Evercel, Inc. and Subsidiaries

Consolidated Financial Statements

March 30, 2018 and March 31, 2017

Forward-Looking Information

This report may contain forward-looking statements. Such statements can be identified by the use of terminology such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "possible," "project," "should," "will" and similar words or expressions. These forward-looking statements include, but are not limited to, statements regarding our anticipated revenue, expenses, profits and capital needs, and the impact of our planned initiatives. Forward-looking statements are based on management's current expectations, estimates and forecasts of future events and results and involve a number of risks and uncertainties that could cause actual results to differ materially including, among other things, the following: failure of facts to conform to management estimates and assumptions; economic conditions and uncertainties; competitive pressures; our ability to maintain an effective system of internal controls over financial reporting; potential losses from trading in securities; our ability to retain key personnel and relationships with suppliers; the willingness of lenders to extend financing commitments and the availability of capital resources. It is not possible to foresee or identify all factors that could cause actual results to differ materially from those anticipated. As such, readers should not consider any of such factors to be an exhaustive statement of all risks or uncertainties. No forward-looking statements can be guaranteed, and actual results may vary materially. We undertake no obligation to update any forward-looking statement except as required by law.

Management's Discussion and Analysis of Evercel Financial Condition and Results of Operations

Overview of Evercel

As a holding Company, Evercel Inc.'s ("Evercel") mission is to manage its portfolio companies and to find new opportunities to invest capital for long term returns. Evercel's key investment holdings are:

Printronix:

Evercel invested $18.0 million for 80.1% ownership of Printronix Holding Corporation ("Printronix") in 2013. Since the original investment, Evercel has received $26.7 million of distributions from its investment and continues to own the 80.1% of Printronix it acquired in 2013. Further detail about Printronix's fiscal year 2018 performance is outlined in the next section of this report.

SharpSpring:

Evercel made significant direct and indirect investments in Sharpspring, Inc. ("SharpSpring"), a NASDAQ listed company (Ticker: SHSP), using approximately $10.1 million in cash. Evercel invested $2.1 million in public shares of SHSP, at prices ranging from $3.90 to $4.32 per share at an average basis of $3.97 per share. Subsequently, Evercel invested $8.0 million in a convertible note in SharpSpring through a new entity, SHSP Holdings, LLC. The five year note will entitle the holding company to an annual 5% payment-in-kind ("PIK") interest payment, and is convertible into shares of common stock of SharpSpring at a price of $7.50 per share. SharpSpring can force conversion at 175% of the conversion price after 120 consecutive days of trading, which is approximately $13.13 per share, and can extend the maturity of the note for up to 18 months, but at an annual PIK interest rate of 10%. SharpSpring may redeem the note at maturity for cash or for common stock, issued at a 20% discount to the then-market price. Unpaid PIK interest will fully accelerate in a forced conversion or a change of control. The note is subordinated to a limited amount of SharpSpring's senior debt obligations.

SHSP Holdings is managed by Corona Park Investment Partners, LLC ("Corona Park" or "CPIP"). SHSP Holding's members include Corona Park and other professionals who helped source the investment. Corona Park's incentive structure for each investment undertaken by Evercel is in the form of a 20% carry on the investment, achieved through equity interests in SHSP Holdings held by CPIP and its associates' equity interest in the holding company, meaning that after Evercel receives back the $10.1

million dollars it invested plus deal related expenses, profits will be split 80% to Evercel, Inc. and 20% to CPIP and its associates, collectively.

SharpSpring is a rapidly growing, highly-rated global provider of affordable marketing automation delivered via a cloud based Software-as-a-Service (“SaaS”) platform. Thousands of businesses around the world rely on SharpSpring to generate leads, improve conversions to sales, and drive higher returns on marketing investments. The company is based in Gainesville, Florida and is managed by its founder. We believe the company has a compelling product in a growing market with strong unit economics and strong revenue momentum. We had an opportunity to invest at an attractive price in part because the company had been hampered by some legacy issues just prior to the time of our investment. The investment has improved SharpSpring’s balance sheet and is enabling it to accelerate its growth.

Cash:

At the end of fiscal 2018, Evercel had $18.7 million of cash, excluding cash held by Printronix.

Prior Holdings Sold in Fiscal Year 2018:

Points.com:

Evercel sold its prior equity holdings in Points International, Ltd (Ticker: PCOM), a NASDAQ listed company, for a realized net gain of approximately $417 thousand (after Corona Park’s 20% carry on profits) from Evercel’s investment of $1.4 million. Evercel acquired the public shares after doing extensive analysis of the company. We had desired to work with management to make a larger investment such as taking the company private, but management determined it was not interested and we decided to the sell our position after the company’s stock price increased significantly. Evercel realized a net gain of 30% in less than 6 months on this investment.

Evercel’s audited consolidated financial statements are attached. To help provide a better understanding of the financial condition of Printronix, the next section of this report represents management discussion and analysis for Printronix as a stand-alone business. The financial information in the next section does not reflect consolidation with Evercel’s balance sheet or earnings. Figures in the consolidated financial statements (other than the line for minority interest) do not adjust proportionally for less than 100% ownership, per GAAP requirements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Management prepared the consolidated financial statements of the Company under accounting principles generally accepted in the United States of America. These principles require the use of estimates, judgements, and assumptions. We believe that the estimates, judgements, and assumptions we used are reasonable based upon the information available at that time. Our estimates and assumptions affect the reported amounts in our consolidated financial statements. See Note 2, *Summary of Significant Accounting Policies* in the audited financial statements.

Recently Issued Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies,* in the audited financial statements.

Management’s Discussion and Analysis of Financial Condition and Results of Printronix Operations

Printronix Overview
Printronix Holding Corporation and subsidiaries ("Printronix" or the "Company") is a worldwide leader in multi-technology supply-chain printing solutions for the industrial marketplace, financial, and logistics & transportation industries. Our products are used globally, generally in industrial settings such as manufacturing plants and distribution centers. In China, India, and other parts of Asia, our printers are also prevalent in the banking and government sectors. Printronix has manufacturing, configuration, and/or distribution sites located in the United States, Malaysia, Singapore, China, and the Netherlands, along with sales and support locations around the world to support its global network of users, channel partners, and strategic alliances.

Printronix designs and manufactures printers and related consumable products for various industrial printing applications. Printers consist of hardware and embedded software and may be sold with maintenance service agreements, which are serviced by outside contractors. Consumable products include inked ribbons which are used within the Company's printers. The Company also sells other legacy consumable products. The Company's products are primarily sold through channel partners, such as dealers and distributors, to end-users.

Printronix Plan of Operation
Printronix's operating results for the fiscal year ended ("fiscal" or "fiscal year") March 30, 2018 reflect the successful execution of its strategy to achieve revenue growth, streamline its operations, and rationalize its cost structure. Fiscal 2018 revenue increased 1.8% year-over-year, operating income from continuing operations improved 115.3% year-over-year, and free cash flow (operating cash flow less capital expenditures) increased 224.6% year-over-year.

Fiscal 2018 marked the completion of the Company's repositioning and business transformation activities, which began in fiscal 2016, following the sale of its Thermal Printing business. These activities included consolidating its global manufacturing operations to Asia and reducing its overall operating expenses to align with the needs of the ongoing business. Meanwhile, the Company also employed various strategies to enhance sales and marketing efforts to drive business activity. These business transformation activities were completed during fiscal 2018, muting the otherwise strong operating and financial results, particularly during the first half of the year.

Highlights from fiscal 2018 include:

- Achieved revenue growth of 1.8% year-over-year, surpassing $60 million. We enhanced our go-to-market strategy, leveraging installed base intelligence to improve lead generation, increasing our direct relationships with key end-users, and optimizing our pricing strategy in each global region for both printers and consumables.

- Drove strong results for our consumables business, which generated approximately $24 million of recurring revenue and $16.5 million of gross margin during fiscal 2018. The Company achieved margin improvement through manufacturing cost reduction with the transition of production from Mexico to Malaysia and via strategic price actions. Furthermore, the consumables business requires few sales and support resources as our installed base of customers typically proactively order supplies as needed. This business model creates a source of high margin recurring revenue for the Company.

- Maintained our globally dominant market share in line matrix printers. During fiscal 2018, we secured a number of large customer wins in strategic markets including pharmaceutical distribution, transportation and logistics, and manufacturing sectors, driving approximately 13.8% revenue growth for printers and options. Within developed markets (North America and Europe), we successfully drove strong refresh activity among our core customer base, which we believe demonstrates the mission-critical nature of our solutions in key markets. Within developing markets (Asia, Middle East, Africa, South America), we continue to see a favorable shift from the traditional verticals of banking, financial services, and insurance to industry verticals such as automotive, manufacturing (especially harsh environments), transportation and logistics, food and beverage, retail and specialty distribution, and government public services. Applications in these verticals typically allow more favorable pricing and higher consumables usage.

- Launched an expanded line of industrial printers through an OEM partnership. This provides us with a lower-priced product line to offer to our existing global customers for lower volume, or otherwise less demanding, applications.

- Completed the consolidation of all manufacturing operations within a single facility, transitioning manufacturing of consumables products from Mexico to Malaysia in July 2017. The Company invested more than $7.0 million over the past three years to consolidate its operations and ramp up the new Malaysian facility, which is expected to result in significant cost savings in the near-term due to the benefits of overseeing one facility instead of three, as well as the additional benefit of lower operating costs in Malaysia. The consolidation of our manufacturing footprint into Malaysia also enabled us to shift all supply chain activities and a significant amount of sustaining engineering activities from the United States to Malaysia. Our consolidated manufacturing, quality, and supply chain operations, along with targeted price increases, drove approximately 380 basis points of gross margin improvement during fiscal 2018.

- Bolstered our strong management team with several key hires in sales, finance, and operations. We added two printer-industry veterans to head corporate sales and channel management within the United States. These new hires, along with our inside sales team, contributed toward a 74% increase in printer revenue in North America in fiscal 2018. Additionally, we strengthened our finance team with the addition of an individual with extensive public company and capital markets experience to head corporate strategy. The Company has since promoted him to the role of Chief Financial Officer, in which he is focused on driving further cost reductions and building an efficient, scalable operating platform. Finally, we strengthened our operations team in Malaysia with key hires in engineering, supply chain management, and human resources.

- Continued to invest in activities to enhance our marketing strategy and gather installed base intelligence for improved lead generation. These lead generation efforts resulted in several key customer wins during the year. Furthermore, we continue to invest in our internet commerce platform, which has demonstrated strong momentum and offers substantial potential for revenue growth and margin expansion. Looking ahead, we intend to continue our investment to capture greater margin by selling directly to end-users, rather than through channel partners, where possible.

- Reduced global engineering and general and administrative expenses by 27% year-over-year, reflecting permanent staff reductions, primarily in the United States, and the shifting of certain engineering and operations functions to be closer to our manufacturing operations in a lower cost region.

- Reduced facilities and information technology costs by realigning our footprint and infrastructure with our streamlined operations following the sale of the thermal business. In the second quarter of fiscal 2018, the Company relocated its corporate headquarters and U.S.-based technology facilities into a single facility with 55% less square footage and 63% lower monthly rental and utilities costs than the previous spaces.

- Significantly improved cash flow, generating $11.9 million in operating cash flow (and $10.8 million in free cash flow during fiscal 2018, compared to $5.1 million and $3.4 million, respectively, in fiscal 2017.

The Company's near-term operating strategy focuses on the operational execution of our strategies to maximize revenue and margins for printers and consumables.

Printronix Results of Operations *(dollars in thousands)*

Comparison of the Fiscal Years Ended March 30, 2018 and March 31, 2017

Fiscal 2018 and fiscal 2017 financials separate continuing and discontinued operations. Revenue, cost of sales, gross profit, and operating expenses exclude discontinued operations. In fiscal 2018, discontinued operations included a loss associated with sale of the thermal business, and the closure of regional manufacturing operations. In fiscal 2017, discontinued operations included a gain on the sale of the thermal business (associated with the release of escrow funds, and to fulfill a post-sale support agreement), closure of regional manufacturing operations, and printer manufacturing facility closure. These discontinued operations are disclosed in detail in Note 4 of the audited financial statements

Revenues

Revenues consist primarily of sales of printers, related consumable products such as inked ribbons, and printer-maintenance service agreements. Revenue for fiscal 2018 was $60,971, a 1.8% increase from revenue of $59,914 in the prior year. The increase in revenue in fiscal 2018 was due to increased printer sales volume primarily driven by robust product refresh activity in the Americas region.

Gross Margin and Gross Profit

Gross profit for fiscal 2018 was $32,704, a 9.6% increase from gross profit of $29,844 in the prior year. Gross margin in fiscal 2018 increased to 53.6%, a 380 basis point increase from 49.8% in fiscal 2017. The increase in gross margin was driven largely by higher printer production volume, resulting in greater economies of scale. The increase in gross margin was also driven by lower one-time expenses associated with consolidating our global manufacturing operations. Despite the year-over-year increase, fiscal 2018 gross profit was negatively impacted by one-time expenses associated with the ramp-up of consumables manufacturing at the Malaysia facility. These expenses include approximately $475 in consolidation and ramp-up costs and $594 in excess freight expense associated with expediting shipments via air freight to customers due to production delays during fiscal 2018.

Engineering and Development Expense

Engineering and development expense consists primarily of activities associated with sustaining our existing product offerings as well as hardware and/or software improvements to our printers and consumable products. Our current engineering efforts are focused on firmware modifications to ensure ongoing integration to modern enterprise resource planning (ERP) systems, proprietary consumables security solutions, product performance enhancements, and product cost reductions. Engineering and development expense for fiscal 2018 was $1,432, a 35.3% decrease from $2,212 in fiscal 2017. Engineering and development expense as a percentage of revenue was 2.4% for fiscal 2018, compared to 3.7% in the prior year. The decrease in engineering and development expense in fiscal 2018 was primarily attributable to decreased labor-related expenses driven by aligning our engineering workforce with the Company's streamlined operations and consolidating global engineering resources in Malaysia.

Sales and Marketing Expense

Sales and marketing expense consists primarily of salaries, benefits, and commissions for sales personnel, travel costs, and marketing expenses. Sales and marketing expense for fiscal 2018 was $10,416, a 5.7% increase from $9,853 in fiscal 2017. Sales and marketing expense as a percentage of revenue was 17.1% in fiscal 2018, compared to 16.5% in the prior year. The increase in sales and marketing expense in fiscal 2018 was due to higher commissions paid in regions with strong sales performance, sales headcount additions in the Americas, and increased start-up expenses for internet commerce initiatives. Importantly, the headcount additions in Americas enabled direct engagement with end-users, which yielded improved pricing and gross margin performance during the year. The Company also continued to invest in our internet commerce strategy, which we anticipate will increasingly enable us to capture greater margin by selling directly to product end-users.

General and Administrative Expense

General and administrative expense consists primarily of salaries and benefits for our administrative and management personnel, consulting and professional service fees, non-production facilities and information technology expenses, and travel and related costs for our administrative and management personnel. General and administrative expense for fiscal 2018 was $8,824, a 25.6% decrease from $11,861 in fiscal 2017. General and administrative expense as a percentage of revenue was 14.5%, compared to 19.8% in the prior year. The decrease in general and administrative expense in fiscal 2018 was primarily attributable to a reduction in labor-related expenses associated with permanent headcount reductions, particularly in the United States, in connection with consolidating operations in Asia. We also incurred lower facilities and information technology expenses. General and administrative expenses include $256 in consulting and legal costs associated with environmental clean up (as described in Note 8 of the audited financial statements), compared to $54 in fiscal 2017.

Restructuring Expense

The Company incurred restructuring expenses in fiscal 2018 and fiscal 2017 associated with the Company's formal strategic restructuring plans to improve operational efficiency. Restructuring expenses consist primarily of severance costs associated with permanent headcount reduction. Restructuring expense in fiscal 2018 was $66, compared to $284 in fiscal 2017. The decrease in restructuring costs is primarily due to reduced severance expense in fiscal 2018.

Amortization of Intangible Assets

In fiscal 2018, the company incurred expenses associated with amortization of intangible assets. Amortization expense for fiscal 2018 and fiscal 2017 was $142.

Operating Income from Continuing Operations

Operating income from continuing operations for fiscal 2018 was $11,824, a 115.3% increase from $5,492 in fiscal 2017. The increase in operating income from continuing operations is primarily attributable to higher revenue and gross profit and lower engineering and general and administrative expenses, as previously discussed

Other Income (Expense), Net

The Company incurred foreign currency gains in fiscal 2018 of $119, compared to losses of $187 in fiscal 2017; primarily due to the relative strength of the US dollar in fiscal 2018 related to foreign denominated invoices received in a greater amount of US dollars by the time of invoice payments during the year. Other income for fiscal 2018 was $333, compared to $174 in fiscal 2017. Interest expense for fiscal 2018 was $3, compared to $41 for fiscal 2017.

Income from Continuing Operations before Income Taxes

Income from continuing operations before income taxes for fiscal 2018 was $12,273, a 125.7% increase from $5,438 in fiscal 2017. The increase in income from continuing operations is primarily attributable to higher revenue and gross profit and lower engineering and general and administrative expenses, as previously discussed.

Income Tax Provision

We recorded an income tax provision of $3,969 for fiscal 2018, compared to $1,468 for fiscal 2017. Our effective tax rate was 32.3% for fiscal 2018, compared to 27.1% for fiscal 2017. During fiscal 2018, the Company incurred one-time tax expense of $1,080 associated with the impact of U.S. tax reform. These one-time expenses were comprised of $553 tax reform transition tax on unrepatriated foreign earnings and $527 associated with adjusting our deferred tax balance to reflect the tax reform rate change for corporate income tax. Excluding the impact of tax reform, the company's effective tax rate for fiscal 2018 would have been 23.3%. See Note 10. In addition, our fiscal 2018 tax provision reflects a U.S. statutory tax rate that includes only one quarter of the reduced tax rate associated with U.S. tax reform. In fiscal 2019, we expect the Company's tax provision to be substantially reduced, benefitting from a significantly reduced tax rate in the United States, which applies to earnings from our America and EMEA activities, and the absence of further one-time tax expenses previously incurred. We estimate that our effective tax rate for fiscal 2019 will be approximately 20%.

Income from Continuing Operations

Income from continuing operations for fiscal 2018 was $8,304, a 109.2% increase from $3,970 in fiscal 2017. The increase in income from continuing operations is primarily attributable to higher revenue and gross profit and lower engineering and general and administrative expenses, as previously discussed.

Income from Discontinued Operations, net of tax

Loss from discontinued operations in fiscal 2018 was $763 (including a $356 tax benefit), compared to income of $2,848 for fiscal 2017 (including a $467 tax benefit). In fiscal 2018, discontinued operations included a $59 loss on the sale of the thermal business and a $704 loss on the closure of regional manufacturing operations. In fiscal 2017, discontinued operations included a $2,139 gain on the sale of the thermal business (associated with the release of escrow funds, and to fulfill a post-sale support agreement), a $474 loss associated with the closure of regional manufacturing operations, and a $1,183 gain on the printer manufacturing facility closure and building sale.

Net Income

Net Income for fiscal 2018 was $7,541, compared to $6,818 for fiscal 2017. The increase in net income was primarily due to $4,334 higher income from continuing operations year-over-year, offset by a ($763) loss from discontinued operations in fiscal 2018 compared to $2,848 income from discontinued operations in fiscal 2017, as described in the preceding paragraphs.

Printronix Liquidity and Capital Resources *(dollars in thousands)*

The Company ended fiscal 2018 with $17,781 in cash and cash equivalents, compared to $4,839 at the end of fiscal 2017. The Company expects that it will be able to meet its day-to-day demands and material short- and long-term financial commitments with its on-going cash generated from operations, as described below.

Cash Flows from Operating Activities

Cash flows from operating activities consist primarily of net income adjusted for certain non-cash items including depreciation and amortization and other gains (losses). Cash flows from operating activities also include the effect of changes in working capital and certain other activities.

During fiscal 2018, cash flows from operating activities were $11,968, a 137.4% increase from $5,041 in fiscal 2017. Cash flows from operating activities consisted primarily of $7,541 in net income, $2,075 of net positive adjustments for non-cash operating activities, and $2,352 in cash generated by changes in operating assets and liabilities. The non-cash adjustments consisted primarily of $1,199 in depreciation and amortization expense and $1,055 deferred income tax provision. Changes in operating assets and liabilities consisted primarily of a $1,478 decrease in accounts receivable, a $1,540 increase in accounts payable, a $1,312 increase in accrued income taxes, and a $572 increase in accrued payroll and employee benefits. The cash generated by these working capital activities were partially offset by cash used by a $2,210 increase in inventories and $876 decrease in accrued restructuring liabilities. The fluctuation in our accounts receivable, inventory, accounts payable and our accrued and other liabilities is a function of the timing of customer remittances, payments to our vendors, and our inventory levels, respectively. These working capital accounts can and do fluctuate significantly from period to period, based on the timing of transactions such as customer and vendor orders and shipments.

During fiscal 2017, cash flows from operating activities were $5,041 and consisted primarily of $6,818 in net income, offset by $985 of net negative adjustments for non-cash operating activities and $792 in cash used by changes in operating assets and liabilities. The non-cash adjustments consisted primarily of $1,675 in depreciation and amortization expense and $447 loss on the disposal of fixed assets, which were offset by $2,139 gain on the sale of the thermal business and $1,183 gain on the sale of real estate. Cash used by working capital and other activities consisted primarily of a $3,279 decrease in accounts payable and a $1,368 decrease in other liabilities, a $862 decrease in accrued restructuring liabilities, and a $807 decrease in payroll and employee benefit liabilities. The cash used by these working capital activities were partially offset by cash provided by a $3,417 decrease in inventory, $1,315 decrease in accounts receivable, and a $1,111 decrease in prepaid expenses and other assets. The fluctuation in our accounts receivable, inventory, accounts payable and our accrued and other liabilities is a function of the timing of customer remittances, payments to our vendors, and our inventory levels, respectively. These working capital accounts can and do fluctuate significantly from period to period, based on the timing of transactions such as customer and vendor orders and shipments.

Cash Flows from Investing Activities

During fiscal 2018, the Company generated $974 in net cash from investing activities. This was primarily due to net proceeds of $2,467 from the sale of 287,000 shares of previously restricted common stock in TSC (A Taiwanese publicly traded corporation) received in connection with the sale of the thermal business. Purchases of capital equipment were $1,138, primarily related to investments in machinery and tooling for the Malaysia facility.

During fiscal 2017, the Company generated $8,177 in net cash from investing activities. This was primarily due to net proceeds of $7,724 related to the sale of real estate property in Singapore (net of expenses to close the manufacturing facility in Singapore) and receiving net proceeds of $2,139 from the release of escrow funds related to the sale of the Company’s thermal product business in fiscal 2016 (net of discontinuation costs of exiting the thermal product business). Purchases of equipment were $1,705 as the Company started its new manufacturing facility in Malaysia.

In fiscal 2019, the Company plans to invest approximately $900 in additional capital expenditures associated with machinery and equipment purchases and overall refurbishment of the Malaysia factory as well as investment in leasehold improvements and IT infrastructure enhancements. Management believes future sustaining capital expenditures after fiscal 2019 will be significantly reduced, predominantly focused on maintaining existing machinery and equipment. The Company plans to use cash on-hand and/or internally-generated cash to fund these investments.

Cash Flows from Financing Activities

In fiscal 2018, cash used in financing activities was nil.

In fiscal 2017, cash used in financing activities was $33,529, which was primarily due to payments of cash dividends and payments made on long-term debt.

Printronix Non-GAAP Financial Measures *(dollars in thousands)*

The Company uses Adjusted EBITDA as a supplementary non-GAAP financial measure to assist management in evaluating the liquidity and financial performance of our ongoing operations, excluding non-recurring and non-operating items.

Adjusted EBITDA should not be considered in isolation or as a substitute for income (loss) from operations or cash flows (as determined in accordance with GAAP).

"Adjusted EBITDA" means, with respect to any period, the total of (A) the consolidated net income for such period, plus (B) without duplication, to the extent that any of the following were deducted in computing such consolidated net income for such period: (i) income on discontinued operations, (ii) provision for taxes based on income or profits, including, without limitation, federal, state, provincial, franchise and similar taxes, including any penalties and interest relating to any tax examinations, (iii) other income, (iv) consolidated interest expense, (v) consolidated depreciation and amortization expense, (vi) reserves for inventory in connection with plant closures, (vii) consolidated operational restructuring costs, (viii) noncash charges resulting from the application of purchase accounting, including push-down accounting, (ix) non-cash items relating to a change in or adoption of accounting policies, (x) foreign currency losses, (xi) other non-cash losses or charges (excluding, however, any non-cash loss or charge which represents an accrual of, or a reserve for, a cash disbursement in a future period), (xii) non-recurring costs associated with facility consolidation and start-up, and (xiii) costs unrelated to core business operations, minus (C) without duplication, to the extent any of the following were included in computing consolidated net income for such period, (i) foreign currency gains, (ii) other income, (iii) interest income, (iv) gains from sales of assets, (v) non-cash items relating to a change in or adoption of accounting policies, (vi) other non-cash gains, and (v) provisions for tax benefits based on income or profits. Notwithstanding the foregoing, Adjusted EBITDA, as defined and calculated below, may not be comparable to similarly titled measurements used by other companies.

The table and chart below provide a reconciliation from net income, which is the most directly comparable GAAP financial measure, to EBITDA and Adjusted EBITDA:

	Fiscal Year Ended March 30, 2018	**Fiscal Year Ended March 31, 2017**
Net Income	**$ 7,541**	**$ 6,818**
Adjustments:		
(Income) Loss on Discontinued Operations	763	(2,848)
GAAP Income from Continuing Operations	**8,304**	**3,970**
Tax Adjustments:		
Fiscal 2018 One-Time Impact of Tax Reform	1,080	–
Estimated Impact of New Tax Rates to Full Year of Fiscal 2018	1,227	–
Non-GAAP Income from Continuing Operations	**10,611**	**3,970**

	Fiscal Year Ended March 30, 2018	Fiscal Year Ended March 31, 2017
EBITDA Adjustments:		
Provision for Income Taxes (estimated recurring tax expense at post-reform rate)	1,662	1,468
Other Income	(333)	(174)
Interest Expense	3	41
Foreign Currency Gains (Losses)	(119)	187
Amortization of Intangible Assets	142	142
Depreciation Expense	1,057	1,533
Restructuring Expenses	66	284
Environmental Expenses	256	54
Facility Consolidation and One-Time Start-up Costs	1,069	395
Adjusted EBITDA	**$ 14,414**	**$ 7,900**

For fiscal 2018, adjusted EBITDA was $14,414, consisting of $10,611 in Non-GAAP income from continuing operations adjusted for the items mentioned above. Non-GAAP income from continuing operations of $10,611 consists of $8,304 in GAAP income from continuing operations, adjusted to add back $1,080 in one-time tax expense associated with the change in U.S. tax law, an estimated $1,227 in tax expense reflecting the lower tax rate for the fourth quarter of fiscal 2018 applied to the full year. Adjusted EBITDA of $14,414 consists of $10,611 in Non-GAAP income from continuing operations adjusted for $1,662 in income tax expense (excluding the adjustments made above), $3 interest expense, $142 amortization of intangible assets (non-cash charge), $1,057 depreciation expense (non-cash), $66 restructuring expense, $256 in expenses related to environmental clean-up, and $1,069 in other one-time costs which were included in GAAP operating expenses, including $594 in excess freight expense associated with expediting shipments via air freight to customers due to production delays during the ramp-up and stabilization of consumables production in Asia in fiscal 2018, $148 in consulting and labor to support the manufacturing consolidation and operational restructuring, $130 in travel expenses associated with manufacturing consolidation, $109 in freight costs to relocate equipment from Mexico to Malaysia, and $30 in repairs and maintenance to set-up consumables manufacturing in Malaysia. These positive adjustments were partially offset by $333 in other income and $119 in foreign currency gains. Details of these items are provided in the preceding paragraphs and within the notes accompanying the audited financial statements.

For fiscal 2017, adjusted EBITDA was $7,900 consisting of $3,970 in Non-GAAP income from continuing operations adjusted for the items mentioned above. Adjusted EBITDA of $7,900 consists of $3,970 in Non-GAAP income from continuing operations adjusted to add back $1,468 provision for income taxes, $41 interest expense, $187 foreign currency losses, $142 amortization of intangible assets (non-cash charge), $1,533 depreciation expense (non-cash), $284 restructuring expense, $54 in expenses related to environmental clean-up, and $395 in other one-time costs which were included in GAAP operating expenses, including $156 in one-time consulting expenses associated with optimizing its global manufacturing operations, $156 in consulting expenses related to marketing strategy, and $83 in consulting expenses associated with optimizing its global tax strategy. These positive adjustments were partially offset by $174 in other income. Details of these items are provided in the preceding paragraphs and within the notes accompanying the audited financial statements.

The Company’s near-term operating strategy focuses on the operational execution of our strategies to maximize revenue and margins for printers and consumables.

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Certified Public Accountants
and Financial Advisors

Evercel, Inc. and Subsidiaries
Consolidated Financial Statements
March 30, 2018 and March 31, 2017

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Evercel, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Evercel, Inc. and subsidiaries (collectively, the "Company") as of March 30, 2018 and March 31, 2017 (restated), the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 30, 2018 and March 31, 2017 (restated), and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully discussed in Note 3, the Company's consolidated results of operations and cash flows for the fiscal year ended March 31, 2017, and retained earnings as of March 26, 2016 (beginning of the year) have been restated to appropriately record prior period adjustments related to the Company's previously reported 2016 intangible assets, income tax provision and deferred income tax liabilities, respectively.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit.

We conducted our audits in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

SQUAR MILNER LLP

Squar Milner LLP

We have served as the Company's auditor since 2017.

Newport Beach, CA
October 17, 2018

EVERCEL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 30, 2018 and March 31, 2017
(in thousands, except share data)

	2018	2017 (As Restated – Note 3)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 36,452	$ 33,033
Investments available for sale, at fair value	3,413	566
Accounts receivable, net of allowances for doubtful accounts and sales returns of $128 and $205 as of March 30, 2018 and March 31, 2017, respectively	9,861	11,190
Inventories:		
Raw materials	3,824	4,411
Subassemblies and work in process	3,522	208
Finished goods	1,346	1,863
Total inventories	8,692	6,482
Prepaid expenses and other current assets	2,291	1,929
Total current assets	60,709	53,200
Property, Plant and Equipment:		
Machinery and equipment	3,476	3,994
Furniture and fixtures	1,923	3,277
Leasehold improvements	2,781	2,233
	8,180	9,504
Less: Accumulated depreciation and amortization	(4,992)	(6,316)
Total property, plant and equipment, net	3,188	3,188
Restricted investment	–	2,285
Other intangible assets, net (Note 3)	1,138	1,280
Convertible note receivable (Note 4)	8,069	–
Long-term deferred income tax assets, net	1,387	3,075
Other assets	720	956
Total assets	$ 75,211	$ 63,984

(continued next page)

 The accompanying notes are an integral part of these consolidated financial statements.

EVERCEL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 30, 2018 and March 31, 2017
(in thousands, except share data)

	2018	2017 (As Restated – Note 3)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, including $15 and $30 due to a related party as of March 30, 2018 and March 31, 2017, respectively	$ 4,804	$ 3,392
Accrued liabilities:		
Payroll and employee benefits	2,228	1,656
Warranty	202	261
Deferred revenue	1,484	1,517
Restructuring	81	957
Income taxes	1,052	9
Other	1,391	1,174
Total current liabilities	11,242	8,966
Deferred revenue, net of current portion	1,342	1,112
Long-term transition tax payable, net of current portion (Note 13)	467	–
Other long-term liabilities	113	86
Total liabilities	13,164	10,164
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Preferred stock, Series A convertible 8% cumulative, $0.01 par value (total liquidation value of $20 for 2018 and 2017)		
Preferred stock, Series B convertible 8% cumulative, $0.01 par value (total liquidation value of $609 March 31, 2017, $443 March 30, 2018)		
Common stock, $0.01 par value; authorized 75,000,000 shares; issued and outstanding 32,530,636 shares	325	325
Additional paid-in capital	6,248	6,185
Retained earnings (accumulated deficit)	49,069	43,340
Accumulated other comprehensive income (loss)	940	(94)
Total controlling interest	56,582	49,756
Noncontrolling interest	5,465	4,064
Total stockholders' equity	62,047	53,820
Total liabilities and stockholders' equity	$ 75,211	$ 63,984

 The accompanying notes are an integral part of these consolidated financial statements.

EVERCEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the Fiscal Years Ended March 30, 2018 and March 31, 2017

(in thousands except share and per share data)

	2018	2017 (As Restated – Note 3)
REVENUE	$ 60,971	$ 59,914
COST OF SALES	28,267	30,070
GROSS MARGIN	32,704	29,844
OPERATING EXPENSES		
Engineering and development	1,432	2,212
Sales and marketing	10,416	9,853
General and administrative	9,770	12,238
Restructuring	66	284
Amortization of intangible assets	142	142
Total operating expenses	21,826	24,729
OPERATING INCOME FROM CONTINUING OPERATIONS	10,878	5,115
Foreign currency gains (losses), net	119	(187)
Interest expense	74	(41)
Other income, net	850	184
Income from continuing operations before income taxes	11,921	5,071
Provision for income taxes	3,878	1,388
Income from continuing operations	8,043	3,683
DISCONTINUED OPERATIONS, NET OF TAX (NOTE 5)		
Printer manufacturing facility closure, sale of real estate	–	1,183
(Loss) gain on sale of thermal business	(59)	2,139
Loss on closure of regional consumables manufacturing facility	(704)	(474)
(Loss) income from discontinued operations	(763)	2,848
Net Income, including noncontrolling interest	7,280	6,531
Less: net income attributable to noncontrolling interest	1,501	990
Net income attributable to Evercel, Inc. and Subsidiaries	$ 5,779	$ 5,541
Comprehensive income:		
Net income	$ 7,280	$ 6,531
Unrealized gain (loss) on investments, net of tax	1,034	(251)
COMPREHENSIVE INCOME	$ 8,314	$ 6,280
Basic and Diluted Net Earnings per common share attributable to Evercel, Inc. and subsidiaries:		
Earnings from continuing operations per share - basic and diluted	$ .20	$ .10
Earnings from discontinued operations per share - basic and diluted	(.02)	.07
NET INCOME PER SHARE – BASIC AND DILUTED	$ .18	$ .17
Weighted-average Common Shares Outstanding:		
Basic	32,530,636	32,530,636
Diluted	32,977,824	32,955,811

The accompanying notes are an integral part of these consolidated financial statements.

EVERCEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Fiscal Years Ended March 30, 2018 and March 31, 2017
(in thousands, except share data)

	Preferred Stock											
	Series A		Series B		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Evercel, Inc. and Subsidiaries	Noncontrolling Interest	Total Stockholders' Equity
	Number of Shares	$0.01 Par Value	Number of Shares	$0.01 Par Value	Number of Shares	$0.01 Par Value						
Balance, March 26, 2016	19,911	$ –	19,631	$ –	32,530,636	$ 325	$ 6,099	$ 47,899	$ 157	$ 54,480	$ 1,954	$ 56,434
Correction of errors (Note 3)	(19,165)	–	2,933	–	–	–	–	(5,140)	–	(5,140)	(1,693)	(6,833)
Balance, March 26, 2016 (Restated)	746	–	22,564	–	32,530,636	325	6,099	42,759	157	49,340	261	49,601
Preferred stock dividends	60	–	1,805	–	–	–	47	(47)	–	–	–	–
Share-based compensation	–	–	–	–	–	–	39	–	–	39	–	39
Deconsolidation of MMXIV (Note 1)	–	–	–	–	–	–	–	(4,913)	–	(4,913)	8,494	3,581
Dividends paid to noncontrolling interest	–	–	–	–	–	–	–	–	–	–	(5,681)	(5,681)
Other comprehensive income	–	–	–	–	–	–	–	–	(251)	(251)	–	(251)
Net income including noncontrolling interest	–	–	–	–	–	–	–	5,541	–	5,541	990	6,531
Balance, March 31, 2017 (Restated)	806	–	24,369	–	32,530,636	325	6,185	43,340	(94)	49,756	4,064	53,820
Preferred stock dividends	64	–	1,949	–	–	–	50	(50)	–	–	–	–
Share-based compensation	–	–	–	–	–	–	13	–	–	13	–	13
Dividends paid to noncontrolling interest	–	–	–	–	–	–	–	–	–	–	(100)	(100)
Other comprehensive income	–	–	–	–	–	–	–	–	1,034	1,034	–	1,034
Net income including noncontrolling interest	–	–	–	–	–	–	–	5,779	–	5,779	1,501	7,280
Balance, March 30, 2018	870	$ –	26,318	$ –	32,530,636	$ 325	$ 6,248	$ 49,069	$ 940	$ 56,582	$ 5,465	$ 62,047

The accompanying notes are an integral part of these consolidated financial statements.

EVERCEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended March 30, 2018 and March 31, 2017
(in thousands)

	2018	2017 (As Restated – Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 7,280	$ 6,531
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of thermal business	–	(2,139)
Gain on sale of investments	(149)	–
Depreciation and amortization	1,199	1,675
Stock based compensation	13	39
Amortization of debt issuance and deferred financing cost	–	18
Gain from sale of real estate	–	(1,183)
Deferred income tax provision	1,403	(524)
(Gain) loss on disposal of property and equipment	(53)	447
Provision for bad debt	23	–
Changes in operating assets and liabilities		
Accounts receivable	1,306	1,315
Inventories	(2,210)	3,432
Prepaid expenses and other assets	(126)	1,070
Accounts payable	1,412	(3,582)
Payroll and employee benefits	572	(885)
Accrued restructuring liabilities	(876)	(862)
Accrued warranty	(59)	53
Accrued income taxes	1,043	571
Deferred revenue	197	(225)
Other liabilities	711	(1,211)
Net cash provided by operating activities	11,686	4,540
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,139)	(1,674)
Investment in Convertible Note	(8,069)	(522)
Purchase of investment securities available for sale	(3,506)	–
Net proceeds from sale of real estate	–	7,724
Net proceeds from disposition of property and equipment	135	19
Net proceeds from sale of thermal business	–	2,139
Net proceeds from sale of investment securities	4,412	3,582
Net cash (used in) provided by investing activities	(8,167)	11,268
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of exchange rate changes on mortgage	–	33
Payments on long-term debt	–	(5,012)
Cash dividends	(100)	(5,681)
Net cash used in financing activities	(100)	(10,660)
Net increase in cash and cash equivalents	3,419	5,148
CASH AND CASH EQUIVALENTS – beginning of fiscal year	33,033	27,885
CASH AND CASH EQUIVALENTS – end of fiscal year	$ 36,452	$ 33,033

(continued next page)

 The accompanying notes are an integral part of these consolidated financial statements.

EVERCEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended March 30, 2018 and March 31, 2017
(in thousands)

	2018	2017 (As Restated – Note 3)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Income tax paid	$ 1,115	$ 403
Interest paid	$ 2	$ 24
NONCASH FINANCING ACTIVITIES		
Noncash deemed contribution from forgiveness of debt	$ –	$ 4,155

1. THE COMPANY

Evercel, Inc. ("Evercel") is a holding company that oversees and manages subsidiary companies and portfolio investments. Companies owned and managed during the fiscal years ended March 30, 2018 and March 31, 2017, include Evercel Pioneer Holding Corporation ("Evercel Pioneer Holding"), Evercel Holdings, LLC ("Evercel Holdings"), SHSP Holdings, LLC ("SHSP Holdings"), and the following two subsidiaries through the date of their disposition as follows: New England Crab Company, Inc. ("NECC") through June 1, 2016, and MMXIV LLC ("MMXIV") through December 31, 2016. Evercel, Evercel Pioneer Holding, SHSP Holdings and Evercel Holdings are collectively referred to as the Company.

Evercel was formerly a publicly listed company; however, management determined that the costs associated with maintaining its public listing could not be justified. Accordingly, in 2004 Evercel delisted its stock and ceased making public filings with the Securities and Exchange Commission and public platforms. Evercel stock is currently traded on the over the counter ("OTC") market, also referred to as the Pink Sheets. Evercel is not registered with the Securities and Exchange Commission and is not required to publicly report financial information.

Evercel Pioneer Holding Corporation

Evercel Pioneer Holding, a wholly owned subsidiary of Evercel, was created in 2012 for the purpose of holding an 80.1 percent investment in Pioneer Holding Corp. ("Pioneer Holding"). The purchase of Pioneer Holding stock occurred on December 31, 2012. Pioneer Holding owns Printronix Holding Corporation and its various global wholly owned subsidiaries ("Printronix"), formerly known as Printronix, Inc., a worldwide leader in supply-chain printing solutions for the industrial marketplace. As a holding company, Pioneer Holding has no operating assets or liabilities, except for its investment in Printronix. As the operating company, Printronix holds all operating assets and liabilities as of March 30, 2018 and March 31, 2017.

Printronix

Printronix Holding Corporation and subsidiaries ("Printronix""), subsidiary of Evercel Pioneer Holding, provides multi-technology supply-chain printing solutions for the industrial, financial and transportation industries. The products are generally used in industrial settings such as manufacturing plants and distribution centers. Printronix has a manufacturing site located in Malaysia and configuration sites located in the United States, Singapore and Holland, along with sales and support locations around the world to support its global network of users, channel partners and strategic alliances.

Evercel Holdings LLC

Evercel Holdings LLC is a legal entity, established on March 15, 2017, to hold investments which Evercel makes in publicly traded securities. Evercel holds the right to designate the manager of the LLC and owns all 800 Class A units of the 1,000 total units outstanding, with Corona Park Investment Partners ("CPIP"), a related party, and other entities involved in the sourcing and managing of the investments and owning the remaining 200 Class B units. Pursuant to the LLC operating agreement, Evercel receives a preferred return of its capital prior to all shareholders sharing pro rata in capital account allocations.

1. THE COMPANY (continued)

SHSP Holdings LLC

SHSP Holdings LLC is a legal entity, established on March 28, 2018, to hold the investment Evercel has made of a convertible note with SharpSpring Inc., a NASDAQ listed public company. Corona Park Investment Partners, a related party, is the manager of SHSP Holdings. Evercel owns all 800 of the LLC's Class A units, with Corona Park Investment Partners, a related party, and other entities which are also involved in the sourcing and managing of the investments owning 200 Class B units. No other interests in the LLC are outstanding. Evercel receives a preferred return of its capital and expenses prior to all shareholders sharing pro rata in capital account allocations.

New England Crab Company, Inc.

NECC, a previously wholly owned subsidiary of Evercel, sells processed crab products throughout the United States and overseas from its facility in Boston, Massachusetts. On February 26, 2014, Evercel sold substantially all assets of NECC. Any remaining assets were fully reserved at March 27, 2015 and written off in their entirety as of March 25, 2016. NECC was dissolved on June 1, 2016.

MMXIV LLC

On August 13, 2014, Evercel purchased 800 Class A units in MMXIV resulting in the consolidation of MMXIV, as Evercel had a controlling interest in MMXIV. On January 1, 2017, MMXIV redeemed its 800 shares of Class A stock from Evercel at market value based on an independent appraisal, which resulted in the deconsolidation of MMXIV as of such date. Evercel has no economic interest in MMXIV. MMXIV continues to hold a 19.9 percent ownership interest in Printronix.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") and include the accounts of Evercel, Evercel Holdings, SHSP Holdings, and Printronix along with its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Evercel consolidates the accounts of a variable interest entity ("VIE") if it is deemed to have a controlling financial interest in the VIE. For these accounting purposes, "controlling financial interest" means Evercel or its consolidated subsidiary has both the power and economic interest to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. Management evaluated investments in the entities described above, and concluded that Evercel's investees, which were not wholly owned, were considered to be VIEs, and that Evercel was considered to be the primary beneficiary of Printronix, SHSP Holdings and Evercel Holdings. Therefore, Evercel consolidated such investees regardless that SHSP Holdings is permanently managed by CPIP. Evercel had no other VIE interests during fiscal 2018 and fiscal 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Period

The Company uses a fifty-two or fifty-three week fiscal year ending on the last Friday of March. For the fiscal years presented, the year-end dates were March 30, 2018 ("fiscal 2018") and March 31, 2017 ("fiscal 2017"). Fiscal 2018 used a fifty-two week fiscal period, while fiscal 2017 used a fifty-three week fiscal period.

Use of Estimates

The preparation of financial statements that conform with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenue and expenses during the reporting periods, and disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates and assumptions made by management include, but are not limited to, determination of excess and obsolete inventories, bad debt allowance, product warranties liability, recoverability of the carrying value and estimated useful lives of long-lived assets and sales returns provision. Actual results could differ materially from those estimates.

Fair Value of Financial Instruments

The carrying values of certain financial instruments of the Company, including cash equivalents, accounts receivable and accounts payable, approximate their fair values because of the relatively short period of time between origination and their expected realization. The carrying value of common stocks approximate their fair values based on the exchange price that would be received for an asset in the market for an asset in an orderly transaction between market participants. The carrying value of the convertible note receivable approximates its fair value based on the recent nature of the transaction.

Realized gains and losses on investment transactions are recognized at the time of sale in the consolidated statements of operations and comprehensive income. Net unrealized gains and losses are reported in the statements of operations and comprehensive income and represented the change in the market value of investment holdings during the period. See Note 7.

Cash and Cash Equivalents

The Company considers all highly liquid temporary investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts and Sales Returns

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company performs periodic credit evaluations on customers and adjusts credit limits based upon payment history and the customer's current creditworthiness. The allowance for doubtful accounts is determined by evaluating individual customer receivables, based on contractual terms, reviewing the financial condition of the customer, and historical experience. Receivable losses are charged against the allowance when management believes the account is uncollectible. Subsequent recoveries, if any, are credited to the allowance. The reserve for returns and sales allowances is determined by an analysis of the historical rate of returns and sales allowances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories, which include material, labor and overhead costs, are valued at the lower of cost or net realizable value. Cost is determined at standard cost adjusted on a first-in, first-out basis for variances. Cost includes shipping and handling fees and other costs, including freight insurance and customs duties for international shipments, which are subsequently expensed to cost of sales. The Company evaluates and records a provision to reduce the carrying value of inventories for estimated excess and obsolete stocks based upon forecasted demand, planned obsolescence and market conditions. As of March 30, 2018 and March 31, 2017, Printonix had approximately $475 and $849 thousand of reserves for excess and obsolete inventories, respectively.

Property, Plant and Equipment

Depreciation of property, plant and equipment and amortization of leasehold improvements are provided using the straight-line method over the following estimated useful lives:

Machinery and equipment	2 to 10 years
Furniture and fixtures	3 to 7 years
Leasehold improvements	Lesser of useful life or term of lease

Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and betterments to property, plant and equipment and leasehold improvements are capitalized at cost. Upon disposition, the applicable costs and accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is included in income from operations. Depreciation and amortization expense on property, plant and equipment was approximately $1.2 million and $1.7 million in fiscal 2018 and 2017, respectively. Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable.

Intangible Assets

In connection with a prior acquisition, the Company acquired intangible assets.

Intangible assets consist of trade names and trademarks, patents and customer and distributor relationships. These definite-lived intangible assets, at the time of acquisition, are recorded at fair value and are stated net of accumulated amortization. The Company currently amortizes the definite-lived intangible assets on a straight-line basis over their estimated useful lives.

During fiscal 2018 and 2017, definite-lived intangible assets were amortized over 10 years, and $142 thousand of amortization expense was recognized each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

Intangible assets at the end of fiscal 2018 and 2017 consisted of the following (in thousands):

March 30, 2018	**Weighted Average Amortization Period**	**Gross Carrying Value**	**Accumulated Amortization**	**Net Book Value**
Trade name and trademarks	10 years	$ 652	$ (130)	$ 522
Patents	10 years	770	(154)	616
		$ 1,422	$ (284)	$ 1,138

March 31, 2017	**Weighted Average Amortization Period**	**Gross Carrying Value**	**Accumulated Amortization**	**Net Book Value**
Trade name and trademarks	10 years	$ 652	$ (65)	$ 587
Patents	10 years	770	(77)	693
		$ 1,422	$ (142)	$ 1,280

Future fiscal years amortization expense of intangible assets are as follows (in thousands):

2019	$ 142
2020	142
2021	142
2022	142
2023	142
Thereafter	428
	$ 1,138

In fiscal 2018, the Company tested for intangible assets impairment under ASC 360 (Property, Plant, and Equipment). ASC 360 indicates that impairment testing should be performed whenever events or changes in circumstances indicate the asset's carrying value may not be recoverable. Management determined that such events had existed since fiscal year ended 2016 and the intangible assets should have been impaired then. As a result, using information only available as of fiscal 2016, the Company recorded an impairment charge to adjust its intangible assets' carrying value down to $1.4 million, as reflected in the schedules above, and restated its fiscal year ended 2016 consolidated financial statements. See Note 3 for restatement details.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from product sales is recognized when it is realized or realizable and earned. The Company considers revenue to be realized or realizable and earned, at the time of shipment and passage of title, when persuasive evidence of a sales arrangement exists in the form of a contract or purchase order, the sales price is fixed or determinable and collection is reasonably assured. The Company has no further obligations after shipment of the product other than established warranty obligations. Sales are based upon written contractual agreements with the Company's resellers that include established pricing and payment terms.

The printers contain embedded software, which the Company considers to be incidental to the sale of the printer, and no revenue is attributed to the software. The Company also sells standard "pre-packaged" software to support bar code label printing applications and other software options. This software does not require customization, nor does the Company have any post-sale obligations. Revenue is recognized as this standard "pre-packaged" embedded software is shipped.

Arrangements with customers may include multiple deliverables, including any combination of products and services. For multiple-element arrangements that include products containing undelivered non-software services, deliverables are separated into more than one unit of accounting when (1) the delivered element(s) have value to the customer on a stand-alone basis and (2) delivery of the undelivered element(s) is probable and substantially in the control of the Company. In these arrangements, the Company allocates revenue to all deliverables based on their relative selling prices. The Company uses vendor-specific objective evidence of fair value ("VSOE") to determine the selling price to be used for allocating revenue to deliverables.

The Company offers printer-maintenance services through service agreements that customers may purchase separately from the printer. These agreements commence upon expiration of the standard warranty period. The Company provides the point-of-customer-contact, dispatches the call, and sells the parts used for printer repairs to service providers. The Company contracts third parties to perform the on-site repair services. The maintenance service agreements are separately priced at fair value. For those transactions in which maintenance service agreements are purchased concurrently with the purchase of printers, the revenue is deferred based on vendor specific objective evidence of the selling price, which approximates fair value for the maintenance services agreements. Revenue from maintenance service contracts is recognized on a straight-line basis over the period of each individual contract, which approximates the manner in which costs are incurred.

Related to VSOE, in many instances, products are sold separately in stand-alone arrangements, as customers may support the products themselves or purchase support on a time-and-materials basis. Technical support services are also often sold separately through renewals of annual contracts. The Company determines the VSOE based on its normal pricing and discounting practices for the specific product or service when sold separately. In determining VSOE, the Company requires that a substantial majority of the selling prices for a product or service falls within a reasonably narrow pricing range, generally evidenced by the pricing rates of approximately 85 percent of such historical stand-alone transactions falling within plus or minus 15 percent of the median rate. In addition, the Company considers the geographies in which the products or services are sold, major product and service groups, customer classification, and other environmental or marketing variables in determining VSOE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Once elements of an arrangement are separated into more than one unit of accounting, revenue is recognized for each separate unit of accounting based on the nature of the revenue as described above.

The Company reduces revenue at the time of sale for estimated customer returns, price protection, rebates and other sales incentives that occur under established sales programs. Estimation is required to record these revenue reductions. The Company evaluates the adequacy of the recorded allowance for sales returns and records a provision as a revenue reduction for the estimated amount of future returns, based upon historical experience, significant authorized pending returns and any other known factors.

The Company presents revenue net of shipping costs and sales taxes. Shipping costs charged to the customers are recorded in cost of sales.

Interest income on the Company's convertible note receivable is recognized on an accrual basis over the term of the note receivable using the effective interest method. The Company will place notes receivable on nonaccrual status when concern exists as to the ultimate collection of principal or interest, if any. When a note receivable is placed on nonaccrual status, the Company will reserve the accrual for unpaid interest and will not recognize subsequent interest income until the cash is received or the note receivable returns to accrual status.

Warranty Costs

The Company offers product warranty with varying terms depending on the product, region and customer contracts. Warranty periods range from three months up to two years. The provision for warranty expense is determined by applying the historical claims experience and estimated repair costs to the outstanding units under warranty.

The following is a summary of the accrued warranty obligation for fiscal 2018 and 2017 (in thousands):

	2018	2017
Beginning balance	$ 261	$ 208
Add: estimated future warranty expense	346	407
Deduct: warranty claims settled	(405)	(354)
Ending balance	$ 202	$ 261

Engineering and Development

Engineering and development costs are expensed as incurred and consist of labor, supplies, consulting and other costs related to developing and improving the Company's products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Company expenses advertising costs, including promotional literature, brochures and trade shows, as incurred. Advertising expense was approximately $481 and $395 thousand in fiscal 2018 and 2017, respectively, which are included in sales and marketing expense in the accompanying consolidated statements of operations and comprehensive income.

Restructuring Charges

Restructuring charges are mainly comprised of termination benefits associated with the Company's formal strategic restructuring plans to improve operational efficiency. The plans are generally expected to be completed within one year. The Company recognizes the liability for post-employment or termination benefits when payment is probable and estimable based on the Company's predefined post-employment benefits plan or local statutory regulations in foreign jurisdictions. One-time termination benefits that are outside of the Company's predefined severance plans or local statutory regulations are expensed at the time when the Company communicates the one-time termination benefits to the employee. However, if the employee is required to provide future service for the one-time termination benefits, the costs are expensed ratably over the future service period. Any exit or disposal costs other than termination benefits are recognized as incurred.

The Company's restructuring charges and restructuring liabilities are summarized as follows (in thousands):

	2018	2017
Beginning balance	$ 957	$ 1,819
Add: restructuring charges	66	284
Deduct: cash payments	(942)	(1,146)
Ending Balance	$ 81	$ 957

Foreign Currency Gains and Losses

The United States dollar is the functional currency for all of the foreign subsidiaries. Transactions that are recorded in currencies other than the United States dollar may result in transaction gains or losses at the end of the reporting period and when trade payments occur.

For these subsidiaries, the assets and liabilities have been remeasured at the end of the period for changes in exchange rates, except inventories and property, plant and equipment, which have been remeasured at historical average rates. The consolidated statements of operations have been reevaluated at average rates of exchange for the reporting period, except cost of sales and depreciation, which have been reevaluated at historical rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Gains and Losses (continued)

Net foreign currency transaction and re-measurement resulted in a $119 thousand gain and $187 thousand loss in fiscal 2018 and 2017, respectively, which are included in other income in the consolidated statements of operations and comprehensive income.

Earnings Per Share ("EPS")

EPS is computed in accordance with ASC Topic 260, *Earnings per Share*, and is calculated using the weighted average number of common shares outstanding during each period. Diluted EPS assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share.

Income Taxes

The Company uses the asset-and-liability method for financial accounting and reporting for income taxes. Current and deferred tax balances are determined based upon the difference between the financial statement and tax basis of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse.

In assessing the realizability of deferred tax assets, the appropriate authoritative guidance establishes a "more likely than not" standard. If it is determined that it is more likely than not that deferred tax assets will not be realized, a valuation allowance must be established against the deferred tax assets. The ultimate realization of assets is dependent on the generation of future taxable income during the periods in which the associated temporary differences become deductible. The Company reviews the deferred tax assets for realization based upon historical taxable income, prudent and feasible tax planning strategies, the expected timing of the reversals of existing temporary differences and expected future taxable income.

Contingencies

The Company accounts for contingencies in accordance with GAAP. The Company evaluates the degree of probability of an unfavorable outcome and the ability to reasonably estimate the loss related to legal claims, environmental issues, guarantees, including indirect guarantees of the indebtedness of others, and other known issues, and records a charge to current period earnings, if appropriate.

Concentration of Credit Risk

No single customer accounted for more than 10% of consolidated revenue for both fiscal 2018 and 2017. Accounts receivable from one customer represented 11% of the Company's trade accounts receivable as of March 30, 2018. No single customer accounted for more than 10% of consolidated accounts receivable as of March 31, 2017. Exposure to credit risk is limited by the large number of customers comprising the remainder of the Company's customer base and by periodic customer credit evaluations performed by the Company.

One vendor accounted for more than 5% of consolidated purchases for both fiscal 2018 and 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Significant Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 **–** *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the ASC. The transition options include full retrospective or modified retrospective approaches which becomes effective for annual reporting periods beginning after December 15, 2018 (adoption deferred by ASU 2015-14), and interim reporting periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2014-09 on its consolidated financial statements. The Company expects to adopt this new standard using the modified retrospective method that will result in a cumulative effect adjustment as of March 29, 2019. The Company expects to record an immaterial increase to retained earnings resulting from the initial capitalization of previously expensed service sales commissions. The Company expects additional impacts may be identified prior to adoption.

In November 2015, the FASB issued Accounting Standard Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, an update to ASC 740 Income Taxes ("Update"). Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update. The new guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted. The Company chose to adopt the update prospectively beginning in fiscal 2017.

In February 2016, the FASB issued ASU 2016-02, *Leases* (*Topic 842).* ASU 2016-02 requires lessees to recognize (with the exception of short-term leases at the commencement date) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align where necessary, lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. The new guidance is effective for private companies for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements, the effect on future financial statement disclosure is not known at this time.

3. RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Year Ended 2016 and 2017 Restatements

In connection with the Company's preparation of its income tax provision in prior years, the Company did not record the proper amount of deferred taxes related to the Company's intangible assets. In addition, the Company improperly accrued a FIN 48 tax liability as a result of misinterpreting a clause in the Stock and Asset Purchase Agreement on the sale of the thermal product line in 2016, thereby misstating the reported long-term deferred income tax liabilities and the previous year's consolidated retained earnings.

In connection with the Company's tests for intangible assets impairment under ASC 360 (Property, Plant, and Equipment), the Company determined that an impairment charge to its intangible asset's net carrying value from $16.8 million to $1.4 million should have been recorded in fiscal year ended 2016. This error misstated the intangible assets, the previous year's consolidated retained earnings, and overstated intangible amortization expense in fiscal 2017.

Management considered the impact of these errors to current and past consolidated financial statements, and determined that a restatement of its previously reported consolidated financial statements was the most appropriate recognition of the correction of these errors. The Company has also corrected certain disclosures within the consolidated financial statements accordingly.

Summary Impact of Restatement Adjustments to Previously Reported Financial Information

A reconciliation of the restated balances to the previously reported amounts as of March 31, 2017 and March 25, 2016 are presented below (in thousands):

Reconciliation of balances on the Balance Sheet:

	As Reported at March 25, 2016	Adjustment Dr (Cr)	As Restated
Other long-term liabilities	$ (3,654)	$ 3,647	$ (7)
Long-term deferred income tax assets (liabilities)	$ (3,127)	$ 4,941	$ 1,814
Intangible assets	$ 16,843	$ (15,421)	$ 1,422
Retained earnings	$ (47,899)	$ 5,140	$ (42,759)
Minority interest	$ (1,954)	$ 1,693	$ (261)

	As Reported at March 31, 2017	Adjustment Dr (Cr)	As Restated
Intangible assets	$ 14,349	$ (13,069)	$ 1,280
Long-term deferred income tax asset (liabilities), net	$ (1,613)	$ 4,688	$ 3,075
Retained earnings	$ (50,025)	$ 6,685	$ (43,340)
Minority interest	$ (5,760)	$ 1,696	$ (4,064)

3. RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Reconciliation of balances on the Statement of Operations:

	March 31, 2017
As previously reported – Net Income	$ 5,043
Change in amortization expense	2,353
Tax effect of restatement adjustment	(865)
As restated – Net Income	$ 6,531

Reconciliation of balances on the Statement of Cash Flows:

	As Reported at March 31, 2017	Adjustment Dr (Cr)	As Restated
Depreciation and amortization	$ 4,028	$ (2,353)	$ 1,675
Accrued income taxes	$ (294)	$ 865	$ 571

4. CONVERTIBLE NOTE RECEIVABLE

Evercel invested $8 million in a convertible note receivable from SharpSpring, Inc. (“SharpSpring”), a NASDAQ publicly traded company, through a new entity, SHSP Holdings, LLC. The five-year note will entitle the SHSP Holdings LLC to an annual 5% payment-in-kind (“PIK”) interest return, and is convertible into shares of common stock of SharpSpring at a price of $7.50 per share. SharpSpring can force conversion at 175% of the conversion price after 120 consecutive days of trading from the date of the Note agreement, which is approximately $13.13 per share, and at their election can extend the maturity for up to 18 months through September 28, 2023, but at an annual PIK interest rate of 10%. SharpSpring may redeem the note at maturity for cash or for common stock, subject to a 20% discount to the then-market price. Unpaid PIK interest will fully accelerate in a forced conversion or in the event of a change of control in SharpSpring. The convertible note is subordinated to a limited amount of SharpSpring’s senior debt obligations. Evercel holds rights to a preferential distribution of cash flows equivalent to receiving a return of its investment before sharing pro-rata with all members, pursuant to the LLC agreement.

5. DISCONTINUED OPERATIONS

Gain on Sale of Thermal Business

On January 22, 2016, Printronix completed the sale of various thermal product line assets and the sale of Printronix, Inc., an entity that held the thermal product line assets and operations. As a provision in the purchase and sale agreement, an escrow fund in the amount of $3.0 million was established, that would be paid out to Printronix based on the buyer’s achievement of a certain sales volume in the year following the transaction. As of February 2017, that volume was achieved and the escrow funds were released.

5. DISCONTINUED OPERATIONS (continued)

Gain on Sale of Thermal Business (continued)

In addition, as part of the ongoing support agreement with the buyer of the thermal business, Printronix's manufacturing operations produced products in support of the transition of the buyer's manufacturing capabilities. The $422 thousand profit margin on the sale of those products is included in income from discontinued operations in fiscal 2017. The expenses due to the closure of the remaining thermal operations throughout Printronix amounted to $1.36 million in fiscal 2017, included severance and retention bonuses, operations closure expenses, and is reported as an after tax gain on sale of the thermal business as a component of discontinued operations in the accompanying consolidated statements of operations and comprehensive income.

In fiscal 2018, the discontinued operations expenses related to the sale of thermal business amounted to $87 thousand including rent and materials and supplies.

The following is a reconciliation of the gain on the sale of thermal business recognized in fiscal 2018 and 2017 (in thousands):

	2018	2017
Escrow payment	$ –	$ 3,000
Settlement costs	–	235
Net proceeds from escrow	–	2,765
Subsequent revenues	–	4,377
Cost of goods sold	–	3,955
Margin on revenues	–	422
Allowances to buyer	–	130
Salaries and wages	–	232
Severance/retention	–	517
Materials and supplies	–	287
Outside services	–	161
Other expenses	87	35
Total expenses	87	1,362
Net (loss) gain	(87)	1,825
Taxes	28	314
Net (loss) gain on sale of thermal business, net of tax	$ (59)	$ 2,139

5. DISCONTINUED OPERATIONS (continued)

Regional Consumables Manufacturing Facility Closure

In February 2017, Printronix made the decision to close the facility in Mexico that manufactured consumable products and acted as the North American distribution center. As of March 30, 2018 and March 31, 2017, $704 thousand and $474 thousand in expenses after tax were incurred in connection with the closure and is reported as a component of discontinued operations in the accompanying consolidated statements of operations and comprehensive income.

Regional Consumables Manufacturing Facility Closure

The following is a reconciliation of the regional consumables manufacturing facility closure expenses for the fiscal years ended March 30, 2018 and March 31, 2017 (in thousands):

	2018	2017
Salaries and wages	$ 304	$ 436
Severance	333	261
Other expenses	394	22
Total consumable manufacturing closure expenses	1,031	719
Taxes	327	245
Loss on closure of consumables manufacturing facility, net of taxes	$ 704	$ 474

Singapore Printer Manufacturing Facility Closure

In February 2015, Printronix made the decision to close and sell its manufacturing facility in Singapore and to terminate its use of a contract manufacturer in China. During fiscal 2017, Printronix incurred $1.77 million in expenses to vacate and decommission the Asian manufacturing operations and is reported as a component of discontinued operations in the accompanying consolidated statements of operations and comprehensive income.

5. DISCONTINUED OPERATIONS (continued)

Singapore Printer Manufacturing Facility Closure (continued)

The following is a reconciliation of the sale net proceeds of selling the Singapore building as of March 31, 2017 (in thousands):

Singapore building sale net proceeds:	
Sale price of building	$ 9,492
Cost to vacate and decommission:	
Salaries and wages	894
Severance/retention	252
Real estate commission	95
Closure of China contract manufacturing facility	191
Facility rent	108
Employee transport/relocation	185
Other expenses	43
Total expenses	1,768
Net proceeds from sale	7,724
Asset carrying value	(6,449)
Net gain on facility closure, sale of real estate	1,275
Tax expense	(92)
Printer manufacturing facility closure, sale of real estate, net of tax	$ 1,183

6. BANK BORROWINGS AND DEBT ARRANGEMENTS

Foreign Credit Facilities

In July 2013, Printronix's subsidiary in Singapore entered into a 10-year mortgage agreement to borrow SGD 9 million (equivalent to USD $7.4 million). The mortgage facilities were collateralized by the subsidiary's real estate property. Borrowings under the agreement bore interest at three-month Singapore Interbank Offered Rate ("SIBOR") plus 1.38 percent. The outstanding mortgage balance of approximately $5.0 million was repaid in June 2016, in conjunction with the sale of the real estate property.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under GAAP as the exchange price that would be received for an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company is required to maximize the use of observable inputs, minimize the use of unobservable inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. The hierarchy of valuation techniques is based on whether the inputs to fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The hierarchy requires the use of observable market data when available.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

These inputs have created the following fair value hierarchy:

Level 1: Quoted prices in active markets of identical assets or liabilities.

Level 2: Observable inputs other than those in Level 2. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3: Unobservable inputs reflected management's own assumptions about the inputs used.

The Company acquired restricted common stock related to the sale of the thermal product line in fiscal year ended 2016, which became unrestricted during fiscal 2018 and accordingly became classified as investments in common stock. The Company classifies its common stock investment as available-for-sale securities with net unrealized gains or losses recorded as a component of accumulated other comprehensive income. The Company utilizes the Level 1 valuation technique for investments in common stock which are quoted prices in active markets and as a Level 2 valuation technique in fiscal 2017 by valuing the restricted stock investment at market value, based on the Taiwan Stock Exchange as of March 31, 2017, discounted for lack of marketability. The Company utilizes the Level 3 valuation technique in for investments in its convertible note receivable which is held at carrying value, which approximates its fair value based on the recent nature of the acquisition of the investment which occurred on March 28, 2018.

If it is determined that a decline of any investment is other than temporary, then the investment basis would be written down to fair value and the write-down would be included in earnings as a loss.

The Company owned 300,000 restricted shares of TSC Auto ID Technology Co Ltd (Ticker: 3611:TT) common stock as of March 31, 2017. The Company sold 287,000 shares of the stock on the open market in fiscal 2018 for $2.47 million, which resulted in a realized gain of $149 thousand.

The fair values of the Company's financial instruments as of March 30, 2018 and March 31, 2017, are presented in the following table (in thousands):

	2018	2017
Level 1 Investments in common stock	$ 3,413	$ 566
Level 2 Investment in restricted common stock	$ –	$ 2,285
Level 3 Investment in convertible note	$ 8,069	$ –

8. EMPLOYEE BENEFIT PLAN

Savings and Investment Plan

Printronix has a 401(k) Savings and Investment Plan, for all eligible employees of the Printronix, which is designed to be tax deferred in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Printronix matches employee contributions dollar-for-dollar up to the first 1 percent of compensation, and then an additional $0.50 to-the-dollar on the next 1 percent of employee compensation. Printronix's contributions are vested annually, and become fully vested to the employee after four full years of employment. Printronix's total contribution was approximately $99 thousand and $130 thousand in fiscal 2018 and 2017, respectively.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

With the exception of Malaysia, the Printronix conducts its foreign and domestic operations using leased facilities under noncancelable operating leases that expire at various dates through fiscal year 2022. The Malaysia factory lease has two renewal options for additional four years then for an additional two years. Annual rental expense was approximately $1.8 million and $2.3 million for fiscal 2018 and 2017, respectively.

Operating Leases

Future fiscal years minimum lease payments under existing noncancelable operating leases are as follows (in thousands):

2019	$	981
2020		545
2021		318
2022		26
	$	1,870

Guarantees

Printronix posted collateral in the form of a surety bond or other similar instruments, which are issued by independent insurance carriers (the "Surety"), to cover the risk of loss related to certain customs and employment activities. If any of the entities that hold such bonds should require payment from the Surety, Printronix would be obligated to indemnify and reimburse the Surety for all costs incurred. As of March 30, 2018 and March 31, 2017, Printronix had approximately $100 thousand and $725 thousand of these bonds outstanding.

9. COMMITMENTS AND CONTINGENCIES (continued)

Long-Term Incentive Plan

Starting in fiscal 2014, Printronix had five employment contracts with various executive officers requiring cash payments if certain financial targets were achieved. These agreements expire in fiscal year 2019. Amounts are accrued when earned, and imminent payment is expected under the agreement with the condition of continued employment of the executive officers under the agreement. As of fiscal 2018, only two executives remain and no goals have been reached since fiscal 2015 nor are any further goals reasonably expected to be achieved through expiration. Printronix did not incur any expense related to long-term incentive plan in fiscal 2018, and approximately $15 thousand in fiscal 2017. Certain Printronix executives are entitled to bonuses in the event of a sale of the company of up to 10% of the proceeds. As of March 30, 2018, a sale of the company was not probable. Accordingly, no amounts were accrued in connection with this plan.

Environmental Cleanup

Printronix maintained a manufacturing operation in a leased facility in Irvine, California from 1980 to 1994. The facility was used for similar manufacturing operations by another tenant from 1968 to 1977. The manufacturing operations employed by the previous tenant resulted in the contamination of soil and groundwater under the facility which included chlorinated volatile organic compounds ("VOCs"). Evidence indicates that the VOCs requiring cleanup were used by the prior tenant and not by Printronix. Printronix has been working with the prior tenant, which has agreed to share the costs of the activities in an equal percentage with Printronix, and the state regulatory agencies, including the California Department of Toxic Substances Control, to investigate and cleanup the subsurface contamination. The investigation is ongoing and a significant soil cleanup project was completed in 2017. Additional cleanup activities are planned for the 2017 – 2018, but the scope of those activities has not yet been determined or approved. Printronix has $40 thousand and $72 thousand in accrued liabilities to cover the current groundwater monitoring and investigation activities as of March 30, 2018 and March 31, 2017, respectively.

Litigation

From time to time, Evercel and the consolidated group of companies are subject to legal and other claims that arise out of the ordinary course of business. Management believes there are currently no claims or proceedings that will have a material impact upon the Company's consolidated financial position, or results of consolidated operations and cash flows.

10. STOCKHOLDERS' EQUITY

Common Stock

Stockholders shall have one vote for each share of common stock owned by them of record according to the books of the Company.

Series A Preferred Stock

There are 400,000 shares of Series A preferred stock authorized, with 870 shares issued and outstanding as of March 30, 2018.

In fiscal 2018 eight percent dividends were declared and paid to Series A stockholders, in the form of 64 additional shares of Series A stock, for the fiscal year ended March 30, 2018, totaling $2 thousand.

In fiscal 2017 eight percent dividends were declared and paid to Series A stockholders, in the form of 60 additional shares of Series A stock, for the fiscal year ended March 31, 2017, totaling $2 thousand.

Series B Preferred Stock

There are 600,000 shares of Series B preferred stock authorized, with 19,286 shares issued and outstanding as of March 30, 2018.

In fiscal 2018 eight percent dividends were declared and paid to Series B stockholders, in the form of 1,949 additional shares of Series B stock, for the fiscal year ended March 30, 2018, totaling $48 thousand.

In fiscal 2017 eight percent dividends were declared and paid to Series B stockholders, in the form of 1,805 additional shares of Series B stock, for the fiscal year ended March 31, 2017, totaling $45 thousand.

Both Series A and Series B preferred stock include the following general rights, privileges, restrictions and conditions:

Conversion Feature

Each share of preferred stock has a conversion feature at $13.75 per share, which is subject to certain adjustments. Cumulative dividends are calculated at a rate of eight percent of the liquidation value, payable quarterly in cash or shares of preferred stock, at the option of the Company.

Redemption

The Company has the right to redeem the stock at any time for the liquidation amount, plus any accrued and unpaid dividends. Preferred shareholders may only redeem their shares if the Company breaches or fails to comply with its obligations under the Certificate of Designations and such breach has a material adverse effect on the business or prospects of the Company. The Company's redemption right has no expiration date.

10. STOCKHOLDERS' EQUITY (continued)

Liquidation Preference

In the event of liquidation, the holders of each share of preferred stock shall be entitled to receive, prior to and in preference to any distributions of any assets to holders of common stock, an amount equal to the liquidation amount applicable to each share of $25.00 plus any accrued but unpaid dividends.

Voting Rights

Holders of preferred stock are entitled to the number of votes equal to the number of shares of common stock into which such holder's shares would then be convertible. The eight percent cumulative dividends on the Series A and Series B preferred stock, which have been paid to stockholders in the form of a stock dividend (additional shares of preferred stock), as of March 30, 2018 totaled $576 thousand.

Evercel's Board of Directors authorized on March 10, 2017 the repurchase of all outstanding Preferred A and B shares. As of March 30, 2018, no shares had been repurchased.

Basic and Dilutive Net Income per Share

The following is the methodology for determining dilutive shares for the calculation of earnings per share:

Fiscal Year Ended March 30, 2018

Numerator:	**Continuing Operations**	**Discontinued Operations**	**Total**
Earnings attributable to Evercel, Inc. and Subsidiaries	$ 6,390,000	$ (611,000)	$ 5,779,000
Preferred stock dividends - Series A	(2,000)	–	(2,000)
Preferred stock dividends - Series B	(48,000)	–	(48,000)
Numerator for common EPS - income available to common stockholders	6,340,000	(611,000)	5,729,000
Effect of dilutive securities:			
Preferred stock dividends - Series A	2,000	–	2,000
Preferred stock dividends - Series B	48,000	–	48,000
Numerator for diluted EPS - income available to common stockholders after assumed conversions	$ 6,390,000	$ (611,000)	$ 5,779,000

10. STOCKHOLDERS' EQUITY (continued)

Basic and Dilutive Net Income per Share (continued)

Denominator:	**Continuing Operations**	**Discontinued Operations**	**Total**
Denominator for basic EPS - weighted average shares	32,530,636	32,530,636	32,530,636
Effect of dilutive shares:			
Common stock options	420,000	420,000	420,000
Preferred stock outstanding - Series A	870	870	870
Preferred stock outstanding - Series B	26,318	26,318	26,318
Dilutive potential common shares	447,188	447,188	447,188
Denominator for diluted EPS - adjusted weighted average shares and assumed conversions	32,977,824	32,977,824	32,977,824
Basic EPS	$ 0.20	$ (0.02)	$ 0.18
Diluted EPS	$ 0.20	$ (0.02)	$ 0.18

Fiscal Year Ended March 31, 2017

Numerator:	**Continuing Operations**	**Discontinued Operations**	**Total**
Earnings attributable to Evercel, Inc. and Subsidiaries	$ 3,260,000	$ 2,281,000	$ 5,541,000
Preferred stock dividends - Series A	(2,000)	–	(2,000)
Preferred stock dividends - Series B	(45,000)	–	(45,000)
Numerator for common EPS - income available to common stockholders	3,213,000	2,281,000	5,494,000
Effect of dilutive securities:			
Preferred stock dividends - Series A	2,000	–	2,000
Preferred stock dividends - Series B	45,000	–	45,000
Numerator for diluted EPS - income available to common stockholders after assumed conversions	$ 3,260,000	$ 2,281,000	$ 5,541,000

10. STOCKHOLDERS' EQUITY (continued)

Basic and Dilutive Net Income per Share (continued)

Denominator:	**Continuing Operations**	**Discontinued Operations**	**Total**
Denominator for basic EPS - weighted average shares	32,530,636	32,530,636	32,530,636
Effect of dilutive shares:			
Common stock options	400,000	400,000	400,000
Preferred stock outstanding - Series A	806	806	806
Preferred stock outstanding - Series B	24,369	24,369	24,369
Dilutive potential common shares	425,175	425,175	425,175
Denominator for diluted EPS - adjusted weighted average shares and assumed conversions	32,955,811	32,955,811	32,955,811
Basic EPS	$ 0.10	$ 0.07	$ 0.17
Diluted EPS	$ 0.10	$ 0.07	$ 0.17

Controlling Interest

The following summarizes the effects of change in the Company's ownership in Printronix and its equity as of March 30, 2018 and March 31, 2017 (in thousands):

	2018	**2017**
Net Income attributable to noncontrolling interest	$ 1,501	$ 990
Transfers to noncontrolling interest:		
Decrease in retained earnings from deconsolidation of MMXIV	–	(4,913)
Net transfers to noncontrolling interest	–	(4,913)
Change from net income attributable to and transfers from noncontrolling interest	$ 1,501	$ (3,923)

11. EQUITY INCENTIVE PLAN

Evercel maintains a stock option plan, which allows for the granting of common stock options at the discretion of the Board of Directors. Evercel has reserved a maximum of 1,300,000 shares for stock options under this plan. These stock options have restrictions as to their transferability and expire 10 years from the date of grant.

11. EQUITY INCENTIVE PLAN (continued)

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. The Company uses historical data on employee turnover and terminations to estimate the percentage of options that will ultimately be exercised. Expected volatility is based on average volatility for a representative sample of publicly traded companies in the same industry sector. The expected term represents the period of time that the options are expected to be outstanding. The risk-free interest rate is estimated using the rate of return on the U.S. Treasury Notes with a life that approximates the expected life of the option. Stock options that have been granted are exercisable commencing one year after grant at the rate of 20 percent of such shares in each succeeding year.

As of March 30, 2018, 400,000 common stock options granted were fully vested.

The following table summarizes the common stock option plan activity at the end of the fiscal period:

	Number of Options	Range of Exercise Prices	Weighted Average Exercise Price
Outstanding at March 26, 2016	855,000	$0.72 to $1.40	$ 1.13
Expired	(375,000)	1.40	1.40
Outstanding at March 31, 2017	480,000	$0.72 to $1.16	$ 0.84
Granted	–	–	–
Outstanding at March 30, 2018	480,000	$0.72 to $1.16	$ 0.84

Options outstanding and exercisable are as follows for the fiscal years ended 2018 and 2017:

	Options Outstanding				Options Exercisable	
	Range of Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted - Average Exercise Price
2018	$0.72 to $1.16	480,000	5.7	$0.81	420,000	$0.83
2017	$0.72 to $1.16	480,000	5.7	$0.81	400,000	$0.83

Compensation expense related to the options outstanding recognized in the accompanying consolidated statements of operations totaled $39 thousand for the fiscal year ended March 30, 2018. There is $63 thousand of unrecognized compensation expense related to the outstanding options as of March 30, 2018 to be recognized over the weighted-average period of five years.

12. RELATED PARTY TRANSACTIONS

Management and advisory services

On June 27, 2013, Evercel sold to Corona Park Investment Partners, LLC ("CPIP"), 5,639,545 shares of common stock in exchange for a $4.23 million promissory note. The interest rate on the note receivable is 0.95 percent compounded annually. Interest payments on the note are due annually and may be paid in cash or by issuing additional notes ("PIK notes"). The promissory note and PIK notes are collateralized by the stock in a separate pledge agreement dated June 27, 2013 between Evercel and CPIP. As of March 30, 2018, $4.35 million of the note receivable was outstanding and reclassified against additional paid-in capital, which is included in stockholders' equity on the accompanying balance sheet. Additionally, $41 thousand of interest income earned in both 2018 and 2017 is included in additional paid-in capital of stockholders' equity on the accompanying consolidated balance sheet.

During fiscal 2018 and 2017, Printronix incurred expenses of approximately $943 and $1,065 thousand for management advisory services provided by CPIP, respectively.

CPIP also holds a minority interest in Evercel Holdings and SHSP Holdings, and a majority interest in MMXIV.

Investment in MMXIV

In fiscal 2018, Evercel has no economic interest in MMXIV.

On January 1, 2017, MMXIV redeemed its 800 shares of Class A stock from Evercel at market value based on independent appraisal for approximately $4.5 million comprised of approximately $3.6 million in cash proceeds and approximately $900 thousand in elimination of debt owed to MMXIV which resulted in the deconsolidation of MMXIV as of that date. After the redemption, MMXIV continues to have its 19.9 percent ownership interest in Printronix, which is included in non-controlling interest.

Involvement with SharpSpring, Inc.

Evercel and CPIP's Chief Executive Officer is also a board member of SharpSpring, Inc., the borrower of the convertible note receivable more fully discussed in Note 4. As a board member, consistent with the compensation for all SharpSpring board members, he was granted stock options upon joining the board and quarterly receives issuances of stocks for services rendered. Subsequent to March 30, 2018, the one-time grant was issued to this individual and the value of his share compensation for the one quarter of service rendered through the date of this report approximated $7,500.

Purchases made through a related party

Printronix sourced raw materials from a supplier through a company 50% owned by Printronix's Chief Operating Officer in order to resolve a critical parts shortage and obtain more favorable pricing. The total amount purchased in fiscal 2018 was $431 thousand, with zero percent mark-up by the related party. After making the purchase, Printronix determined that a portion of the materials did not meet quality standards. Printronix, through its related party, is working to return the materials and recover the money paid. As of March 30, 2018, the Company had a $290 thousand receivable with this related party, related to the returned materials.

12. RELATED PARTY TRANSACTIONS (continued)

Income taxes

The Company files a consolidated tax return with Printronix and other subsidiaries, accordingly, the tax benefits or obligations may be settled through intercompany balances or cash settlements between these entities, as determined by management at the time of the finalized tax filings. During the years ended March 30, 2018 and March 31, 2017, because only material income taxes were generated by Printronix, Printronix paid all the income taxes on behalf of the consolidated group.

13. INCOME TAXES

Provision for Income Taxes

For fiscal 2018 and 2017, the provision for income taxes consisted of the following (in thousands):

	2018	2017 (As Restated – Note 3)
Current provision:		
Federal	$ 927	$ 146
State	35	10
Foreign	872	424
Deferred tax expense (benefit):		
Federal	2,119	917
State	(45)	32
Foreign	(386)	(608)
Income tax provision	3,522	921
Income tax benefit from discontinued operations	356	467
Income tax provision from continuing operations	$ 3,878	$ 1,388

13. INCOME TAXES (continued)

Deferred Income Tax Assets and Liabilities

The deferred income tax assets and liabilities as of March 30, 2018 and March 31, 2017 are as follows (in thousands):

	2018	2017 (As Restated – Note 3)
U.S. deferred income tax assets and liabilities:		
Inventory costs capitalized for tax, expensed for financial reporting purposes	$ 75	$ 238
Accruals	163	584
Credit carryforwards	179	323
Liabilities/reserves	44	61
Others	(111)	313
Property, plant and equipment	132	607
Intangibles	485	915
Capital losses	357	208
Valuation allowance	(357)	(208)
Deferred income tax liabilities, noncurrent	967	3,041
Foreign deferred income tax assets and liabilities:		
Accruals	369	134
Property, plant and equipment	51	(100)
Deferred income tax asset, noncurrent	420	34
Total noncurrent deferred tax assets, net	$ 1,387	$ 3,075

The following table reflects the changes in the valuation allowance (in thousands):

	2018	2017
Beginning balance	$ 208	$ –
Provision for valuation allowance	149	208
Utilization of valuation allowance	–	–
Ending balance	$ 357	$ 208

13. INCOME TAXES (continued)

Deferred Income Tax Assets and Liabilities

The tax-effected federal and state net operating losses and credit carryforwards expire as follows (in thousands):

	2018	Future Fiscal Years
Credit carryforwards		
California research and development (R&D) credit	$ 323	Indefinite
	$ 323	

The Company has historically reflected interest and penalties associated with uncertain tax positions in the tax provision (expense). There were no amounts of interest and penalties recognized in the consolidated statement of operations and comprehensive income for both fiscal 2018 and 2017.

The total amount of unrecognized tax benefits that will increase or decrease within 12 months of the reporting date will not have a significant impact on the consolidated statements of operations and consolidated balance sheets.

As of March 30, 2018, due to the sale of the Thermal business, the Company has no unrecognized tax benefits through the date of the Thermal Business sale. The following table summarizes the activity related to our gross unrecognized tax benefits:

	2018	2017
Beginning balance	$ 38	$ –
Adjustment related to prior year position	62	10
Adjustment related to current year position	87	28
Ending balance	$ 187	$ 38

The Company recorded an income tax provision of $3.9 million for fiscal 2018 on pre-tax income of $11.9 million in continuing operations. The effective tax rate is 32.6% for fiscal 2018. The worldwide tax rate differs from the US federal statutory tax rate primarily due to the impact of a one-time tax on un-repatriated foreign earnings, change in corporate tax rates, valuation allowance, foreign tax credits, uncertain tax positions, foreign rate differential and state taxes.

The tax years that remain subject to examination are all fiscal years after December 31, 2014 for federal and March 2013 for most states. In addition, research and development credit carryforwards that may be used in future years are still subject to adjustment.

13. INCOME TAXES (continued)

Deferred Income Tax Assets and Liabilities (continued)

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain un-repatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; (5) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (6) creating the base erosion anti-abuse tax (BEAT), a new minimum tax; (7) creating a new limitation on deductible interest expense; and (8) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

In the third quarter, the Company revised its estimated annual effective rate to reflect a change in the federal statutory rate from 35% to 21%, resulting from legislation that was enacted on December 22, 2017. The rate change is administratively effective the beginning of our fiscal year, using a blended rate for the annual period. As a result, the blended statutory tax rate for the year is 30.75%.

In addition, we recognized a tax expense in our tax provision for the period related to adjusting our deferred tax balance to reflect the new corporate tax rate. As a result, income tax expense reported for the first six months was adjusted to reflect the effects of the change in the tax law and resulted in a increase in income tax expense of $573 thousand during the third quarter. The accounting for the effects of the rate change on deferred tax balances is complete and no provisional amounts were recorded for this item.

The Company is also subject to the one-time transition tax on un-repatriated earnings of foreign earnings. A provisional payable of $553 thousand has been recorded in the current period to reflect the expected impact of the new tax law. The Company plans to elect to pay the transition tax over an eight-year period with any amounts not expected to be paid out in the next 12 months recorded as a long-term payable on the balance sheet. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when we finalize the calculation of historical foreign earnings and profits previously deferred from US federal taxation and finalize the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any remaining undistributed foreign earnings not subject to the transition tax and additional outside basis difference in these entities (i.e., basis difference in excess of that subject to the one-time transition tax) is not practicable and as such no provision has been recorded.

We are evaluating the newly enacted tax on global intangible low-taxed income ("GILTI") and base erosion anti-abuse tax ("BEAT") and have not yet made an accounting policy election to reflect GILTI in deferred taxes or as period costs. This analysis will be completed within one year of the enactment date.

13. INCOME TAXES (continued)

Deferred Income Tax Assets and Liabilities (continued)

The following table presents a reconciliation from the statutory federal income tax rate to the effective rate for fiscal 2018 and 2017:

	2018	2017
Income taxes at statutory rates	30.75%	34.00%
State tax, net of federal benefit	1.76%	1.91%
Permanent differences	(0.65)%	0.21%
Return-to-provision and other true ups	(6.96)%	(15.22)%
Tax credits	(1.29)%	(1.84)%
Foreign rate differential	(1.91)%	4.11%
Tax reform rate change	4.82%	0.00%
Tax reform transition tax	4.63%	0.00%
Change in valuation allowance	1.24%	4.09%
Effective tax rate	32.39%	27.26%

14. SEGMENT REPORTING

The Company operates in a single segment: printing solutions. Printronix designs and manufactures printers and consumable products for various industrial printing applications. Printers consist of hardware and embedded software and may be sold with maintenance service agreements. Consumable products include inked ribbons which are used in the Printronix's printers. Printronix also sells other legacy consumable products which are considered non-core to its business. Printronix's products are primarily sold through channel partners, such as dealers and distributors, to end-users.

Net revenue by product line for fiscal 2018 and 2017 are as follows (in thousands):

	2018	2017
Printers, service, and spares	$ 36,176	$ 33,643
Consumable products	23,746	24,720
All other	1,049	1,551
Net revenue	$ 60,971	$ 59,914

Printronix has also identified three global regions for marketing its products and services: Americas, Europe, Middle East/Africa, and Asia-Pacific. Each region provides similar products and services related to printing solutions.

14. SEGMENT REPORTING (continued)

The breakdown of net revenue by geographic area for fiscal 2018 and 2017 are as follows (in thousands):

	2018	2017
United States	$ 21,299	$ 18,601
Canada and Latin America	3,600	3,984
Total Americas	24,899	22,585
Europe, Middle East, and Africa	15,895	15,392
China	6,351	7,814
India	5,637	6,285
Asia, excluding China and India	8,189	7,838
Total Asia	20,177	21,937
Net revenue	$ 60,971	$ 59,914

Net sales to external customers are attributed to geographic areas based upon the final destination of products shipped.

Long-lived tangible assets, net by geographic area as of March 30, 2018 and March 31, 2017 are as follows (in thousands):

	2018	2017
United States	$ 409	$ 352
Malaysia	2,696	2,449
Other foreign countries	83	387
Total long-lived assets	$ 3,188	$ 3,188

15. SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through the date of issuance of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued. As part of that evaluation, no subsequent events were identified.