approval of the Sale Proposal by our stockholders at the Special Meeting, in response to a written acquisition proposal, participate in discussions regarding such acquisition proposal so long as the proposal was not initiated, sought, solicited, knowingly encouraged or facilitated and if our Board of Directors have determined in good faith that the acquisition proposal is or could reasonably be expected to result in a "superior proposal".

The Company may withdraw, modify or amend the Board of Directors' recommendation (an "Adverse Recommendation Change") if: (i) the Company notifies Leveling 8 in writing at least two days prior to the recommendation change and such notification includes the terms and conditions of the superior proposal, the person or group making the proposal and copies of all documents related to the superior proposal and (ii) the Company's Board of Directors determine that the failure to make the Adverse Recommendation Change would be inconsistent with its fiduciary duties.

Notwithstanding these restrictions, prior to the approval of the Sale Proposal by our stockholders, our board of directors may, to the extent it determines in good faith, that failure to take such action would be inconsistent with its fiduciary duties, in response to an "intervening event", make an Adverse Recommendation Change, but only if: (i) the reasons for making the Adverse Recommendation Change are independent from any pending acquisition proposal; (ii)

the Company provides Leveling 8 written notice that the Board of Directors are making an Adverse Recommendation Change and the material facts constituting

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the basis for the change; and (iii) Company waits to make the Adverse Recommendation Change until the second day after receipt by Leveling 8 of the notice of the Adverse Recommendation Change.

Termination (Page 61)

The Company and Leveling 8 may terminate the Stock Purchase Agreement by mutual written consent at any time before the completion of the Sale Transaction. In addition, a party may terminate the Stock Purchase Agreement if:

- there is an uncured breach of a representation, warranty, covenant or agreement on the part of the other party;
- such party's conditions for completion of the Sale Transaction have not been satisfied or waived by June 30, 2019, (unless such party has caused the failure to timely complete the Sale Transaction);
- an action has been commenced against one of the parties or a Cable Company challenging the Sale Transaction; or
- any law or permanent governmental order makes completion of the Sale Transaction illegal.

In addition, the Company may terminate the Stock Purchase Agreement if the Company is not satisfied that Leveling 8 or D. Chymiak, as guarantor, are in a financial position that is adequate to support Leveling 8's obligations under the Stock Purchase Agreement, including the promissory note or if the Company enters into a definitive agreement with a third party providing for a superior proposal.

In addition, Leveling 8 may terminate the Stock Purchase Agreement if Leveling 8 has been unable to obtain a binding and irrevocable commitment for financing the full amount of the cash down payment due at closing.

Reimbursement of Expenses (Page 62)

Each party to the Stock Purchase Agreement is generally required to pay and bear the fees and expenses that it incurs in connection with the transaction. A party breaching its obligations under the Stock Purchase Agreement would be potentially responsible to the non-breaching party for the non-breaching party's transaction expenses subject to the requirements of applicable law.

SPECIAL FACTORS

Background of the Sale Transaction

Tulsat, LLC (f/k/a Tulsat, Inc.) was formed in 1985 by D. Chymiak and Ken Chymiak. In 1999, Tulsat was merged with and into ADDvantage (f/k/a ADDvantage Media Group, Inc.), and D. Chymiak and Ken Chymiak became the largest stockholders of ADDvantage.

After the merger, the Company's business model was to purchase excess hardware used by cable installation contractors and resell the equipment to other contractors. This strategy proved successful initially; however, this business model began to suffer over time due to a reduction in cable installations across the country and consolidation of the various cable operators. After seeing two years of revenue decline, in 2010, the Board of Directors of ADDvantage retained an investment banking firm to test the market for a possible sale of the cable business. Although there were initially a few interested parties, these prospects lost interest upon discovering ADDvantage's large amount of slow-moving inventory and its reliance on D. Chymiak.

After the failed disposition attempt, ADDvantage's Board of Directors enacted a strategy in 2012 to grow the company, both organically and through acquisitions.

Part of this strategy was to execute a change in executive leadership at the Company in order to focus on the growth strategy. On April 2, 2012, the Company appointed David Humphrey as President and Chief Executive Officer. The initial focus of this growth strategy was to explore opportunities within the cable television industry; however, over the succeeding two years, the Board of Directors determined that given the continued decline of the cable segment the Company should pursue acquisitions outside of the cable television market but still within the broader telecommunications industry. Therefore, in 2013 the Board of Directors engaged an investment banking firm to help identify and ultimately close a strategic acquisition within the broader telecommunications industry space. As a result of the acquisition strategy, the Company purchased Nave Communications Company ("Nave") in February, 2014, Triton Datacom ("Triton") in October, 2016 and Fulton Technologies ("Fulton") in January, 2019. Together, Nave and Triton make up ADDvantage's "Telco" segment and Fulton makes up the company's "Wireless" segment.

The goal of the growth strategy was not only to grow via acquisitions, but also to grow the cable segment organically; however, from 2012 to present, in spite of various strategies enacted, the cable segment continued to decline in top-line revenue. Although the cable segment still maintained positive cash flows during this period through various cost-cutting measures and reduction of the inventory position, the cable segment suffered an operating loss before taxes for the first time in fiscal year 2017. In December 2017, James C. McGill ("McGill"), an 11 year member of ADDvantage's Board of Directors, approached the other outside directors of ADDvantage with concerns regarding the continued decline of the cable segment. The outside directors decided to meet in February to discuss the future of the cable segment.

D. Chymiak, the Chief Technology Officer and until recently, Chairman of the Board of Directors, beneficially owns 26% of the Company's common stock and has been the largest stockholder of the Company and a member of its Board of Directors since 1999. In early January 2018, McGill approached D. Chymiak, the Company's Chief Technology Officer and Chairman of the Board of Directors, and told D. Chymiak that the Company needed to raise capital in order to continue the strategic plan of diversifying and growing its business. McGill stated that other board members were considering selling off assets of the cable segment, including real property, and leasing them back. D. Chymiak told McGill that he would consider purchasing the assets of the cable segment. Shortly thereafter, McGill consulted Hall, Estill, Hardwick, Gable, Golden & Nelson, PC ("Hall Estill"), ADDvantage's legal counsel, regarding the legal ramifications of engaging in a sales transaction, including the desirability of including safeguards to ensure the procedural fairness of a transaction with D. Chymiak.

On February 7, 2018, the independent directors of the Company met to discuss their concerns for the future of the cable segment of ADDvantage and possible actions the Company could take. McGill informed the directors at this meeting that D. Chymiak had expressed interest in purchasing the cable segment. The directors agreed that pursuing a sale with D. Chymiak would likely be the Company's best option in light of the declining cable television market, the eroding financial and operating results of the Company's cable segment, the Company's failed attempts at disposing of the cable segment in the past and D. Chymiak's unique knowledge of the cable segment. The directors decided to discuss the possibility of the sale with Company management (but excluding D. Chymiak) in order to obtain the information necessary to evaluate the attractiveness of the sale. In the spring of 2018, the Company's CEO contacted the broker previously retained by the Company for past transactions, including the failed attempt to sell the cable business in 2010, to see if he believed that there was third party interest in buying the Company's cable business. After making certain informal inquiries, the broker responded that he believed there would be little third party interest in purchasing the cable segment.

Thereafter, McGill and D. Chymiak informally met on several occasions to discuss the terms of a possible sale and procedural requirements. At McGill and D. Chymiak's first meeting in February, 2018, D. Chymiak suggested a purchase price based generally on the appraised and book value of the Cable Companies' assets. McGill agreed that this was likely a reasonable methodology and the two proceeded to discuss the specifics regarding the procedure of the sale in their subsequent meetings. In early May of 2018, D. Chymiak told McGill that he was willing to move forward in their discussions regarding the sale of the Cable Companies. On May 8, 2018, the independent directors of the Company met to discuss the potential transaction. At this meeting, McGill updated the directors on his meetings with D. Chymiak. The directors authorized McGill to continue meeting with D. Chymiak to discuss a possible sale.

McGill and D. Chymiak met on May 14, 2018 to discuss the procedural requirements necessary for the sale of subsidiaries of a public company. On May 17, McGill met with D. Chymiak to discuss the terms of the sale. On May 30, McGill and D. Chymiak met again to discuss the terms of the sale. At this meeting, D. Chymiak expressed his desire to purchase the stock and/or membership interest of Tulsat, LLC, NCS Industries, Inc., Advantage Technologies Group of Missouri, Inc. (ComTech), Advantage Technologies Group of Texas, Inc. (Tulsat-Texas), and Tulsat-Atlanta, L.L.C., which collectively make up the cable segment of ADDvantage, and stated that he wanted the deal to move forward as quickly as possible.

On two separate occasions, in June, 2017, and in September, 2017, the Company's declining operating results caused it to fail to meet certain financial covenants in its credit agreement with its secured lender, Bank of Oklahoma, N.A. ("BOK"). BOK waived these breaches, preventing a default, but, when the Company again failed to comply with its financial covenant at March 31, 2018, BOK refused to waive the breach, declared a default and advised the Company that its credit facility would not be renewed. On May 31, 2018, the Company entered into a Forbearance Agreement with BOK relating to the Company's default under the Company's Amended and Restated Credit and Term Loan Agreement ("Loan Agreement"). Under the Forbearance Agreement, BOK agreed to forbear from calling the loan and exercising its rights and remedies under the Loan Agreement through October 31, 2018.

In early June of 2018, McGill and D. Chymiak met several times to discuss the terms of the potential sale. McGill and D. Chymiak contemplated a purchase price of approximately \$20 million, subject to adjustments to reflect changes in the book value of inventory or appraised value of the real estate owned by the Cable Companies. McGill and D. Chymiak discussed a transition period during which the Company would provide back office support to D. Chymiak after the closing of the Sale Transaction.

On June 7, 2018, the Board of Directors of the Company met to discuss the strategic options of the Company. D. Chymiak did not attend this meeting. The directors present unanimously agreed that the Company should continue to pursue a possible sale of the cable segment to D. Chymiak. The directors believed that the capital raised by the sale of the cable segment could generate capital needed to expand the telecommunications segment of the Company and further diversify the Company's business model. McGill then invited the Company's legal counsel to advise the

directors of the Company regarding legal and procedural matters related to a possible sale of the cable segment to D. Chymiak. The Company's counsel discussed with the directors the role of a special committee in considering a proposal such as the sale to D.

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Chymiak and various related matters, including matters of fiduciary duty, independence, process, and the role of legal and financial advisors. After discussing these matters with the Company's counsel, the directors present unanimously adopted resolutions creating a strategic direction committee to be comprised solely of independent directors for the purpose of negotiating and approving or disapproving the sale of ADDvantage's cable segment to D. Chymiak and considering strategic options for the Company. The resolutions further authorized the strategic direction committee to retain legal counsel, financial advisors and such other agents as the strategic direction committee deemed necessary or desirable in connection with its consideration of the sale to D. Chymiak. The members of the committee were James McGill, Joseph E. Hart, Thomas J. Franz and David W. Sparkman.

After adjournment of the June 7 board meeting, the strategic direction committee met to discuss developing a comprehensive strategy for the Company going forward and appointed McGill chairman of the committee. The directors agreed that the discussion should include consideration of improvement to the existing telecommunications segment and expanding into the services industry. On June 11, 2018, McGill and D. Chymiak met to discuss a possible timeline of the Sale Transaction and terms regarding the sale.

On June 18, 2018, the strategic direction committee met to discuss the most recent negotiations between McGill and D. Chymiak. Scott Francis, the Company's then Chief Financial Officer, was present and circulated a spreadsheet outlining the components of the purchase price and payment terms. The terms contemplated the purchase of the stock or membership interests, as applicable, of each of the Cable Companies for a \$20 million purchase price, with approximately \$8 million payable at closing and the remainder payable under a 5-year promissory note by an acquisition company established by D. Chymiak. D. Chymiak would personally guarantee the note and grant ADDvantage a second mortgage on the real property that was subject to the sale. McGill informed the directors that D. Chymiak intended to keep his shares in the Company, but would resign from his position as Chief Technology Officer. The members of the strategic direction committee authorized McGill to continue negotiating the terms of the sale with D. Chymiak. At this meeting, the strategic direction committee resolved that in light of David Humphrey's upcoming resignation as Chief Executive Officer, as part of the strategic plan for the Company, the strategic direction committee unanimously resolved to appoint director Joseph E. Hart ("Hart") as interim CEO. Hart informed the committee that his strategic plan for the Company included development of a wireless infrastructure service business and identified a possible acquisition target.

On July 3, 2018, David Humphrey resigned as CEO and ADDvantage appointed Hart as interim CEO. Thereafter, Hart resigned as a member of the strategic direction committee. On July 19, D. Chymiak and McGill signed a term sheet reflecting the then status of their discussions and circulated it to the members of the strategic direction committee, Company counsel and the Company's senior executive management (other than D. Chymiak). After discussions with this group an amended non-binding term sheet was executed by McGill and D. Chymiak on July 30, 2018. The amended term sheet directed ADDvantage to engage their legal counsel to prepare a stock purchase agreement for the sale of the cable segment to D. Chymiak for a purchase price estimated at \$18.7 million, with approximately \$7.9 million payable at closing, and the remainder financed through a 5-year promissory note personally guaranteed by D. Chymiak. The Company instructed its legal counsel to draft a Stock Purchase Agreement which reflected the amended term sheet.

On August 6, 2018, the Company's counsel delivered an initial draft of the Stock Purchase Agreement to the strategic direction committee. On August 8, the strategic direction committee met to discuss the initial draft of the Stock Purchase Agreement and McGill updated the committee on the status of negotiations with D. Chymiak. The committee made minor changes to the Stock Purchase Agreement, but the substantive terms remained the same. On August 28, the strategic direction committee met to review and approve the form of the Stock Purchase Agreement. At the August 28 meeting, the strategic direction committee also approved Hart's role as permanent Chief Executive Officer of the Company subject to the parties' agreement as to the compensation and other terms of Hart's employment and appointed McGill as Chairman of the Board of Directors, replacing D. Chymiak. The strategic direction committee delivered the Stock Purchase Agreement and the personal guarantee under the promissory note to D. Chymiak on August 31.

At its August 28, 2018 board meeting, the board members discussed a possible sale and leaseback of the Company's Broken Arrow, Oklahoma facility with D. Chymiak as the buyer. The sale would generate approximately \$5 million of cash for the Company at a critical time in light of the Company's inability to find a replacement lender for BOK and the looming October 31, 2018, due date under the BOK Forbearance Agreement. The sale would be separate and distinct from the proposed sale of the Cable Companies and therefore would not require stockholder approval. The Broken Arrow property was to be included in the proposed cable sale and therefore the cash purchase price in any sale of the Broken Arrow property would have to be deducted from the total purchase price and from the closing payment due under the cable sale. At the August 28, the Board authorized management to move forward in discussions with D. Chymiak regarding this possible transaction.

On September 4, 2018, D. Chymiak delivered a revised offer to McGill, which proposed a reduction in the initial payment of the purchase price from \$7.9 million to \$5.9 million and a corresponding \$2 million increase in the final payment of the promissory note. D. Chymiak also delivered to McGill his personal financial statement to assist the strategic direction committee in their due diligence review of his financial position and ability to perform his guarantee.

The strategic direction committee had a telephone meeting on September 6, 2018, to discuss the collateral to secure payment under the promissory note and the guarantee, as well as the reduction proposed by D. Chymiak in the down payment. On September 10, 2018, McGill informed D. Chymiak that the strategic direction committee would not approve a reduction in the down payment but would consider a reduction in the installment payments under the promissory for the first four years with the aggregate reduction added to the final payment under the promissory note. On September 11, 2018, D. Chymiak informed McGill that he agreed to these terms and McGill agreed to revise the Stock Purchase Agreement to provide for the revision of the payment terms under the promissory note and to submit the revised draft of the Stock Purchase Agreement to the strategic direction committee. On September 20, 2018, counsel for D. Chymiak returned to the Company proposed revisions to the Stock Purchase Agreement and exhibits.

On September 25, 2018, counsel for D. Chymiak advised the Company that D. Chymiak was willing to discuss his purchase of the Company's Broken Arrow, Oklahoma property for a cash purchase price of approximately \$5.1 million. On October 9, 2018, the Company and D. Chymiak entered into an agreement for the sale and purchase of the Broken Arrow facility for a cash purchase price of \$5.0 Million (reduced from the previous \$5.1 million price due to the purchaser's assumption of certain agreed necessary repairs to the structure of the building) payable in full at closing. The agreement also required the buyer to lease the Broken Arrow property back to Tulsat, LLC under a ten-year lease calling for rental payments of \$37,500 per month (\$450,000 annually) over the term of the lease. The lease would be guaranteed by the Company, but the buyer and its lender would agree to release the Company from the guarantee upon the sale of the Cable Companies to D. Chymiak. On October 31, 2018, D. Chymiak advanced to the Company one million dollars of the closing down payment, which the Company used to pay down the debt owed to BOK. On November 27, 2018, the Company's board of directors approved by unanimous written consent in lieu of a meeting an increase in the rental payments under the ten-year lease of the Broken Arrow property from \$37,500 per month (\$450,000 annually) to \$44,000 (\$528,000) as required by the lender to the buyer. On November 29, 2018, the Broken Arrow property was sold to David Chymiak, LLC, and Tulsat entered into a lease of the property on the terms approved by the Board on November 27, 2018. Proceeds of the sale were used, in part, to pay off the balance of the BOK Loan Agreement. The Broken Arrow sale resulted in an agreed reduction of the purchase price and down payment for the Sale Transaction equal to the purchase price paid for the Broken Arrow property.

On or about September 5, 2018, ADDvantage initiated discussions with representatives from ValueScope, Inc., referred to herein as "ValueScope", about rendering a fairness opinion in connection with a potential transaction, and on September 13, 2018, ADDvantage entered into an engagement agreement with ValueScope under which it would render to the strategic direction committee its opinion regarding the fairness of the Sale Transaction. Following its engagement, ValueScope commenced due diligence with respect to ADDvantage and its subsidiaries.

On September 28, 2018, a meeting of the strategic direction committee was held via conference telephone. Martin D. Hanan and Jason Wainwright, representatives of ValueScope addressed the directors. They noted that drafts of their fairness opinion had been circulated to the directors in advance of the meeting. Mr. Hanan discussed with the committee members the direct and indirect valuation tests and the various methodologies used by ValueScope in determining fair value. He stated that the proposed purchase price, as set forth in the draft stock purchase agreement furnished to ValueScope, exceeded the value of the cable business as determined under each of the valuation methodologies employed by ValueScope, and that accordingly Value Scope had concluded that, subject to the various assumptions and limitations set forth in its draft opinion, the stated purchase price was fair to the Company and all of its stockholders. After Mr. Hanan's presentation, the directors posed questions of Mr. Hanan regarding the draft fairness opinion and his firm's analysis. The directors also discussed the status of negotiations with D. Chymiak for the purchase and sale of the cable business.

On November 29, 2018, counsel for the Company returned to D. Chymiak's attorney the Company's proposed revised stock purchase agreement. On December 11, 2018, D. Chymiak's attorney returned to the Company's counsel proposed revisions to the stock purchase agreement. On December 17, 2018, the Company, D. Chymiak and their respective attorneys had a conference call to negotiate the terms of the stock purchase agreement. After that conference call, counsel for D. Chymiak returned to the Company a proposed revised version of the stock purchase agreement, and on December 20, 2018 returned to the Company proposed revisions to the D. Chymiak guarantee.

On December 20, 2018, the strategic direction committee met. Mr. McGill discussed the status of negotiations for the sale of the cable business to D. Chymiak. Scott Francis reported to the committee members that the terms being discussed were a total purchase price of \$10,275,000, which reflected the aforesaid reduction for the purchase price for the sale of the Broken Arrow property, and also reflected reductions for reduced 2018 fiscal year operating results of the cable business, and a further inventory write down. Of the purchase price, \$3,900,000 was payable in cash at the closing and the remaining \$6,375,000 was included in a promissory note, payable over five years. Martin Hanan of ValueScope reported that their analysis valued the cable segment at \$9,400,000 so the revised purchase price exceeded the value of the cable segment. Jason Wainwright of ValueScope reported that the business decline suffered by the Company's cable segment since June 30, 2018, had resulted in a reduction in the valuation of the cable segment. Directors Franz and Sparkman questioned the ValueScope representatives and management extensively regarding valuation and the reasons for the decline in the valuation of the cable segment. The committee approved the terms of the Stock Purchase Agreement subject to getting the buyer's agreement to the economic terms of the transaction as discussed at the meeting. After the meeting, counsel to the Company advised counsel to D. Chymiak of the economic terms that the committee would accept, and on December 21, 2018, counsel to the Company delivered revised drafts of the stock purchase agreement to counsel for D. Chymiak reflecting the terms approved by the committee. On December 26, 2018, the Company and D. Chymiak executed the stock purchase agreement.

On March 11, 2019, the committee approved an amendment to the Stock Purchase Agreement. The amendment, as executed by the parties on March 18, 2019, and dated as of March 15, 2019, acknowledged that an affiliate of D. Chymiak had agreed to purchase the Company's Sedalia, Missouri and Warminster, Pennsylvania properties for purchase prices equal to their appraised values of \$ 1,350,000 and \$725,000, respectively. Like the Broken Arrow, Oklahoma facility sale in 2018, the Sedalia and Warminster sale agreements are structured as sale/leasebacks under which the purchaser pays the appraised value of the property, and the purchaser and seller enter into a ten year lease of the property. The Sedalia and Warminster sale agreements, executed by the parties on March 22, 2019, require a cash payment equal to 80% of the purchase price at closing and the delivery of the purchaser's 6.25% promissory note for the balance of the purchase price which is payable on the earlier of (i) the closing of the Sale Transaction or (ii) six months from the closing of the property sale. Payment of the promissory note is guaranteed by D. Chymiak and The David E. Chymiak Trust. Since the Sedalia, Missouri and Warminster, Pennsylvania properties are part of the cable business, the amendment provides that amounts paid to the Company for their purchase prior to the closing of the Sale Transaction will reduce the purchase price and down payment under the Stock Purchase Agreement. On March 28, 2019, the agreement for the sale of the Sedalia, Missouri property was closed with the Company receiving a cash

purchase price of \$1,350,000, which will be deducted from the purchase

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price and down payment under the Stock Purchase Agreement. In addition, the amendment reflects the parties' agreement as to the form of the collateral agreements that would secure payment of buyer's promissory note, the terms and conditions upon which certain collateral would be released by the Company and a clarification of the permitted amount of senior debt against the Company's real estate collateral. ValueScope finalized and delivered its fairness opinion dated as of March 21, 2019, after reviewing the terms of the amendment.

Purposes and Reasons for the Sale; Position of the Company as to Fairness of the Sale; Recommendation of the Strategic Direction Committee and of our Board of Directors

The strategic direction committee acting on behalf of and as authorized by the Company's Board of Directors believes, based on their consideration of the factors relating to the substantive and procedural fairness described below, that the Sale Transaction as contemplated by the Stock Purchase Agreement is fair to, and in the best interests of, all of the Company's stockholders and specifically to the stockholders unaffiliated with the buyer. The Company's purpose and reasons for undertaking the Sale Transaction at this time are to enable stockholders to realize the value of the cable business by selling it pursuant to the terms of the Stock Purchase Agreement.

In the course of reaching its determination, the strategic direction committee considered information with respect to the Cable Companies' financial condition, results of operations, competitive position and business strategy, on both a historical and prospective basis, as well as current industry, economic and market conditions and trends. The strategic direction committee also considered the following factors as being generally positive or favorable, each of which the strategic direction committee believed supported its determination and recommendations:

- the then-current and historical values of the Cable Companies;
- the continuing decline of our cable business and of the cable television industry overall;
- the Company's need for additional growth capital;
- the continued decline of top line and bottom line results of the cable business in spite of efforts of the Company to grow the business;
- the large amount of inventory required to operate the cable business relative to the return generated from the inventory investment;
- the consolidation of cable operators and original equipment manufacturers which limited the Company's ability to grow its cable business;
- changes in cable television technology which negatively impacted the cable segment's ability to sell its legacy product lines;
- the consideration to be paid by Leveling 8 for the cable assets and business;
- the terms of the Stock Purchase Agreement, including:

the requirement that the Sale Transaction must be approved by the holders of a majority of the outstanding common stock of the Company not owned by D. Chymiak and his affiliates;

the limited representations and warranties given by the Company;

the inclusion of provisions that permit the Company's Board of Directors, under specified circumstances, to change or withdraw its recommendation with respect to the Stock Purchase Agreement and the Sale Transaction and respond to

unsolicited proposals to acquire the Cable Companies to

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the extent the Company's Board of Directors believes in good faith that failure to do so would be inconsistent with its fiduciary duties; and

the other terms and conditions of the Stock Purchase Agreement, as discussed in the section entitled "The Stock Purchase Agreement", which the strategic direction committee, after consulting with its legal counsel, considered to be reasonable and consistent with precedents it deemed relevant.

In addition to the foregoing factors which the strategic direction committee considered as being generally positive or favorable in making its determination and recommendations in favor of the Sale Transaction, the strategic direction committee also considered that its determination and recommendations were supported by its belief that there were limited strategic alternatives for enhancing value for the Company's stockholders, and that the market to sell the Cable Companies was limited, both in terms of interested buyers and time. This belief was primarily based on the Company's failed attempt to sell the Company in 2010. Although the Company had several interested parties, all potential purchasers lost interest upon their review of the Company's business model. The board and management concluded that potential purchasers were swayed from the possible purchase of the cable segment principally because of their concerns regarding the Company's large inventory position and the dominant role played by D. Chymiak in the cable segment's business. The strategic direction committee believes these potentials concerns have only been exacerbated over time and that the market to purchase the cable segment of the Company is more limited today than it was in 2010. This view was confirmed by the Company's broker who, in the spring of 2018, reported that his informal inquiries suggested that there would be little third party interest in purchasing the Company's cable business.

The strategic direction committee also considered a number of factors that are discussed below relating to the procedural safeguards that it believes were and are present to ensure the fairness of the Sale Transaction. The strategic direction committee believes these factors support its determinations and recommendations and provide assurance of the procedural fairness of the Sale Transaction to the Company's stockholders:

- the broad authority granted to the strategic direction committee by the Company's Board of Directors to negotiate the terms of the definitive agreement with D. Chymiak or to determine not to pursue any agreement with D. Chymiak;
- the strategic direction committee consists solely of independent and disinterested directors. The members of the strategic direction committee (i) are not employees of the Company or any of its subsidiaries, (ii) are not affiliated with D. Chymiak, Leveling 8 or their affiliates, and (iii) have no financial interest in the Sale Transaction that is different from that of the Company's unaffiliated stockholders, other than as discussed in the section entitled "Special Factors—Interests of the Company's Directors and Executive Officers in the Sale Transaction";
- the strategic direction committee held several meetings and met regularly to discuss and evaluate D. Chymiak's proposal, and was advised by independent legal advisors, and each member of the strategic direction committee was actively engaged in the process on a regular basis;
- the recognition by the strategic direction committee that it had no obligation to approve the Sale Transaction or any other transaction;
- the Sale Transaction must be approved by the affirmative vote of (i) the holders of at least a majority of all outstanding shares of common stock, and (ii) the holders of at least a majority of all outstanding common stock of the Company not owned by D. Chymiak and his affiliates, as discussed in the section entitled "The Special Meeting—Required Vote"; and
- the opinion of ValueScope that the purchase price to be paid for the cable segment was fair.

In the course of reaching its determinations, the strategic direction committee also considered the following risks and other factors concerning the Stock Purchase Agreement and the Sale Transaction as being generally negative or unfavorable:

- the fact that the Company will have no ongoing equity participation in the Cable Companies following the Sale Transaction, and that the Company will cease to participate in the Cable Companies' future earnings or growth, if any, and will not participate in any potential future sale of the Cable Companies to a third party or any potential recapitalization which could include a greater dividend to stockholders;
- the possibility that Leveling 8 could realize significant returns on its equity investment in the Cable Companies following the Sale Transaction;
- the possibility that Leveling 8 could sell some or all of the Cable Companies following the Sale Transaction to one or more purchasers at a valuation higher than that being paid in the Sale Transaction;
- the risk that, while the Sale Transaction is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the Sale Transaction will be satisfied, and as a result, it is possible that the Sale Transaction may not be completed even if the requisite stockholder approvals are obtained;
- the risks and costs to the Company if the Sale Transaction does not close, including the potential effect of the diversion of management and employee attention from the Company's business and the substantial expenses which the Company will have incurred; and
- the risk of a default by Leveling 8 in the payment of its promissory note, which represents over half of the purchase price.

While the strategic direction committee considered potentially positive and negative factors, it concluded that, overall, the potentially positive factors outweighed the potentially negative factors, and at a meeting held on December 20, 2018, the strategic direction committee unanimously:

- determined that the Stock Purchase Agreement and the Sale Transaction as contemplated by the Stock Purchase Agreement are fair to, advisable, and in the best interests of the Company and the Company's stockholders; and
- approved resolutions recommending to the Company's stockholders that they approve the Sale Transaction as contemplated by the Stock Purchase Agreement.

The committee likewise unanimously approved the changes to the Stock Purchase Agreement set forth in the amendment of March 15, 2019.

In addition, the Company's Board of Directors believes that the Stock Purchase Agreement and the Sale Transaction are both substantively and procedurally fair to the Company and the Company's stockholders. In reaching these determinations, our Board of directors considered and adopted:

- the strategic direction committee's analysis, conclusions, and unanimous determination that the Stock Purchase Agreement and the Sale Transaction as contemplated by the Stock Purchase Agreement were fair to, advisable and in the best interests of the Company and the Company's stockholders; and
- the strategic direction committee's unanimous recommendation that the stockholders vote for the approval of the Sale Transaction.

In making these determinations, the Company's Board of Directors also considered a number of
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factors, including the following:

- the strategic direction committee consists solely of independent and disinterested directors. The members of the strategic direction committee (i) are not employees of the Company or any of its subsidiaries, (ii) are not affiliated with D. Chymiak, Leveling 8 or their affiliates, and (iii) have no financial interest in the Sale Transaction that is different from that of the Company's unaffiliated stockholders, other than as discussed in the section entitled "Special Factors—Interests of the Company's Directors and Executive Officers in the Sale Transaction"; and
- the process undertaken by the strategic direction committee and its advisors in connection with evaluating the Sale Transaction, as described above in the section entitled "Special Factors—Background of the Sale Transaction".

The foregoing discussion of the information and factors considered by the strategic direction committee and by the Company's Board of Directors is not intended to be exhaustive, but includes the material factors considered by the strategic direction committee and the Company's Board of Directors, respectively, including the substantive and procedural factors considered by the strategic direction committee and the Company's Board of Directors discussed above. In view of the wide variety of factors considered by the strategic direction committee and by the Company's Board of Directors in evaluating the Stock Purchase Agreement and the Sale Transaction, neither the strategic direction committee nor the Company's Board of Directors found it practicable, or attempted, to quantify, rank or otherwise assign relative weights to the foregoing factors in reaching their respective conclusions. In addition, individual members of the strategic direction committee and of the Company's Board of Directors may have given different weights to different factors and may have viewed some factors more positively or negatively than others.

Other than as described in this proxy statement, the Company's Board of Directors is not aware of any offer by any other person during the prior two years for the purchase of the Cable Companies or the Company's cable business.

Fairness Opinion

At the meeting of the strategic direction committee of the Company's Board of Directors held on December 20, 2018, ValueScope, Inc. "ValueScope" delivered an oral opinion, which was confirmed by delivery of a written opinion, dated as of March 21, 2019, and addressed to the strategic direction committee of the Board of Directors, to the effect that, as of the date of the opinion and based upon and subject to the conditions and limitations set forth in the opinion, the consideration to be received by the Company in the Sale Transaction was fair from a financial point of view, to the Company.

The full text of ValueScope's written opinion dated as of March 21, 2019, together with a detailed report regarding its financial analysis and the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. ValueScope's opinion was provided for the use and benefit of the strategic direction committee of the Company's Board of Directors in its evaluation of the Sale Transaction. ValueScope did not act as a financial advisor to the Company in connection with the Sale Transaction. ValueScope's opinion is limited solely to the fairness, from a financial point of view, of the consideration to be received by the Company in the Sale Transaction and does not address the Company's underlying business decision to effect the Sale Transaction or the relative merits of the Sale Transaction as compared to any alternative business strategies or transactions that might be available with respect to the Company. ValueScope's opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote or act with respect to the Sale Transaction or any other matter.

In arriving at its opinion, ValueScope, analyzed, among other things:

A review of the execution version of the Stock Purchase Agreement by and among Leveling 8, Inc. and ADDvantage Technologies Group, Inc. dated December 26, 2018, and the amendment to the Stock Purchase Agreement dated March 15, 2019.

A review of the Company's publicly available financial statements for the fiscal years ended September 30, 2015 through September 30, 2018 and the trailing twelve-month period ended November 30, 2018.

A review of information relating to the Company's industry and similar companies.

Discussions with management regarding the historical and projected operating performance of the Company.

Discussions with management regarding the Company's industry with respect to guideline companies and transactions.

A review of the Company's recent trading activity on the NASDAQ Global Market exchange.

A review of pricing data of comparable guideline companies and industry transactions existing as of the Valuation Date.

In connection with ValueScope's review, with the Company's consent, ValueScope relied on the information supplied to, discussed with or reviewed by it for purposes of its opinion being complete and accurate in all material respects. ValueScope did not independently verify any of the information and relied upon its completeness and accuracy in all material aspects. ValueScope relied upon certain asset appraisals given to it by the Company and did not independently verify such appraisals.

ValueScope developed certain projections in connection with its valuation analysis for the cable segment, the Company pre-transaction and the Company post-transaction. These projections were based on a combination of available industry data, historical financial performance and discussions with Company management. Industry data consisted of IBISWorld Industry Reports on Cable Providers in the U.S, Electronic Part & Equipment Wholesaling in the U.S, Wireless Telecommunications Carriers in the U.S. and cable TV subscriptions. The historical financial performance used in developing the projections came from Company income statements by segment for the fiscal years ended September 30, 2015, through 2018 and the trailing twelve months ended November 30, 2018. Projections were created for a valuation date of June 30, 2018, and were updated to November 30, 2018. Company management reviewed the projections that ValueScope developed.

The following is a summary of the material financial analyses presented by ValueScope in connection with its opinion to the strategic direction committee of the Board of Directors of the Company. This summary is qualified in its entirety by ValueScope's fairness opinion and related report attached to this proxy statement at Annex B, and stockholders are urged to review the fairness opinion and related report in its entirety.

Some information in the summaries of ValueScope's financial analyses discussed herein and in ValueScope's fairness opinion and related report attached to this proxy statement as Annex B is presented in tabular format. Tables should be read in conjunction with the accompanying text and are not complete in themselves. Considering the data described below without considering the full description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of ValueScope's analyses.

Financial Analyses of the Company

Historical Financial Review of the Cable Segment

ValueScope reviewed the historical financial information for the Company's cable segment for the fiscal years ended September 30, 2015 through September 30, 2018 and the trailing twelve-month period ("TTM") ended November 30, 2018, which we refer to as the "Review Period". Cable's total revenue declined each year of the Review Period, from \$25.4 million at the end of fiscal year 2015 to \$19.1 million for the TTM ended November 30, 2018. This is due to the decline in Cable TV subscribers, which is expected to continue according to the aforementioned IBIS World Industry report.

ValueScope made certain adjustments to cable's general and administrative expenses in order to reflect cable as a standalone business. (See Schedule A.4 to Appendix C of Annex B.) After making these adjustments, ValueScope estimated that the cable segment's EBITDA decreased from \$3.4 million at the end of fiscal year 2015 to negative \$0.4 million for the TTM ended November 30, 2018. The cable segments adjusted historical EBITDA and EBITDA margins are presented in the following chart.

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Historical Financial Review of the Company

The Company's total revenue increased from \$43.7 million at the end of fiscal year 2015 to \$46.8 million for the TTM ended November 30, 2018. This increase in revenue was driven by growth in the Telco segment. The Telco segment's revenue increased from \$18.8 million in 2015 to \$27.8 million for the TTM ended November 30, 2018, while the Cable segment's revenue declined from \$25.4 million to \$19.1 million. Historical revenue by segment is presented in the following chart.

Valuation Methodology

Three conceptually distinct methodologies can be applied to determine the fair market value of a business or asset: (a) the income approach, (b) the market approach, and (c) the cost approach. Each of these generally accepted valuation methodologies are considered in the appraisal process and are more or less relevant given the nature of the business and the observable data used to apply the method.

ValueScope used the income and market approaches to determine the value of the cable segment (See Appendix C to Annex B), the pre-Sale Transaction or "pre-transaction" value of the Company (See Appendix D to Annex B) and the post-Sale Transaction or "post-transaction" value of the Company (See

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Appendix E to [Annex B](#)). In addition to the income and market approaches, ValueScope used the cost approach to derive an indication of value for the cable segment.

Income Approach – Discounted Cash Flow Model

The projected revenue and expenses in the discounted cash flow (DCF) model were based on discussions with management and industry projections and certain assumptions regarding future nominal and real revenue growth rates

Market Approach – Guideline Public Company Method

The market approach analysis included an examination of ten guideline companies identified by management and pricing measures and industry transactions observable in the public and private markets. ValueScope determined a conclusion of value based on a review of the pricing multiples of the guideline companies. Based on its analysis, ValueScope applied the enterprise value (EV) to EBITDA multiples and EV/Sales multiples to the average EBITDA of the cable segment or the Company, as applicable, over the Review Period to arrive at an enterprise value.

ValueScope then added cash and subtracted debt to arrive at the implied equity value on a minority, marketable basis. A control premium of 34.3% was then applied to determine total equity value, on a controlling basis.

Market Approach – Merger & Acquisition Method

ValueScope identified thirty comparable transactions from two proprietary databases, reviewed the EV/Sales and EV/EBITDA multiples and determined appropriate multiples for the Company and the cable segment, based on size and profitability of the Company. After adjusting for cash and debt, these multiples were applied to determine equity value.

Cost Approach – Adjusted Balance Sheet Method (cable segment valuation only)

The cable segment's assets were generally valued at book value as of November 30, 2018, subject to adjustments to book value for accounts receivable (downward), inventory (downward) and real estate (upward).

Market Approach – Pre-Transaction Market Capitalization (pre-transaction Company valuation only)

ValueScope utilized the Company's recent pre-Transaction trading history and share prices in arriving at a pre-transaction equity value. ValueScope applied a 34.3% control premium to the total market capitalization as of November 30, 2018, to obtain a controlling, marketable interest equity value.

Summary Valuation Table

The following table summarizes the valuations determined by ValueScope under the methodologies described above. This table should be reviewed in conjunction with the more detailed discussion of valuation set forth in [Annex B](#) to this proxy statement.

SUMMARY VALUATION (Dollar figures in Thousands)

Cable Segment Value (Appendix C to Annex B)

<u>Valuation Method</u>	<u>Indicated Value</u>	<u>Reference</u>
Income Approach		
Discounted Cash Flow Method	\$9,404	Schedule B.8
Market Approach		
Guideline Public Company Method	\$7,482	Schedule C.2
Merger and Acquisition Method	\$6,467	Schedule D.3
Cost Approach		
Adjusted Balance Sheet Method	\$9,917	Schedule E
Concluding Value	\$8,300	Schedule G

Pre-Transaction Company Value (Appendix D to Annex B)

Income Approach		
Discounted Cash Flow Method	\$20,850	Schedule B.8
Market Approach		
Guideline Public Company Method	\$20,522	Schedule C.2
Market Price Method	\$18,412	Schedule D
Merger and Acquisition Method	\$20,429	Schedule E.3
Concluding Value	\$20,100	Schedule G

Post-Transaction Company Value (Appendix E to Annex B)

Income Approach		
Discounted Cash Flow Method	\$12,587	Schedule B.8
Market Approach		
Guideline Public Company Method	\$14,942	Schedule C.2
Merger and Acquisition Method	\$11,724	Schedule D.3
Equity Value – Excluding Transaction Consideration	\$12,200	Schedule F
Plus: Cash Consideration	\$3,939	
Plus: Promissory Note	\$6,375	
Concluding Value	\$22,514	

Miscellaneous

This summary of the analyses is not a complete description of ValueScope's opinion or the analyses underlying, and factors considered in connection with, ValueScope's opinion. The preparation of a fairness opinion is a complex analytical process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or summary set forth above, without consulting and considering the analyses as a whole, could create an incomplete view of the opinion. ValueScope made its determination on the basis of its experience and professional judgment.

Founded in 2001, ValueScope is a team of highly credentialed valuation and financial consultants with broad experience ranging from corporate M&A to former corporate executives and academicians. Team members hold advanced degrees in finance and economics and include CPA's, CFA charterholders, Accredited Senior Appraisers, and Certified Valuation Analysts. ValueScope performs more than 300 engagements annually for more than 250 clients. Appraisers on the ADDvantage fairness opinion included Martin Hanan and Jason Wainwright. Martin Hanan is the president and founder of ValueScope. He has an MBA from Loyola University of Chicago and a B.S. in electrical engineering from the University of Illinois. Mr. Hanan is a CFA charterholder and has more than 30 years of valuation experience. Jason Wainwright is a senior manager at ValueScope and has been with ValueScope since 2014. He has an M.S. in quantitative finance from the University of Texas at Arlington and a BBA in finance from Texas Wesleyan University. Additionally, Mr. Wainwright is a CFA charterholder.

The strategic direction committee of the Board of Directors selected ValueScope as an advisor in connection with the Sale Transaction because ValueScope has substantial experience in similar transactions. As compensation for its services, ValueScope was paid \$85,000. ValueScope is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes. There is no prior work or other relationship between ValueScope and ADDvantage or between ValueScope and D. Chymiak.

Appraisals and Other Reports

Appraisals of certain real properties owned by the Cable Companies or mortgaged to the Company to secure payment of the Promissory Note were also obtained. Such appraisals are summarized as follows:

Broken Arrow, Oklahoma

Owner: Sold by the Company to David Chymiak LLC in November, 2018 (Mortgaged)

Appraiser: CBRE, P. Scott Ryan, MAI

Experience: Director at CBRE, Inc. Over 29 years of experience in real estate appraisal and consulting.

Licensing: State Certified General Appraiser Oklahoma – No. 13054CGA. (Also licensed in Kansas, Missouri and Louisiana.)

Appraised Value: \$5,000,000 as of August 17, 2018

Appraisal Fees: \$3,250

Johns Creek, Georgia

Owner: The David E. Chymiak Trust (Mortgaged)

Appraiser: Buckhead Advisory Group Ltd. J. Michael Smith, MAI, SRA

Experience: President of Buckhead Advisory Group from 1997 – present.

Licensing: Certified Real Estate Appraiser in the State of Georgia, Certification CG 000226

Appraised Value: \$3,050,000 as of April 17, 2018

Appraisal Fees: \$2,400

Sedalia, Missouri¹

Owner: ComTech (Mortgaged)

Appraiser: CBRE, Chris Williams, MAI

Experience: Director at CBRE, Inc. 19 Years of experience in real estate appraisal and consulting.

Licensing: State of Oklahoma, No. 12867CGA. (Also licensed in Kansas, Missouri, Texas and Arkansas.)

Appraised Value: \$1,350,000 as of August 9, 2018

Appraisal Fees: \$3,250

Warminster, Pennsylvania²

Owner: NCS (Mortgaged)

Appraiser: CBRE, Timothy P. Golden Jr., MAI

Experience: 2011 – Present: CBRE, Inc. (Vice President)

Licensing: Pennsylvania Certified General Real Estate Appraiser - #GA003644. (Also licensed in New Jersey and Delaware.)

And

Appraiser: CBRE, John J. Lynch, MAI

Experience: 2003 – Present: CBRE, Inc. (Managing Director)

Licensing: Pennsylvania Certified General Real Estate Appraiser - #GA-000485-L. (Also licensed in New Jersey.)

Appraised Value: \$725,000 as of August 17, 2018

Appraisal Fees: 3,500

¹ ComTech has sold this facility to an affiliate of D. Chymiak for a cash purchase price of \$1,350,000. The sale closed on March 28, 2019. The purchase price paid by the purchaser will be credited to the purchase price and down payment due under the Stock Purchase Agreement.

² NCS has agreed to sell this facility to an affiliate of D. Chymiak for a purchase price of \$725,000. Any cash amounts paid by the purchaser on or before the closing of the Sale Transaction will reduce the purchase price and

down payment under the Stock Purchase Agreement.

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ADDvantage chose the appraisers after interviewing them, and ADDvantage paid for the appraisals other than the Johns Creek, Georgia Property, which was for the benefit of the senior lender on the property, and was paid for by the owner of the property, an affiliate of D. Chymiak.

Plans for ADDvantage after the Sale Transaction

ADDvantage has been a reseller of used or refurbished network and customer premise equipment to the cable TV and telecommunications industries. We have provided some limited customer services primarily in the cable segment but nothing in the telco area.

The cable TV industry has been experiencing subscriber churn to other providers and shrinkage from the “cut the cord” movement gradually over the last decade. The transition to new optical-based technologies has also had an impact on the sale of analog equipment in our inventory leading to a gradual but steady decline on our cable TV sales and service.

Telco Segment Overview

The expansion into the telecommunications equipment resale business with the acquisition of Nave in 2014 and Triton in 2016 has provided growth to offset the decline in cable. However, growth at both companies has been disappointing and margins have been flat. Nave’s operating expenses were high prior to FY2019, and Triton has been stifled by lack of space to grow the business and add additional product lines and new markets. Both businesses have been East Coast-centric due to their locations, limiting geographic growth and extending delivery intervals in a time-sensitive business of supplying spare or repaired critical network parts.

We believe that the telecommunications equipment resale business can be profitable and have implemented both cost reduction and expansion plans at Nave and Triton. We have decided to diversify our business and expand into the network and equipment services segments as they have low barriers and costs of entry and present a major opportunity for growth and geographic expansion. We have chosen to begin with wireless services with the recent acquisition of Fulton Technologies. We also believe that growth and geographic expansion in services will lead to increased opportunities in our Telco equipment segment.

Nave Communications (“Nave”)

Nave has been in business for 20 years, located in suburban Baltimore, MD. ADDvantage bought Nave from its founder and management team in 2014 and had made little change to the way it conducted business until this past August.

Nave has a diverse and tenured customer base and sells products from top OEM’s such as Cisco, Ciena, Lucent, Adtran, Fujitsu, Siemens, Nokia, Juniper etc. It also has a growing brokerage business focusing on supplying the wholesale market with in-demand products we have in our inventory. Nave also has a long-standing internal recycling and scrapping capability in a R2 Certified Facility.

After an intense operational analysis of the business last July, it was determined that Nave has been too East Coast focused due to its location, which can cause delivery interval disadvantages and presents challenges selling to markets in the Western half of the United States. Nave’s facility in Baltimore was in a good location but was 90,000 square feet and the overall costs of the building and internal operating costs impeded margins.

Due to the historical inventory purchasing strategy of buying in bulk-lots with mixed product types of varying quality, the inventory was poorly organized. The same product could be stored in multiple places, causing excessive costs to fill customer orders. Sales orders were constrained due to inventory inefficiencies and the inability to guarantee product reliability via in-house pre-testing facilities. This lack of pre-testing capability also led to an increase in product returns over the last few years due to a lack of ability to test and repair products. All the above contributed to

an overhead structure that was expensive, slow, unreliable and reduced profitability and customer satisfaction.

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Nave needed a new strategy to enhance both revenue and profitability. In August 2018, we relocated the entire Nave inventory to Palco Telecom in Huntsville, AL a world-class 3rd party logistics provider allowing us to reorganize and update our inventory records and product status. We moved more than 90,000 units in inventory from Baltimore to Huntsville over a two-week period and received, inspected and sorted all the inventory at Palco, reducing our storage requirements from 85,000 square feet to approximately 15,000 square feet during the process. We also implemented staff reductions with the warehouse and shipping staff in Baltimore reducing our operating costs by almost 70%. The last remaining action item is to exit the 10-year lease at the Jessup, MD facility which has 4.5 years remaining. This would further reduce our operating expenses by over \$800,000/annually.

Now that the inventory is at Palco, we have developed the ability to pre-test over 15,000 SKU's when needed before shipping to our customers, thereby reducing product returns and increasing customer satisfaction. We also have a complete and accurate database of all product inventory with the ability to pick and ship orders in minutes rather than hours or days. The more central location also expands our 24-hour ship time territory to an additional 14 states. Finally, Palco gives us the ability to repair a high percentage of our own products but also to sell repair as a service to a multitude of network providers who need the ability to repair critical network components no longer serviced by the original OEM's.

Our goal is to turn Nave into a strong contributor to the Advantage portfolio, bringing strong annual growth in revenue and significant improvement to net profit.

Triton Datacom ("Triton")

Triton Datacom was acquired in 2016 and is located in suburban Miami, FL. Triton has a strong and experienced leadership team with over 20 years of refurbished telecom equipment experience and a great company culture and work ethic.

Triton has been a high-quality PBX phone supplier for over 15 years and is very well respected in the refurbished PBX space. They have low turnover and a very dedicated staff which has led to a high-quality product and efficient processes. There is a capable management team that provides clear direction to their staff and allows for an excellent working environment.

Triton has strong supplier and vendor relationships allowing excellent inventory control and an abundant access to products. They have excellent attention to detail on their refurbishing and repair processes and their output is in high demand from end-users in the enterprise office product space.

As a result of an internal operations review last July, the decision was made to move out of their existing 9,000 square foot location in Miami up the road a few miles to Pembroke Park, FL in a new 21,000 square foot facility that will allow Triton to expand its refurbishment operations and new equipment sales. We are also increasing our focus on the brokerage business, carrier sales, internet sales, and expanding our sales and marketing capabilities to match up to our investment in production capability. We expect significant topline increases beginning shortly after the move in June and are positioning Triton for significant multiyear growth in both top and bottom-line contribution.

Fulton Technologies ("Fulton")

Fulton Technologies is a wireless services company that installs, upgrades and integrates new and existing technologies on wireless cell sites and small cells throughout the Midwest and Southwest regions of the US. Fulton has been in business for over 30 years and was acquired by Advantage on January 4, 2019.

The purchase of Fulton represents a growth opportunity that can be targeted to certain geographic markets or service-types in a space with almost limitless growth potential given the exponential growth in demand for data and

video capacity over the world's wireless networks. Fulton brings vast experience in the services business, broad industry client contacts and a known pool of talented, experienced resources and management to execute its business.

The acquisition of Fulton provides ADDvantage a platform for expansion both geographically and by service-type immediately via multiyear master service agreements with all the major wireless carriers, OEM's, tower owners and major integrators. These service types can be network design, real estate permissions, engineering, construction, installation and maintenance services under a strong umbrella of construction and project management expertise. The ability and experience in building an organization around these skillsets is paramount to the successful integration of Fulton. Fulton has a strong reputation and has developed trust throughout the industry with its clients. Fulton has a team of excellent managers to build an organization that can meet deadlines, deliver quality service and increase profitability.

About half of the capex spent in the wireless industry goes to purchase network equipment and technology while the other half goes to the services needed to deploy the equipment into the network. With the massive amount of capex spending required to complete 4G and begin the deployment of the coming 5G technology and services, Fulton is well positioned to grow its services footprint and revenue streams. Adding services to its portfolio allows ADDvantage to diversify its business and soften its dependency on just Nave and Triton post-sale of the cable segment.

Fulton primarily deploys new technologies and frequencies at tower and rooftop cell sites spread over wide geographic areas or states in the Midwest and Southwest regions. It also excels at the deployment of temporary towers for special events like the Indy 500, Lollapalooza, the Chicago World Series and even for storms or emergency situations. Fulton built many of the small cells used in downtown Minneapolis for the 2018 Superbowl. Fulton is well known for solving complex technical challenges and building the most difficult specialty cell sites for its carrier customers.

Deploying new technologies often includes decommissioning and removing outdated technologies. Fulton has a team that is good at both these additional opportunities. Front-end services such as design and permissions not only are profitable on their own, but also offer an early view into the construction programs for the following construction year. ADDvantage will focus initially on wireless network services and will pursue the Southwest and Midwest markets via multiyear master service Agreements (MSA's) with AT&T Mobility, Verizon, Sprint, TMO, Nokia, Ericsson and other turf vendors like Mastec, Black & Veatch, SAC, Nexius and others.

Certain Effects of the Sale

If the conditions to the closing of the Sale Transaction are either satisfied or, to the extent permitted, waived, ADDvantage will sell its interest in the Cable Companies to Leveling 8 and Leveling 8 will become the sole owner of each of the Cable Companies. ADDvantage will cease to own any of the Shares in the Cable Companies. ADDvantage will continue to operate the telecommunications and wireless businesses as they are currently operated and its corporate existence under Oklahoma law will continue unaffected.

If the Sale Transaction is completed, the entire equity in the Cable Companies will be owned by Leveling 8, and ADDvantage will have no interest in the Cable Companies' net book value or net earnings. Leveling 8 will be the sole beneficiary of the future net earnings and growth, if any, of the cable business. Similarly, Leveling 8 will also bear the risks of ongoing operations including the risks of any decrease in the value after the Sale Transaction. The Cable Companies will lease the Broken Arrow, Oklahoma, and the Sedalia, Missouri facilities from an affiliate of D. Chymiak, and ADDvantage will be released from its guarantee of such leases. In like manner, if the Warminster, Pennsylvania sale agreement is closed before the closing of the Sale Transaction, a Cable Company will lease that property from an affiliate of D. Chymiak, and ADDvantage will be released from its guarantee of such lease.

D. Chymiak's stock ownership in the Company will remain unchanged as a result of the Sale Transaction. D. Chymiak will withdraw from his position as Chief Technology Officer but will likely remain a director of the Company.

ADDvantage's common stock is currently registered under the Exchange Act and is quoted on NASDAQ Global Market under the symbol "AEY". This will remain unchanged.

Interests of the Company's Directors and Executive Officers in the Sale Transaction

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When considering the recommendation of the Company's Board of Directors, you should be aware that the members of our Board of Directors and our executive officers have interests in the Sale Transaction other than their interests as stockholders generally, including those described below. These interests may be different from, or in conflict with, your interests as a stockholder of the Company. The members of our Board of Directors and strategic direction committee were aware of these additional interests, and considered them, when they approved the Stock Purchase Agreement and the Sale Transaction.

D. Chymiak's Interests

If the Sale Transaction is completed, Leveling 8 will beneficially own 100% of the Cable Companies. Leveling 8 is wholly owned by D. Chymiak, a director and executive officer of the Company. For a description of D. Chymiak's continuing interest in the Company, see "Special Factors—Certain Effects of the Sale".

Compensation of the Strategic Direction Committee

In consideration of the additional time and effort required for their service on the strategic direction committee, each member of the strategic direction committee is being paid a per-meeting fee of \$375. To date, there have been eight strategic direction committee meetings. In addition, the members of the strategic direction committee will also be reimbursed for their reasonable out of pocket travel and other expenses in connection with their service on the strategic direction committee. The strategic direction committee, at the invitation of the Board of Directors, approved such fees after discussion with their legal advisors.

James C. McGill, as Chairman of the Board, is paid \$150,000 per year (\$75,000 in cash and \$75,000 in restricted stock, vesting at 20% per year over 5 years) pursuant to the terms of a letter agreement dated October 8, 2018. McGill does not receive any additional compensation for his participation on the strategic direction committee.

Other than their receipt of strategic direction committee compensation (as described above) and compensation for serving on the Company's Board of Directors, neither of which is contingent upon the consummation of the Sale Transaction or the strategic direction committee's or Board of Directors' recommendation of the Sale Transaction, none of the members of the strategic direction committee has a financial interest in the Sale Transaction or any of transactions contemplated thereby and none of them is related to or affiliated with Leveling 8. The Company's Board of Directors did not place any limitations on the authority of the strategic direction committee regarding its investigation and evaluation of the proposed transaction.

United States Federal Income Tax Consequences of the Sale Transaction

The following discussion is a summary of certain U.S. federal income tax consequences of the Sale Transaction. This discussion is based on current provisions of the Code, applicable U.S. Department of the Treasury regulations promulgated thereunder, judicial opinions, and published positions of the Internal Revenue Service, all as in effect as of the date of this document. Such authorities are subject to change or differing interpretations at any time, possibly with retroactive effect, and any such change or interpretation could affect the accuracy of the statements in this proxy statement. This discussion does not address any U.S. federal tax considerations other than those relating to income tax (e.g., estate and gift taxes), nor does it address any state, local, or foreign tax considerations or any tax reporting requirements.

The Sale Transaction will not result in any immediate U.S. federal income tax consequences to ADDvantage stockholders.

The parties have agreed to make a 338(h)(10) election with the IRS regarding the taxing of the Sale Transaction. If this election is upheld, then the Sale Transaction, though structured as a sales of Shares in the Cable Companies, will

be taxed as if it were a sale of the assets of the Cable Companies.

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The Sale Transaction will generally be taxable to ADDvantage for U.S. federal income tax purposes, and it is expected that ADDvantage will recognize a net loss for U.S. federal income tax purposes as a result of the Sale Transaction.

Regulatory Approvals

The Company is unaware of any federal or state regulatory requirements that must be complied with or necessary approvals in connection with the Sale Transaction other than compliance with regulations of the Securities and Exchange Commission.

Anticipated Accounting Treatment of the Sale Transaction

The Sale Transaction will be accounted for as a “sale of a business” as that term is used under generally accepted accounting principles in the United States for financial accounting purposes.

No Appraisal Rights

Neither Oklahoma law nor ADDvantage’s certificate of incorporation provides ADDvantage stockholders with appraisal or dissenters’ rights in connection with the Sale Transaction.

Financial Information

Historical Financial Statements

Unaudited financial statements for the cable segment for the fiscal years ended September 30, 2017 and September 30, 2018, and for the quarter ended December 31, 2018, are attached to this proxy statement at [Annex A](#). The Company’s annual reports on form 10-K for the years ended September 30, 2017 and September 30, 2018, and the Company quarterly report on form 10-Q for the quarter ended December 31, 2018 are incorporated into this proxy statement by reference, including within such reports the annual audited financial statements of the Company for the years ended September 30, 2017 and September 30, 2018 and the unaudited financial statements of the Company for the quarter ended December 31, 2018.

Unaudited Pro Forma Condensed Combined Financial Information

ADDvantage has prepared unaudited pro forma condensed combined financial statements to assist readers in understanding the nature and effects of the sale of the Cable Television (“Cable TV”) reporting segment. The unaudited pro forma condensed combined statements of operations for the three months ended December 31, 2018, and for the fiscal years ended September 30, 2018, and 2017 have been prepared with the assumption that the Cable TV segment sale was completed as of October 1, 2016. The unaudited pro forma condensed combined balance sheet as of December 31, 2018 has been prepared with the assumption that the sale was completed as of the balance sheet date. The unaudited pro forma condensed combined statements of operations and condensed combined balance sheet are provided for informational purposes only and do not purport to be indicative of the Company’s results of operations or financial position which would actually have been obtained had such transactions been completed as of the date or for the periods presented, or of the results of operations that may be obtained in the future. The unaudited pro forma condensed combined financial statements do not include any adjustments regarding liabilities incurred or cost savings achieved resulting from the sale of the Cable TV reporting segment, as management is in the process of assessing what, if any, future actions are necessary.

The unaudited pro forma condensed combined financial information has been prepared by the Company based upon assumptions deemed appropriate by the Company’s management. An explanation of certain assumptions is set forth under the notes to unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical audited consolidated financial statements and related notes of ADDvantage, the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations contained in ADDvantage's Annual Report on Form 10-K for the fiscal year ended September 30, 2018, filed with the SEC on December 28, 2018, and the unaudited consolidated condensed financial statements Quarterly Report on Form 10-Q for the quarter ended December 31, 2018, filed with the SEC on February 12, 2019.

ADVANTAGE TECHNOLOGIES GROUP, INC.
PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)

Three Months Ended December 31, 2018

	ADDvantage FY (Note 4(a))	Sale of Cable BY (Note 4(a))	Pro forma Adjustments	Note 4	Pro forma
Sales	\$ 11,272	\$ (4,462)	\$ -		\$ 6,810
Cost of sales	8,431	(3,344)	-		5,087
Gross profit	2,841	(1,118)	-		1,723
Operating, selling, general and administrative expenses	3,796	(1,439)	-		2,357
Loss from operations	(955)	321	-		(634)
Interest income (expense)	(25)	2	76	c)	53
Loss before income taxes	(980)	323	76		(581)
Provision (benefit) for income taxes	59	(678)	21	d)	(598)