

ADVANTAGE TECHNOLOGIES GROUP INC
Form DEF 14A
January 23, 2014

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 ☒ T
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))
☒ T 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):

☒ T 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:

5) Total fee paid:

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

NOTICE OF ANNUAL MEETING

Date: Wednesday, March 5, 2014

Time: 9:00 A.M.

Place: Corporate Office of ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012

Matters to be voted on:

1. Election of six directors.
2. Ratification of the appointment of HoganTaylor LLP as our independent registered public accounting firm for fiscal 2014.
3. Proposal to approve, on an advisory basis, the compensation of our named executive officers.
4. Any other business as may properly come before the shareholders at the meeting.

Your vote at the annual meeting is important to us. Please vote your shares of common stock by completing the enclosed proxy card and returning it to us in the enclosed envelope. This proxy statement has information about the annual meeting and was prepared by our management and our Board of Directors. This proxy statement is first being sent to shareholders on or about February 1, 2014. Please note that our annual report accompanies this mailing of the proxy statement.

By Order of the Board of Directors,

/s/ Scott Francis
Scott Francis, Vice President, Chief Financial Officer and Secretary

January 22, 2014

ADVANTAGE TECHNOLOGIES GROUP, INC.
PROXY STATEMENT

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

PROXY STATEMENT FOR 2014 ANNUAL MEETING

GENERAL INFORMATION ABOUT THE MEETING AND VOTING

Who can attend the annual meeting?

All shareholders as of the record date, January 15, 2014.

Who can vote?

You can vote your shares of common stock if our records show that you owned the shares on January 15, 2014. A total of 9,998,480 shares of common stock can vote at the annual meeting. You get one vote for each share of common stock. We do not recognize cumulative voting for the election of our directors. The enclosed proxy card shows the number of shares you can vote.

How do I vote by proxy?

Follow the instructions on the enclosed proxy card to vote on each proposal to be considered at the annual meeting. Sign and date the proxy card and mail it back to us in the enclosed envelope. The proxyholders named on the proxy card will vote your shares as you instruct. If you sign and return the proxy card but do not vote on a proposal, the proxyholders will vote for you on that proposal. Unless you instruct otherwise, the proxyholders will vote for each of the six directors, for the ratification of the appointment of HoganTaylor LLP as our independent registered public accounting firm and for the approval of executive compensation.

What if other matters come up at the annual meeting?

The matters described in this proxy statement are the only matters we know will be voted on at the annual meeting. If other matters are properly presented at the meeting, any proxies returned to us will be voted as the proxyholders see fit.

Can I change my vote after I return my proxy card?

Yes. At any time before the vote on a proposal, you can change your vote either by giving our Secretary a written notice revoking your proxy card or by signing, dating and returning to us a new proxy card. We will honor the proxy card with the latest date. Attendance at the annual meeting will not, by itself, revoke your proxy card.

Can I vote in person at the annual meeting rather than by completing the proxy card?

Although we encourage you to complete and return the proxy card to ensure that your vote is counted, you can attend the annual meeting and vote your shares in person. If your shares are held in the name of your broker, a bank, or other nominee, that party should give you instructions for voting your shares.

How are votes counted?

We will hold the annual meeting if holders of a majority of the shares of common stock entitled to vote either sign and return their proxy cards or attend the meeting. If you sign and return your proxy card, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card. Votes will be tabulated by an inspector of election appointed by our Board of Directors. Abstentions from voting, which you may specify on the ratification of the appointment of HoganTaylor LLP as our independent registered public accounting firm and the proposal for the approval of executive compensation, will have the effect of a negative vote.

If your shares are held in the name of a nominee, and you do not tell the nominee how to vote your shares (so-called “broker nonvotes”), the nominee may vote them on the proposal to ratify the appointment of HoganTaylor LLP as our independent registered public accounting firm. Uninstructed nominees are not permitted to vote for directors or on the proposal for the approval of executive compensation. Broker nonvotes will be counted as present to determine if a quorum exists.

What percentage of stock are the directors and executive officers entitled to vote at the annual meeting?
Together, they beneficially own 5,110,800 shares of our common stock, or 50.6% of the stock entitled to vote at the Annual Meeting.

Who are the largest principal shareholders?
David E. Chymiak, our Chief Technology Officer, beneficially owns 2,636,610 shares of our common

stock, or 26.4% of the stock entitled to vote at the Annual Meeting. Kenneth A. Chymiak, our Chairman of the Board, beneficially owns 2,252,709 shares of our common stock, or 22.5% of the stock entitled to vote at the Annual Meeting.

Who pays for this proxy solicitation?

The accompanying proxy is solicited by and on behalf of our Board of Directors, and the entire cost will be paid by us. In addition to sending you these materials, some of our employees may contact you by telephone, by mail or in person. None of these employees will receive any extra compensation for doing this, but they may be reimbursed for their out-of-pocket expenses incurred while assisting us in soliciting your proxy.

IDENTIFICATION OF OFFICERS

We have three executive officers. Our officers are elected by our Board of Directors and serve at the pleasure of the Board of Directors.

David L. Humphrey

Biographical information for Mr. Humphrey, President and Chief Executive Officer since April 2012, is set forth below in Proposal No. 1, Election of Directors.

David E. Chymiak

Biographical information for Mr. Chymiak, Chief Technology Officer since April 2012, is set forth below in Proposal No. 1, Election of Directors.

Scott A. Francis

Scott A. Francis, 46, has been our Vice President and Chief Financial Officer since September 15, 2008 and was appointed Secretary on August 6, 2009. Mr. Francis has over 20 years of finance and management experience. Prior to joining ADDvantage, he served as a controller of accounting at Vanguard Car Rental USA, Inc. from June 2004 until September 2008. Prior to that, he served as manager of financial reporting for WilTel Communications, Inc. from 1997 through May 2004. Mr. Francis is a certified public accountant with a bachelor of business administration degree in accounting from Oklahoma State University.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table shows the number of shares of common stock beneficially owned (as of January 15, 2014) by:

- each person known by us who beneficially owns more than 5% of any class of our voting stock;
- each director and nominee for director;
- each executive officer named in the Summary Compensation Table on page 15; and
- our directors and executive officers as a group.

Except as otherwise indicated, the beneficial owners listed in the table have sole voting and investment powers of their shares.

Beneficial Ownership of Directors and Officers

Name and Address Of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned (1)	Percent Of Class (1)
David E. Chymiak 1221 East Houston Broken Arrow, OK 74012	2,636,610 (2)(7)	26.4 %
Kenneth A. Chymiak 1221 East Houston Broken Arrow, OK 74012	2,252,709 (2)(5)(7)	22.5 %
Susan C. Chymiak 1221 East Houston Broken Arrow, OK 74012	2,252,709 (2)(6)(7)	22.5 %
Scott A. Francis	27,732 (3)	*
Thomas J. Franz	31,786	*
David L. Humphrey	44,545 (4)	*
Paul F. Largess	29,806	*
James C. McGill	31,806	*
Stephen J. Tyde	55,806 (2)	*
All Executive Officers and Directors as a group (8 persons)	5,110,800 (8)	50.6 %

* Less than one percent.

(1) Shares which an individual has the right to acquire within 60 days pursuant to the exercise of options are deemed to be outstanding for the purpose of computing the percentage ownership of such individual, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Includes shares for which the person has sole voting and investment power, or has shared voting and investment power with his/her spouse.

(2) Includes 16,000 shares subject to stock options which are fully exercisable.

(3) Includes 20,000 shares subject to stock options which are fully exercisable.

(4) Includes 40,000 shares subject to stock options which are fully exercisable.

(5) Of the shares beneficially owned by Mr. Chymiak, 250,000 are held of record by him as trustee of the Ken Chymiak Revocable Trust and 1,796,000 are held of record by his spouse, Susan C. Chymiak as trustee of the Susan Chymiak Revocable Trust. Mr. Chymiak has sole voting and investment power over those shares held of record by him. Mr. Chymiak disclaims beneficial ownership of the shares held by his wife.

(6) Of the shares beneficially owned by Ms. Chymiak, 1,796,000 are held of record by her as trustee of the Susan Chymiak Revocable Trust and 250,000 are held of record by her spouse, Kenneth A. Chymiak as trustee of the Ken Chymiak Revocable Trust. Ms. Chymiak has sole voting and investment power over those shares held of record by

her. Ms. Chymiak disclaims beneficial ownership of the shares held by her husband.

(7) Of the shares beneficially owned by Mr. David Chymiak, Mr. Kenneth Chymiak and Ms. Chymiak, 323,807 shares are owned by Chymiak Investment LLC. Chymiak Investment LLC is equally-owned by Mr. David Chymiak, his spouse, Mr. Kenneth Chymiak and Ms. Chymiak.

(8) Includes 108,000 shares subject to stock options which are fully exercisable.

The following table provides information at September 30, 2013 with respect to compensation plans under which our equity securities are authorized for issuance.

Securities Authorized for Issuance Under Equity Compensation Plans

	-	86,533	
-			
Share-based compensation	367,740	367,740	269,076
Unrealized gain on derivatives	-	-	(1,849,543)
Purchase of trading securities	(265,182)	(265,182)	-
Unrealized (gain) loss on trading securities	(17,042)	(17,042)	104,575
Changes in operating assets and liabilities	1,615,602	3,833,410	(408,888)
Net cash provided by operating activities	22,754,553	22,754,553	6,432,365
Cash flows from investing activities:			
Purchase of vessels including improvements	-	-	(34,667,188)
Change in restricted cash	(854,029)	(854,029)	985,617
Proceeds from sale of vessels	-	-	5,980,487
Net cash (used in) investing activities	(854,029)	(854,029)	(27,701,084)
Cash flows from financing activities:			
Issuance of share capital	5,000	5,000	-
Net proceeds from shares issued	1,795,004	1,795,004	-
Dividends paid	(9,128,334)	(9,128,334)	(3,057,561)
Offering expenses paid	(110,340)	(110,340)	-
Loan arrangements fees paid	-	-	(60,000)
Proceeds from long-term debt	-	-	10,000,000
Repayment of long-term debts	(5,870,000)	(5,870,000)	(3,200,000)
Net cash provided by (used in) financing activities	(13,308,670)	(13,308,670)	3,682,439
Net (decrease) increase in cash and cash equivalents	8,591,854	8,591,854	(17,586,280)
Cash and cash equivalents at beginning of period	104,135,320	104,135,320	73,851,191
Cash and cash equivalents at end of period	112,727,174	112,727,174	56,264,911

Euroseas Ltd.**Reconciliation of Adjusted EBITDA to****Net Income and Cash Flow Provided By Operating Activities****(All amounts expressed in U.S. Dollars)**

	Three Months Ended	Three Months Ended	Three Months Ended
	March 31, 2008	March 31, 2008	March 31, 2009
	(as originally reported under the deferral method)	(as adjusted under the direct expense method)	
Net income	15,172,848	13,649,373	3,945,272
Interest and finance costs, net (incl. interest income)	(113,803)	(113,803)	(145,006)
Depreciation and amortization	7,969,697	7,275,364	4,501,150
Gain on derivatives	-	-	(1,902,172)
Amortization of deferred revenue of below market time charter acquired	(2,849,419)	(2,849,419)	(975,639)
Amortization of deferred revenue of above market time charter acquired	737,773	737,773	737,773
	20,917,096	18,699,288	6,161,378
Adjusted EBITDA			

Net cash flow provided by operating activities

	22,754,553	22,754,553	6,432,365
Changes in operating assets / liabilities	(1,615,602)	(3,833,410)	408,888
Loss from sale of vessels	-	-	(86,533)
Gain on derivatives (realized)	-	-	(52,628)
Gain (loss) on trading securities, net	17,042	17,042	(104,575)
Investment in trading securities, net	265,182	265,182	-
Share-based compensation	(367,740)	(367,740)	(269,076)
Interest, net	(136,339)	(136,339)	(167,063)
	20,917,096	18,699,288	6,161,378

Adjusted EBITDA**EBITDA Reconciliation:**

Euroseas Ltd. considers Adjusted EBITDA to represent net earnings before interest, income taxes, depreciation, amortization, gain in derivatives and amortization of deferred revenues from above or below market time charters acquired. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and

our calculation of Adjusted EBITDA may not be comparable to that reported by other companies. Adjusted EBITDA is included herein because it is a basis upon which we assess our financial performance and liquidity position and because we believe that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness. The Company's definition of Adjusted EBITDA may not be the same as that used by other companies in the shipping or other industries.

Euroseas Ltd.**Reconciliation of Net Income Excluding the Effect from Unrealized Gain on derivatives, Unrealized Gain or Loss on trading securities, Amortization of the****Fair Value of Charters Acquired and Loss from Vessel Sale to Net Income****(All amounts expressed in U.S. Dollars except share data and per share amounts)**

	Three Months Ended March 31, 2008 (as originally reported under the deferral method)	Three Months Ended March 31, 2008 (as adjusted under the direct expense method)	Three Months Ended March 31, 2009
Net income	15,172,848	13,649,373	3,945,272
Unrealized gain on derivatives	-	-	(1,849,544)
Unrealized (gain) loss on investments	(17,042)	(17,042)	104,575
Amortization of deferred revenue of below market time charter acquired	(2,849,419)	(2,849,419)	(975,639)
Amortization of deferred revenue of above market time charter acquired	737,773	737,773	737,773
Loss from sale of vessels	-	-	86,533

Net Income excluding unrealized gain on derivatives, unrealized gain or loss on trading securities, amortization of the fair value of charters acquired and loss on vessel sale	13,044,160	11,520,685	2,048,970
Net Income per share excluding unrealized gain on derivatives, unrealized gain or loss) on trading securities, amortization of the fair value of charters acquired and loss on vessel sale, basic	0.43	0.38	0.07
Weighted average number of shares, basic	30,321,553	30,321,553	30,575,611
Net Income per share excluding unrealized gain on derivatives, unrealized gain or (loss) on trading securities, amortization of the fair value of charters acquired and loss on vessel sale, diluted	0.43	0.38	0.07
Weighted average number of shares, diluted	30,379,994	30,379,994	30,602,510

About Euroseas Ltd.

Euroseas Ltd. was formed on May 5, 2005 under the laws of the Republic of the Marshall Islands to consolidate the ship owning interests of the Pittas family of Athens, Greece, which has been in the shipping business over the past 136 years. Euroseas trades on the NASDAQ Global Select Market under the ticker ESEA.

Euroseas operates in the dry cargo, drybulk and container shipping markets. Euroseas operations are managed by Eurobulk Ltd., an ISO 9001:2000 certified affiliated ship management company, which is responsible for the day-to-day commercial and technical management and operations of the vessels. Euroseas employs its vessels on spot and period charters and through pool arrangements.

The Company has a fleet of 16 vessels, including 3 Panamax drybulk carriers, 1 Handymax and 1 Handysize drybulk carriers, 3 Intermediate container ship, 5 Handysize container ships, 2 Feeder container ships and a multipurpose dry cargo vessel. Euroseas` 5 drybulk carriers have a total cargo capacity of 296,479 dwt, its 10 container ships have a cargo capacity of 17,787 teu and its 1 multipurpose vessel has a cargo capacity of 22,568 dwt or 950 teu.

Forward Looking Statement

This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and the Company's growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as expects, intends, plans, believes, anticipates, hopes, variations of such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to changes in the demand for dry bulk vessels and container ships, competitive factors in the market in which the Company operates; risks associated with operations outside the United States; and other factors listed from time to time in the Company's filings with the Securities and Exchange Commission. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

Visit our website www.euroseas.gr

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EUROSEAS LTD.

(registrant)

Dated: May 21, 2009

By: /s/ Aristides J. Pittas

Aristides J. Pittas

President