BLACK BOX CORP
Form 10-K
July 16, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2018
OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File Number: 0-18706
Black Box Corporation
(Exact name of registrant as specified in its charter)

Delaware	95-3086563
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Park Drive, Lawrence, Pennsylvania	15055
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: 724-746-5500
Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock, $.001 par value	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes þ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes þ No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. þ Yes o No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes o No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

Non-accelerated filer o

Large accelerated filer o	Accelerated filer o		Smaller reporting company þ	Emerging growth company o
		(Do not check if a smaller reporting company)		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes þ No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of September 29, 2017 (based on closing price of such stock as reported by NASDAQ on such date) was $47,849,997. For purposes of this calculation only, directors and executive officers of the registrant and their affiliates are deemed to be affiliates of the registrant.

As of June 29, 2018, there were 15,233,830 shares of common stock, par value $.001 (the "common stock"), outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for 2018 Annual Meeting of Stockholders (the "Proxy Statement") – Part III

BLACK BOX CORPORATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2018
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PART I

Item 1. Business.

Overview

Black Box Corporation ("Black Box," "we," the "Company," "our" or "us"), founded in 1976, is a leading digital solutions provider dedicated to helping customers design, build, manage, and secure their IT infrastructure. Offerings under our services platform ("Services") include unified communications, data infrastructure and managed services. Offerings under our products platform ("Products") include IT infrastructure, specialty networking, multimedia and keyboard/video/mouse ("KVM") switching. We employed 3,264 and 3,488 employees as of March 31, 2018 and March 31, 2017, respectively.

We participate in the worldwide communications, network infrastructure and managed services markets. The offerings of our Services platform are distributed to these markets primarily through value-added resellers, manufacturers, large system integrators and other technical services companies. The offerings of our Products platform are sold by manufacturers and integrators and are distributed through value-added resellers, direct marketing manufacturers, mass merchandisers, web retailers and others. We believe that we compete well in our markets on the basis of our solution features, technical capabilities, service levels and price.

We conduct business globally and manage our business on a geographic-service type basis consisting of four operating segments which are (i) North America Products, (ii) North America Services, (iii) International Products and (iv) International Services. Revenues within our North America segments are primarily attributed to the United States while revenues within our International segments are attributed to countries in Europe, the Pacific Rim and Latin America. For revenues and other information (including large customers) regarding these reporting segments, see Note 14 of the Notes to the Consolidated Financial Statements. For information regarding backlog, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Services and Products Platforms

We have built robust operating platforms that allow us to identify customer needs and then design, source, implement and support the appropriate solutions. Our two platforms for serving customers and generating growth are as follows:

Services Platform
Services is comprised of engineering and design, project management, field service management, network operations centers, our national technology team, national and international sales teams and technology solutions centers which include dedicated sales and engineering resources. The primary services offered through this platform include managed services, infrastructure services (including wired and wireless network solutions, structured cabling and video/AV services), communications lifecycle services, unified communications and data center services.

The Company generates revenues in its Services business from the design, sale and/or installation of new communications and network infrastructure systems, the support of existing systems and moves, adds and changes ("MAC work"). We periodically generate revenues from contracts performed over time that may result in an asset on our balance sheet for multiple periods constituting part of our working capital. We have not experienced significant collectability issues related to such contracts. For the sale and implementation of new communications systems or other major projects, most significant orders are subject to competitive bidding processes and, generally, competition can be significant for such new orders. The Company is continually bidding on new projects for service revenues. Projects account for the majority of Services revenues and are primarily driven by the overall economic environment and information technology capital spending. The Company also serves government clients whose revenues are not as dependent on the overall economic environment as commercial clients but are subject to governmental budgetary constraints.

The Company routinely competes against original equipment manufacturers, large system integrators and local or regional manufacturer-specific channel partners in the Services markets for enterprise clients. The Company believes that it favorably differentiates against this competition through its technology-independent approach which draws the appropriate product from our portfolio of different partner solutions, broad geographic footprint and deep industry and technical expertise. Through its network of operational centers and network operations centers, the Company can provide clients with both on-site and remote services.

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Products Platform
Under Products, we provide networking solutions through the sale of products for KVM switching, IT infrastructure, specialty networking and multimedia.

Our Products' revenues are generated from sales to key channel partners and system integrators and through a global distribution network. Products sells through a direct sales team as well as through its internet site and catalogs. In order to meet client demand, we keep a moderate level of inventory which consumes part of our working capital. The market for these products is highly fragmented and competitive. The Company has participated in this market for 40+ years and has earned a reputation for providing high quality products, rapid order fulfillment and free 24/7/365 technical support. The Company's Products revenue is driven both by general information technology spending and capital budgets.

In order to procure our products, we utilize a network of original equipment manufacturers ("OEMs") and suppliers throughout the world. Each supplier is monitored for quality, delivery performance and cost through a well-established certification program. This network has manufacturing and engineering capabilities to customize products for specialized applications. Black Box operates its own manufacturing and assembly operation at its Lawrence, Pennsylvania location. The Company chooses to manufacture certain products in-house when outside sourcing is not economical. Sourcing decisions of in-house versus third-party suppliers are based upon a balance of quality, performance, delivery and cost factors.

Key Differentiators

Our platforms introduce scale, flexibility and leverage to the business, and provide the following competitive advantages:

A diversified client base: We have built a diversified client base that ranges from small organizations to many of the world's largest corporations and institutions. Black Box clients participate in many industries, including government, healthcare, business services, manufacturing, retail, technology and banking, among others. Revenues from our clients are segmented with 60% from large companies (i.e., revenues greater than $1 billion, including federal governments), 20% from medium-sized companies (i.e., revenues between $50 million and $1 billion, including state governments) and 20% from small companies (i.e., revenues less than $50 million, including local governments). We strive to develop extensive and long-term relationships with high-quality clients as we believe that satisfied clients will demand quality services and product offerings even in economic downturns. Also, we believe that our distinctive portfolio of products and services will allow us to leverage the relationship and introduce additional offerings to satisfied clients.

Key relationships with leading technology partners: We have built long-term relationships with all major communications equipment manufacturers and we are a top partner with the market leaders.

Broad geographic footprint: We have built a global footprint with offices throughout the world.

Deep organic resources: We have 3,264 team members world-wide, with the experience and certifications to serve our clients with on-site and remote capabilities.

Dedicated sales force: We have a team of approximately 400 direct sales people world-wide.

Our fiscal year ends on March 31. References to "Fiscal Year," "Fiscal," or "FY" mean our fiscal year ended March 31 for the year referenced. All dollar amounts are in thousands except for per share amounts or unless otherwise noted. We were incorporated in Delaware in 1976, and our headquarters is near Pittsburgh in Lawrence, Pennsylvania. Our mailing address is 1000 Park Drive, Lawrence, Pennsylvania 15055 and our phone number is (724) 746-5500. Our website is http://www.blackbox.com. Through the Investor Relations section of our website, we make available the following filings as soon as practicable after they are electronically filed with the Securities and Exchange Commission ("SEC"): our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. All such filings are available free of charge. Also available on our website is the Company's Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines and the charter of each committee of the Company's Board of Directors (the "Board") each of which is available free of charge. For product offerings, refer to http://www.blackbox.com and for services offerings, refer to to http://www.bboxservices.com.

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Item 1A. Risk Factors.

The following are some of the potential risk factors that could cause our actual results to differ materially from those projected in any forward-looking statements. You should carefully consider these factors, as well as the other information contained in this document, when evaluating your investment in our securities. The following list of important factors is not all-inclusive.

We may not generate sufficient funds from operations to pay our indebtedness under the Second Amended Credit Agreement when due, which could require us to undertake significant steps to avoid an event of default with respect to the Second Amended Credit Agreement. Please see Note 6 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, which Note 6 is incorporated herein by reference, for a description of and defined terms regarding our Credit Agreement, Amended Credit Agreement, and Second Amended Credit Agreement. We may not generate sufficient cash from operations or from the sale of our Federal Business necessary to repay our indebtedness under the Second Amended Credit Agreement upon maturity, and we may accordingly be required to undertake other significant steps to generate additional liquidity. Such steps could include entering into a transaction, selling assets or businesses, or obtaining alternative financing. Our ability to raise such financing will depend on prevailing market conditions, which we expect may be negatively impacted by a number of factors, including our recent and projected financial results, our current level of indebtedness and debt service costs, our ability to sell our Federal Business and/or doubts regarding our ability to continue as a going concern. As a result of such conditions, the terms of the capital available to us, or the proceeds of the sale of the Company or any of its businesses, if any, may not be favorable or in sufficient amount to repay all of our indebtedness under the Second Amended Credit Agreement or to provide any proceeds to the Company’s stockholders in the case of a transaction, a series of related transactions or a restructuring.

A default under the Second Amended Credit Agreement would have a material, adverse effect on our business and could result in bankruptcy. Our failure to make scheduled payments or our breach of the covenants or restrictions under the Second Amended Credit Agreement could result in an event of default. A default would have a material adverse effect on our financial condition and could cause us to become bankrupt or otherwise insolvent because, among other things, our lenders:

- may declare any outstanding principal and the interest accrued thereon under the Second Amended Credit Agreement to be due and payable, and we may not have sufficient assets to repay that indebtedness;
- may foreclose against the assets securing our borrowings; and
- will be under no obligation to extend further credit to us.

Our independent registered public accounting firm included an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern on our consolidated financial statements for the fiscal year ended March 31, 2018, which may have a material adverse effect on our business operations and affect our ability to generate liquidity. As of June 29, 2018, the Company had approximately $24.0 million of cash and $155.7 million of borrowings outstanding under the Second Amended Credit Agreement. Although we are taking actions to prevent any future default of the covenants in our Second Amended Credit Agreement, including entering into a transaction, selling assets or businesses or obtaining alternative financing, we currently do not have definitive plans that ensure that we will remain in compliance with the covenants under the Second Amended Credit Agreement beyond December 2018. As a result, our independent registered public accounting firm therefore has included an explanatory paragraph regarding our ability to continue as a going concern in its report on our consolidated financial statements for the year ended March 31, 2018.

Our financial statements have been prepared assuming that we will continue as a going concern, which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business. Our ability to continue as a going concern is dependent on raising additional capital to repay our indebtedness when due and to fund our operations and ultimately on generating future profitable operations. There can be no assurance that we will be able to raise sufficient additional capital, refinance our indebtedness or generate sufficient positive cash flow from operations to address all of our cash flow needs. If we are not able to find alternative sources of cash, consummate the sale of our Federal Business at all or on terms that are attractive to us, or generate positive cash flow from operations, our business may be materially and adversely affected and our stockholders may lose their entire investment.

These uncertainties may have a material adverse effect on our business and operations.

The Company may not generate sufficient cash in the next twelve months necessary to fund continued operations. Our ability to make cash payments on and to refinance our indebtedness and to fund future operations will depend on our ability to generate significant operating cash flow in the future and from the proceeds of certain sale transactions, including the sale of our Federal Business. This ability is, to a significant extent, subject to general economic, financial, competitive and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations in amounts sufficient to enable

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us to fund our liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness, on or before its maturity, obtain additional equity or debt financing, sell existing assets or enter into strategic alliances with other parties. We cannot assure you that we will be able to do so on commercially reasonable terms or at all, or on terms that would be advantageous to our stockholders. Any inability to generate sufficient cash flow, complete sale transactions, refinance our indebtedness, or incur additional indebtedness on commercially reasonable terms could adversely affect our financial condition and could cause us to be unable to service our existing debt. If we are unable to obtain a waiver, we would be in default under our existing indebtedness, the holders of such indebtedness could exercise their rights as described above, and we could be forced into bankruptcy or liquidation.

The unwillingness of our vendors and subcontractors to do business with us or to provide adequate payment terms could negatively impact our liquidity and/or impact our ability to secure new projects, primarily in our Commercial Services business. We depend on our vendors and our subcontractors to provide materials and services on standard payment terms. If our vendors or subcontractors seek to further limit the availability of credit to us or modify terms under which they sell to us, or both, it could have a material adverse effect on our liquidity and/or prevent us from procuring new projects. If subcontractors are unwilling to work for us, it could have an adverse impact on our ability to perform services for our clients. To date, our service to our clients has not been adversely impacted to any material extent. In addition, certain of our projects require performance bonds and there can be no assurance that we will be able to secure such bonds. There can be no assurance that these matters will not have a material adverse impact on our liquidity, results of operations, financial condition or our business.

Changes in the information technology industry may result in reduced demand for our solutions. The information technology industry is characterized by rapid technological change and the frequent introduction of new products and solutions and new distribution methods or channels, each of which can decrease demand for current solutions or render them obsolete. In addition, the manner in which clients consume technology is shifting from a capital model to an operating expense model. Changes in the information technology industry and clients desired manner of procuring those solutions may negatively impact the demand for our solutions, which could adversely impact our business, financial condition or results of operations.

We face intense competition. We operate in a highly competitive industry. Our competitors, which include our technology suppliers, certain clients and certain subcontractors, may be able to deliver products and services at better prices or more quickly due to factors beyond our control. New competitors may also emerge in the future, which may threaten our ability to sustain or grow our market share. We cannot guarantee that we can continue to compete effectively in the future and still be able to sustain our current levels of profit margin.

Our investments in new solutions may not be successful. We have recently begun and expect to continue to invest in new solutions including managed services, Internet of Things and others. The complexity of developing, marketing, selling and supporting these solutions and competition in the markets for these solutions could make it difficult for us to successfully offer them. Additionally, there is a risk that our clients may not adopt these solutions widely, which would prevent us from realizing expected returns on these investments. If we are unable to market, sell and/or deploy these solutions successfully or profitably, it could adversely impact our business, financial condition or results of operations.

Our revenue is dependent upon repeat client business and generally is not subject to long-term contracts. A majority of our revenue is generated through individual sales of products and services and less than twenty (20%) of our revenue is generated from long-term maintenance contracts. We depend on repeat client business as well as our ability to develop new client business to sustain and grow our revenue. Although our focus on delivering high-quality sales and service has proven to be successful in the past, we cannot guarantee that we will be able to grow or even sustain our current level of revenue in the future.

We are implementing a new enterprise resource planning (“ERP”) system for our Services’ business which could result in significant disruptions to our business. In support of our strategic initiatives to optimize our business, during the fourth quarter of Fiscal 2017, we began the design and implementation of a new enterprise resource planning (ERP) system for our Services business. This new system replaces multiple accounting and financial reporting systems. Implementation of the new ERP solution will have a significant impact on Services’ business processes, information systems and internal controls. The implementation will require a significant financial investment, meaningful allocation of personnel resources and the coordination of numerous software and system providers, our consultants and our internal teams.

Any failure in the implementation of this new ERP system could adversely affect our ability to timely and accurately report financial information, including the filing of our quarterly or annual reports with the SEC. Such failure could also impact our ability to timely or accurately make payments to our vendors and employees and could also inhibit our ability to invoice and collect from our clients. Data integrity problems or other issues may be discovered which, if not corrected, could impact our business or financial results. In addition, we may experience periodic or prolonged disruption of our financial functions arising out of this implementation. If we encounter unforeseen problems with our financial system or related systems, our business, operations and financial systems

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(including our internal controls) could be adversely affected. In addition, any delay in completing the implementation would result in a delay in realizing the benefits of the new system and result in increased costs. There can be no assurance that the implementation of our new ERP will be successful, or that such implementation or transition will not present unforeseen costs or demands on our management.

As a result of the Company's current liquidity concerns and as part of our review of strategic alternatives, we have temporarily halted the implementation of this ERP system.

Our business operations could be disrupted if our information technology systems fail to perform adequately. The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage our business data, communications, order entry and fulfillment and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies and the loss of sales and customers, causing our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages, systems failures, security breaches and viruses. Any such damage or interruption could have a material adverse effect on our business.

Disruption or breaches of security to our information technology systems and the misappropriation of our clients’ data could adversely impact our business. Our information technology systems are vulnerable to disruption by forces outside our control. We have taken steps to protect our information technology systems from a variety of internal and external threats, including computer viruses, malware, phishing, social engineering, unauthorized access and other malicious attacks, but there can be no guarantee that these steps will be effective. Any disruption to or infiltration of our information technology systems could adversely impact our business, financial condition or results of operations. In addition, in order to ensure customer confidence in our solutions and services, we may choose to remediate actual or perceived security concerns by implementing further security measures which could require us to expend significant resources. Further, our business may involve the storage and transmission of proprietary, sensitive or confidential information. We have privacy and data security policies in place that are designed to prevent security breaches and confidentiality and data security provisions are standard in our client contracts. However, as newer technologies evolve, our security practices and products may be sabotaged or circumvented by third parties, such as hackers, which could result in disruptions to our clients’ businesses, unauthorized procurement and the disclosure of sensitive corporate information or private personal information. Such breaches in security could damage our reputation and our business; they could also expose us to legal claims, proceedings and liability and to regulatory penalties under laws that protect the privacy of personal information, which could adversely impact our business, financial condition or results of operations.

We rely on third-party companies to perform certain of our obligations to clients, which could impact our business if not performed. We design, install, monitor and maintain systems and network solutions for our clients. We provide certain of those services to our clients through third-party providers who are engaged to perform these services on our behalf. If our third-party services providers fail to provide high-quality services to our clients, or if such services result in a disruption of our clients’ businesses, we could be subject to legal claims, proceedings and liability.

We are dependent upon certain key supply chain and distribution agreements. We have significant arrangements with a small number of technology suppliers. If we experience disruptions in our supply chain with these manufacturers for any reason or lose our distribution rights, we may not be able to fulfill client commitments with an acceptable alternative or we may not be able to obtain alternative solutions at similar costs.

Our engagements with our clients are based on estimated pricing terms. If our pricing estimates are incorrect, these engagements could become unprofitable. Most of our client contracts are fixed-price to which we commit before we provide products and/or services to these clients. In pricing such fixed-price client contracts, we are required to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. As a result, the profit that is anticipated at a contract's inception may not be guaranteed. Our estimates reflect our best judgments about the nature of the engagement and our expected costs in providing the contracted services. However, any increased or unexpected costs, or any unanticipated delays in connection with our performance of these engagements-including delays caused by our third-party providers or by factors outside our control-could make these contracts less profitable or unprofitable and could have an adverse impact on our business, financial condition or results of operations.

A significant part of our business involves public sector clients which provides unique risks. Approximately 20% of our revenues is derived from sales to agencies and departments of federal, state and local governments. Legislatures typically appropriate funds for a given program annually. These appropriations may be influenced by, among other things, the state of the economy, competing priorities for appropriation, changes in administration or control of legislatures, the timing and amount of tax receipts and the

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overall level of government expenditures. A decrease in appropriations for certain programs could have a material adverse effect on our business.

In addition, our revenues from sales to these public sector clients are made through various direct contracts, through reseller agreements with government contractors and through open market sales. Government contracting is a highly-regulated area. Failure to comply with regulations or contracts could subject us to fines, penalties, suspension or debarment from doing business with such clients, which could have a material adverse effect on our business.

Our future results will depend on our ability to manage costs effectively. We are continually implementing productivity measures and focusing on improving cost efficiency. We may be unable to realize all expected cost savings in connection with these efforts, and we may incur additional and/or unexpected costs to realize them. Further, we may not be able to sustain any achieved savings in the future. Future results will depend on the success of these efforts.

We are dependent upon the retention of our key personnel. The success of our business depends on our ability to attract and retain quality employees, executives and directors. We offer comprehensive salary and benefit packages including long-term incentives as a means of attracting and retaining personnel. We face pressure to maintain our profit margins and remain competitive in our industry while we compete for personnel in our local markets with a variety of different businesses that may be able to offer more attractive incentives due to their individual financial situations. We cannot guarantee that we will continue to attract and retain personnel with our current incentives and at costs that are consistent with our desired profit margins.

We are dependent upon future mergers and acquisitions, including successful integration, for a portion of our future growth. A key component of our long-term growth strategy is through strategic mergers and acquisitions and our future financial results are dependent upon the successful acquisition and integration of those acquisitions. We may not be successful in our search for potential acquisition candidates that are acceptable for our business model, or we may not be successful in our attempts to acquire new businesses that we have identified as attractive acquisition candidates. We cannot guarantee that we will meet our projected growth targets in the future if we are unsuccessful in our efforts to acquire additional businesses.

Our financial results are dependent on our economic environments. We, our clients or our vendors may experience economic hardships due to inflation or recession, weak economic conditions, uncertainty in global economic conditions, changes in laws and regulations, business disruptions due to natural disasters, acts of terrorism or war or other factors that are beyond our control. These conditions could cause our clients to postpone or reduce spending on technology products and solutions and that could negatively impact our results of operations, financial condition or our ability to meet our future financial goals.

We may not get an adequate return on investment and may be unable to maintain cost savings from our reset initiatives. Company management has undertaken measures to reset the business model and align costs with revenue to improve profitability. The Company believes there is a significant cost savings from such restructuring initiatives and that they will provide a return on investment in a relatively short period of time. However, there can be no assurance that we would realize adequate returns on this investment nor that we would be able to maintain such cost savings in the future.

If we infringe on the intellectual property rights of third parties, we may be subject to costly disputes or indemnification obligations that could adversely impact our business, financial condition or results of operations. We cannot assure you that our activities will not infringe on patents, trademarks or other intellectual property rights owned by others. If we are required to defend ourselves against intellectual property rights claims, we may spend significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If we are found to have infringed on the patents, trademarks or other intellectual property rights of others, we may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on our operations. Such litigation or claims and the consequences that could follow could distract our management from the ordinary operation of our business and could increase our costs of doing business, resulting in a negative impact on our business, financial condition or results of operations.

Furthermore, third parties may assert infringement claims against our clients for infringement by our products on the intellectual property rights of such third parties. These claims may require us to initiate or defend protracted and costly litigation on behalf of our clients, regardless of the merits of these claims. We also generally extend the indemnification granted by our OEMs to our clients for any such infringement. If any of these claims succeed, we may be forced to pay damages on behalf of our clients or may be required to obtain licenses for the products they use, even though our OEMs may in turn be liable for any such damages. Any infringement on the intellectual property rights of third parties could adversely impact our business, financial condition or results of operations.

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We are subject to the risks of international operations. We operate in countries outside of the United States. Our operations or our financial condition may be negatively affected by events surrounding our international operations such as changes in laws and regulations, political or economic instability, currency fluctuations, supply chain disruptions, acts of terrorism, natural disasters or other political, economic or environmental factors. We cannot rely on the past results of our international operations as an indicator of future results or assure you that we will not be adversely affected by those factors inherent with international operations.

Our stock price fluctuates. Our stock price is affected by a number of factors, including quarterly variations in our financial results. As a result, our stock price is subject to volatility.

We are exposed to risks from legal proceedings and audits. We are party to various legal proceedings that arise in the ordinary course of our business, which include commercial, employment, tort and other litigation. We are also subject to intellectual property infringement claims in the ordinary course of our business, which come in the form of cease-and-desist letters, licensing inquiries, lawsuits and other demands. These claims may arise either from the products and services we sell or the business systems and products we use to sell the products and services. In our industry, such claims have become more frequent with the increasing complexity of technological products. In fact, many of these assertions are brought by Non-Practicing entities, whose principal business model is to secure patent licensing revenue. Because of our significant sales to public sector clients, we are also subject to audits by federal, state and local authorities. From time to time, we receive subpoenas and other requests for information from various government authorities. We may also be subject to audits by various vendor partners and large clients, including government agencies, pursuant to certain purchase and sale agreements. Further, we may be required to indemnify our vendor partners and our clients from claims brought by third parties under certain agreements. Current and future litigation, infringement claims, governmental proceedings, audits or indemnification claims may result in substantial costs and expenses and regardless of the outcome, significantly divert the attention of our management, which could adversely impact our business, financial condition or results of operations.

Changes in accounting rules could adversely affect our future financial results. We prepare our financial statements in conformity with GAAP. These accounting principles are subject to interpretation by the Financial Accounting Standards Board, the SEC, the American Institute of Certified Public Accountants and various other bodies formed to interpret and create appropriate accounting policies. Products and services and the manner in which they are bundled (including the payment terms for such bundled products and services) are technologically complex and the characterization of these products and services require judgment to apply revenue recognition policies. Any mischaracterization of these products and services could result in misapplication of revenue recognition policies. Future periodic assessments required by current or new accounting standards may result in noncash changes and/or changes in presentation or disclosure. In addition, any change in accounting standards may influence our clients' decision to purchase from us or to finance transactions with us, which could adversely impact our business, financial condition or results of operations.

Increased costs of labor and employee health and welfare benefits may adversely impact our results of operations. Given our large number of team members, labor-related costs represent a significant portion of our expenses. An increase in labor costs (for example, as a result of increased competition for skilled labor) or employee benefit costs (such as health care costs or otherwise) could adversely impact our business, financial condition or results of operations.

Item 1B. Unresolved Staff Comments.

None.

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Item 2. Properties.

The Company’s worldwide headquarters and certain U.S. operations, including the Products and Services platforms, are located in Lawrence, Pennsylvania (located 20 miles south of Pittsburgh) in 352,000 square feet of owned facility on 68 acres.

The Company owns or leases additional offices or facilities throughout the world, none of which are material in nature to Black Box.

The Company believes that its properties are adequate for its present and foreseeable needs.

Item 3. Legal Proceedings.

The Company is involved in, or has pending, various legal proceedings, claims, suits and complaints arising out of the normal course of business. Based on the facts currently available to the Company, Company management ("Management") believes these matters are adequately provided for, covered by insurance, without merit or not probable that an unfavorable material outcome will result.

Item 4. Mine Safety Disclosures.

Not applicable.

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Executive Officers of the Registrant

The executive officers of the Company and their respective ages and positions are as follows:

Name	Age	Position with the Company
Joel T. Trammell	53	President and Chief Executive Officer
David J. Russo	60	Executive Vice President, Chief Financial Officer and Treasurer (Principal Accounting Officer)
Ronald Basso	58	Executive Vice President of Business Development, General Counsel & Secretary

The following is a biographical summary of the experience of the executive officers of the Company:

JOEL T. TRAMMELL, 53, was named President and Chief Executive Officer on November 16, 2017. Mr. Trammell is the founder and was Chief Executive Officer of Khorus, Inc., a provider of software-based management systems, until November 2017. He also has been a Managing Partner of Lone Rock Technology Group, a private equity firm, since 2011, and Lake Austin Advisors, a hedge fund, since 2013. He was a founder and the Chief Executive Officer of CacheIQ, Inc., a network computing company, from June 2010 until it was acquired by NetApp, Inc. in November 2012. Previously, he was a founder and served as the Chief Executive Officer of NetQoS, Inc., a network management software and services company, from June 2000 to November 2009.

DAVID J. RUSSO, 60, was named Executive Vice President, Chief Financial Officer and Treasurer (and, in those roles, he serves as the Company's principal financial officer and principal accounting officer) on April 24, 2017. Mr. Russo most recently served as the Senior Vice President, Chief Financial Officer and Treasurer of L. B. Foster Company since 2002. He previously served as Corporate Controller of WESCO International Inc. from 1999 to 2002.

RONALD BASSO, 58, was named Executive Vice President of Business Development, General Counsel and Secretary on January 28, 2013. Mr. Basso was a shareholder of the law firm of Buchanan Ingersoll & Rooney PC, which he joined in 1985, where he served as the Company's lead engagement partner.

Directors of the Registrant

The following sets forth certain information concerning the members of the Board:

CYNTHIA J. COMPARIN, 59, was elected as a director on October 31, 2016. Ms. Comparin was the founder and CEO of Animato Technologies Corporation, a private company providing business and technology solutions to enterprise clients for almost 20 years. Prior to establishing Animato, Ms. Comparin created and was President of Alltel's Enterprise Network Services Division, providing consulting, integration and operations services to worldwide customers.

RICHARD L. CROUCH, 71, was elected as a director on August 10, 2004. Mr. Crouch was a General Partner with the firm of PricewaterhouseCoopers LLP from 1979 to 2004, having served as an Audit Partner principally assigned to public companies. He served in various capacities for the firm, including service as a regional accounting, auditing and SEC services consultant. He retired from the firm on July 2, 2004.

RICHARD C. ELIAS, 64, was selected to be a director on November 3, 2014. Mr. Elias retired from PPG Industries, Inc. ("PPG"), a global supplier of paints, coatings, optical products, specialty materials, chemicals, glass and fiber glass in April 2014. Prior to his retirement, Mr. Elias served as the Senior Vice President - Optical and Specialty Materials of PPG from 2008 to 2014, and Vice President, Optical Products of PPG from 2000 to 2008. Mr. Elias also served as the President, and then Chief Executive Officer, of Transitions Optical, Inc., a subsidiary and then joint venture of PPG, from 1995 to 2014. Mr. Elias is a director of Universal Display Corporation.

THOMAS G. GREIG, 70, was elected as a director on August 10, 1999 and appointed as non-executive Chairman of the Board in May 2004. Mr. Greig has been a Senior Managing Director of Liberty Capital Partners, a private equity partnership, since 1998. He is also a director of publicly-held Rudolph Technologies, Inc. and a privately-held company.

JOHN S. HELLER, 64, was selected to be a director on March 27, 2013 and was elected by our stockholders on August 6, 2013. Mr. Heller retired from Caterpillar Inc., a manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives, in February 2012. He held a number of positions of increasing responsibility at Caterpillar during a 38-year career, last serving as Vice President and Chief Information Officer for the last 5 years.

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JOEL T. TRAMMELL, 53, was named President and Chief Executive Officer on November 16, 2017. Mr. Trammell is the founder and was Chief Executive Officer of Khorus, Inc., a provider of software-based management systems, until November 2017. He also has been a Managing Partner of Lone Rock Technology Group, a private equity firm, since 2011, and Lake Austin Advisors, a hedge fund, since 2013. He was a founder and the Chief Executive Officer of CacheIQ, Inc., a network computing company, from June 2010 until it was acquired by NetApp, Inc. in November 2012. Previously, he was a founder and served as the Chief Executive Officer of NetQoS, Inc., a network management software and services company, from June 2000 to November 2009.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Common Stock Information
The common stock is traded on NASDAQ under the symbol "BBOX" and has been assigned to the NASDAQ Global Select tier. As of March 31, 2018, 26,880,264 shares of the common stock were issued, of which 11,739,599 shares were held in treasury, resulting in 15,140,665 shares outstanding at that date.

The following table sets forth the quarterly high and low sale prices of the common stock as reported by the NASDAQ Global Select Market during each of the Company's fiscal quarters indicated below.

	High	Low
Fiscal 2018		
1st Quarter	$10.15	$7.59
2nd Quarter	8.55	2.85
3rd Quarter	4.15	2.93
4th Quarter	3.95	1.90
Fiscal 2017		
1st Quarter	$15.10	$11.84
2nd Quarter	14.79	12.73
3rd Quarter	16.90	11.30
4th Quarter	15.65	8.50

On June 29, 2018, the last reported sale price of the common stock was $2.03 per share.

Dividend Policy
Cash dividends of $0.12 per share of common stock declared during Fiscal 2018 were paid on July 14, 2017. Under the Amended Credit Agreement, the Company was no longer permitted to pay dividends. The Second Amendment maintains that restriction. This restriction is in effect until May 9, 2021, the termination date of the Second Amended Credit Agreement. See Note 6 of the Notes to the Consolidated Financial Statements for additional information regarding our Second Amended Credit Agreement.

Stockholders
As of March 31, 2018, there were 809 holders of record of the common stock.

Equity Plan Compensation Information:
See the information set forth under the caption "Equity Plan Compensation Information" in the Proxy Statement, which is incorporated by reference into Item 12 of Part III of this Annual Report.

Issuance of Unregistered Securities:
There were no issuances of unregistered securities by the Company during the three-month period ended March 31, 2018.

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Issuer Purchases of Equity Securities:
There were no purchases of equity securities by the Company during the three-month period ended March 31, 2018.

As of March 31, 2018, 1,107,149 shares were available under repurchase programs approved by the Board. This repurchase program has no expiration date and none of the Company's prior repurchase programs were terminated prior to the full repurchase of the authorized amount. Under the Second Amended Credit Agreement, the Company is no longer permitted to repurchase common stock through its repurchase program but is allowed to repurchase a limited amount of shares for tax payments related to the vesting of certain restricted stock units and performance shares, as applicable. This restriction is in effect until May 9, 2021, the termination date of the Second Amended Credit Agreement. See Note 6 of the Notes to the Consolidated Financial Statements for additional information regarding our Second Amended Credit Agreement.

Item 6. Selected Financial Data.

The following tables set forth certain selected historical financial data for the Company (in thousands, except for per share amounts). This information should be read in conjunction with the Company’s consolidated financial statements, "Management’s Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.

	Fiscal				
	2018	2017	2016	2015	2014
Statements of Operations					
Revenues	$774,637	$855,731	$912,655	$992,444	$971,674
Gross profit	214,752	242,960	270,337	302,269	303,582
Operating income (loss)[1]	(45,285)	(1,319)	(187,825)	28,574	(108,392)
Net income (loss)[1]	(100,095)	(7,051)	(171,102)	15,342	(115,873)
Basic earnings (loss) per share	(6.64)	(0.47)	(11.18)	1.00	(7.33)
Diluted earnings (loss) per share	(6.64)	(0.47)	(11.18)	0.99	(7.33)
Dividends per share	0.12	0.48	0.44	0.40	0.36
Balance Sheet Data (at end of period)					
Working capital [2]	$135,639	$92,098	$130,187	$152,353	$175,895
Total assets	376,335	427,117	475,794	686,259	712,029
Debt	158,309	89,746	120,802	138,132	160,632
Stockholders’ equity	50,342	141,649	156,233	337,111	351,117

[1] Includes goodwill impairment loss of $191,644 and $154,429 for Fiscal 2016 and Fiscal 2014, respectively.
[2] Working capital is computed as current assets minus current liabilities excluding short-term debt.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

The discussion and analysis for the fiscal years ended March 31, 2018, 2017 and 2016 as set forth below in this Item 7 should be read in conjunction with the consolidated financial statements of Black Box, including the related notes. The Company's fiscal year ends on March 31. References to "Fiscal Year," "Fiscal," or "FY" mean the Company's fiscal year ended March 31 for the year referenced. All dollar amounts are presented in thousands except for per share amounts or unless otherwise noted.

Recent Developments

Second Amendment to the Credit Agreement
On June 29, 2018, the Company and certain direct and indirect wholly-owned subsidiaries of the Company (collectively, the "Guarantors" and together with the Company, the "Loan Parties") entered into a Second Amendment (the "Second Amendment") with PNC Bank, National Association, as administrative agent (the "Agent"), and certain other lenders party thereto (together with the Agent, the "Lenders") to amend the Credit Agreement entered into among the Loan Parties, the Agent and the Lenders on May 9, 2016 (as amended by the Amendment and Joinder Agreement, dated August 9, 2017, the "Amended Credit Agreement," and as further amended by the Second Amendment, the "Second Amended Credit Agreement" or the "Second Amendment").

The Second Amendment established a new $10,000 Last In First Out senior revolving credit facility (the "LIFO Facility"), which will be used to finance the Company's cash flow needs, to operate in the ordinary course, subject to an approved budget and achieving minimum three month EBITDA. Interest on the Facility is LIBOR plus 10%, however, the Company was granted a principal and interest payment deferment on all principal and interest payments related to the Term Loan and Revolving Credit Facility which accounted for $157.5 million of the Company's borrowings at March 31, 2018. This payment deferment is in place until December 15, 2018, however, amounts that are due will be satisfied from proceeds from the sale of the Federal Business. The Company entered into the Second Amendment to waive and modify certain covenants and modify other terms and conditions, and to have the LIFO Facility available, should we need to access it.

Sale of Federal Business and Other Strategic Alternatives
As the Company disclosed in its most recent Form 10-Q, filed with the Securities and Exchange Commission on February 6, 2018, the Company has engaged Raymond James & Associates ("Raymond James") as its financial advisor to assist the Company in exploring strategic alternatives. As part of the Company's review of its alternatives, the Company has agreed under the Second Amended Credit Agreement to pursue the sale (the "Sales Transaction") of its federal government IT services business (the "Federal Business"). The Federal Business is part of the North American Services business segment. Under the Second Amendment, the Company must meet certain milestone dates leading to the consummation of the Sale Transaction, including the delivery of an executed purchase agreement in respect of the Sale Transaction on or before July 31, 2018 and the consummation of the Sale Transaction on or before August 31, 2018 (the "Sale Milestones"). The Agent, in its sole discretion, may extend the Sale Milestone dates. All net cash proceeds of the Sale Transaction would be used to pay down loans outstanding under the LIFO Facility, and after, repayment of other loans under the Second Amendment.

In addition to the sale of the Federal Business, the Company continues to explore other strategic alternatives with the assistance of Raymond James, including, among others, recapitalization, restructuring, the sale of some or all of the businesses of the Company and other liquidity options. This process reflects the continued commitment of the Board of Directors of the Company to act in the best interests of the Company and to maximize value for the Company's stockholders.

We are pleased to have the support of the Lenders to the Second Amended Credit Agreement as we continue to work with them to improve liquidity, reduce our indebtedness and move the business in a direction that we believe will restore future operating profitability and positive cash flow. While Management believes it will be able to close a sale of the Federal Business, there can be no assurance that this process, which is well underway, will result in any transaction being consummated.

The Company
Black Box is a leading digital solutions provider dedicated to helping customers design, build, manage, and secure their IT infrastructure. The Company offers Products and Services that it distributes through two platforms that it has built over its 42-year history.

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Our Services platform is comprised of engineering and design, project management, field service management, network operations centers, our national technology team, national and international sales teams and technology solutions centers which include dedicated sales and engineering resources. The primary services offered through this platform include managed services, infrastructure services (including wired and wireless network solutions, structured cabling and video/AV services), communications lifecycle services, unified communications and data center services. The Company generates revenues in its Services business from the design, sale and/or installation of new communications and network infrastructure systems, the support of existing systems and moves, adds and changes ("MAC work"). We periodically generate revenues from contracts performed over time that may result in an asset on our balance sheet for multiple periods constituting part of our working capital. We have not experienced significant collectability issues related to such contracts. For the sale and implementation of new communications systems or other major projects, most significant orders are subject to competitive bidding processes and, generally, competition can be significant for such new orders. The Company is continually bidding on new projects for service revenues. Projects account for the majority of Services revenues and are primarily driven by the overall economic environment and information technology capital spending. The Company also serves government clients whose revenues are not as dependent on the overall economic environment as commercial clients but are subject to governmental budgetary constraints.

New communications systems orders often generate post-implementation maintenance via a fixed fee model where revenues are earned ratably over the term of the agreement (generally 1-3 years for commercial clients and 3-5 years for government clients) or a variable fee model that is based on time and materials per occurrence, similar to MAC work. Maintenance revenues generally are not dependent on the economy as clients contract for maintenance to extend the life of their existing equipment and delay capital spending on new communications systems. Maintenance and MAC work revenues are also dependent upon the Company's relationship with its clients and its long track record of providing high-quality service.

The Company's Services business generates backlog which is defined by the Company as orders and contracts considered to be firm. At March 31, 2018, the Company's total backlog, which relates primarily to Services, was $351,024, of which $248,897 is expected to be completed within the next twelve months. Total backlog at March 31, 2018 was 14.5% higher than the prior year.

Under our Products platform, we provide networking solutions through the sale of products for KVM switching, IT infrastructure, specialty networking and multimedia.

Our Products' revenues are generated from sales to key channel partners and system integrators and through a global distribution network. Products sells through a direct sales team as well as through its internet site and catalogs. In order to meet client demand, we keep a moderate level of inventory which consumes part of our working capital. The market for these products is a highly fragmented and competitive. The Company has participated in this market for 40+ years and has earned a reputation for providing high quality products, rapid order fulfillment and free 24/7/365 technical support. The Company's Products revenue is driven both by general information technology spending and capital budgets.

The Company services a variety of clients within most major industries, with the highest concentration in the government, business services, manufacturing, banking, retail, healthcare and technology industry verticals. Factors that impact those verticals, therefore, could have an impact on the Company. While the Company generates most of its revenues in North America, the Company also generates revenues from around the world, primarily Europe, such that factors that impact European markets could impact the Company. Management strives to develop extensive and long-term relationships with high-quality clients as Management believes that satisfied clients will demand quality services and product offerings from us even in economic downturns.

Fiscal 2018 vs Fiscal 2017 Summary

	FY18	FY17	% Change

Revenues	$ 774,637	$ 855,731	(9)%
Gross profit margin	27.7 %	28.4 %	(2)%
Operating income (loss) margin	(5.8)%	(0.2)%	n/m
Diluted earnings (loss) per share	$ (6.64)	$ (0.47)	n/m
Net cash provided by (used for) operating activities	$ (46,606)	$ 39,930	n/m

n/m = not meaningful

Diluted loss per share was $6.64 compared to Diluted loss per share of $0.47 in the same period last year as a result of:

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- a $46,019 increase in Provision for income taxes and a change in the effective rate from (33.2)% to (91.3)% due to U.S. tax reform and valuation allowances booked against foreign tax credits, U.S. federal and state net operating loss carry-forwards, certain foreign net operating loss carry-forwards, and other U.S. deferred tax assets,
- a $28,208 decrease in Gross profit as a result of a $22,331 decrease in Service Gross profit driven by lower revenues on higher margin unified communication business and aggressive pricing on certain incremental infrastructure projects for our commercial clients and higher volume of successful contract awards that carry a lower gross margin for our government clients, and a $5,877 decrease in Products Gross profit driven by the decline in Revenues described more fully in the "Results of Operations", all partially offset by a $9,137 Inventory impairment taken in the prior year,
- a $6,965 increase in Selling, general and administrative expenses which was primarily the result of $12,399 of costs related to the ongoing ERP implementation and $917 of additional restructuring expense, all partially offset by a decrease in compensation and benefits expense,
- a $10,638 increase in Asset impairment loss due to a $9,748 trademark impairment in the fourth quarter of Fiscal 2018 and a $1,426 trademark impairment in the second quarter of Fiscal 2018, offset by $536 in write-offs of property, plant and equipment in the second quarter of Fiscal 2017, and
- a $2,500 increase in Interest expense resulting from higher interest rates, a $204 write-off of deferred amortization costs of our Credit Agreement due to the reduction in size of the facility in the Amended Credit Agreement, and higher average debt.

Net cash used for operating activities was $46,606 which included Net loss of $100,095 and negative cash from working capital of $27,660, compared to Net cash provided by operating activities of $39,930, which included Net loss of $7,051 and positive cash from working capital of $10,694, in the same period last year.

In Fiscal 2018, the Company’s Revenues declined by 9% which was primarily driven by lower revenue levels in the commercial business within North America Services and North America Products partially offset by growth in the Federal Business within North America Services. The decline in the commercial business within North America Services is due to continued decline within the legacy unified communications business, which we expect will continue for the foreseeable future, and multiple transformational activities including but not limited to a commercial sales organization realignment and a U.S.-based ERP consolidation project. The decline in North America Products is due to lower volumes of large orders, lower demand for legacy data networking products as well as an interim disruption in certain sales that were moved to a channel partner, which has been rectified. The success in the Federal Business within North America Services is due to activities in the past couple of years to reposition that business in the market to focus on client-desired outcomes, a proven model that we look to roll out to all of our business units.

During Fiscal 2017, our gross profit was negatively impacted by certain project cost overruns as well as a continued decline in unified communications maintenance contract business. Our operating profit was negatively impacted by costs related to our U.S.-based ERP project, consulting fees related to our Credit agreement, and a sales and operations transformation within the commercial services business within North America Services.

In Fiscal 2019, we are focused upon managing the business for cash flow and profitability as we move forward with our strategic initiatives with Raymond James and our Board of Directors.

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Results of Operations

Segments

We conduct our business globally and manage our business by geographic-service type under the following four operating segments: North America Products, North America Services, International Products and International Services. The Revenues, Gross profit and Operating income (loss) amounts in the table below are presented on a basis consistent with accounting principles generally accepted in the United States.

	FY18	FY17	% Change	FY17	FY16	% Change
Revenues						
North America Products	$68,597	$73,728	(7)%	$73,728	$84,654	(13)%
International Products	$68,787	$81,214	(15)%	$81,214	$81,882	(1)%
Products	$137,384	$154,942	(11)%	$154,942	$166,536	(7)%
North America Services	$601,078	$672,036	(11)%	$672,036	$715,839	(6)%
International Services	$36,175	$28,753	26%	$28,753	$30,280	(5)%
Services	$637,253	$700,789	(9)%	$700,789	$746,119	(6)%
Total Revenues	$774,637	$855,731	(9)%	$855,731	$912,655	(6)%
Gross profit						
North America Products	$30,472	$31,193	(2)%	$31,193	$35,643	(12)%
% of Revenues	44.4%	42.3%	5%	42.3%	42.1%	—%
International Products	$27,304	$32,460	(16)%	$32,460	$33,350	(3)%
% of Revenues	39.7%	40.0%	(1)%	40.0%	40.7%	(2)%
Products	$57,776	$63,653	(9)%	$63,653	$68,993	(8)%
% of Revenues	42.1%	41.1%	2%	41.1%	41.4%	(1)%
North America Services	$149,319	$173,128	(14)%	$173,128	$194,401	(11)%
% of Revenues	24.8%	25.8%	(4)%	25.8%	27.2%	(5)%
International Services	$7,657	$6,179	24%	$6,179	$6,943	(11)%
% of Revenues	21.2%	21.5%	(1)%	21.5%	22.9%	(6)%
Services	$156,976	$179,307	(12)%	$179,307	$201,344	(11)%
% of Revenues	24.6%	25.6%	(4)%	25.6%	27.0%	(5)%
Total Gross Profit	$214,752	$242,960	(12)%	$242,960	$270,337	(10)%
% of Revenues	27.7%	28.4%	(2)%	28.4%	29.6%	(4)%
Operating income (loss) [1]						
North America Products	$(962)	$2,176	n/m	$2,176	$(34,654)	n/m
% of Revenues	(1.4)%	3.0%	n/m	3.0%	(40.9)%	n/m
International Products	$(7,209)	$(927)	n/m	$(927)	$(3,781)	n/m
% of Revenues	(10.5)%	(1.1)%	n/m	(1.1)%	(4.6)%	n/m
Products	$(8,171)	$1,249	n/m	$1,249	$(38,435)	n/m
% of Revenues	(5.9)%	0.8%	n/m	0.8%	(23.1)%	n/m
North America Services	$(36,037)	$(3,904)	n/m	$(3,904)	$(143,967)	n/m
% of Revenues	(6.0)%	(0.6)%	n/m	(0.6)%	(20.1)%	n/m
International Services	$(1,077)	$1,336	n/m	$1,336	$(5,423)	n/m
% of Revenues	(3.0)%	4.6%	n/m	4.6%	(17.9)%	n/m
Services	$(37,114)	$(2,568)	n/m	$(2,568)	$(149,390)	n/m
% of Revenues	(5.8)%	(0.4)%	n/m	(0.4)%	(20.0)%	n/m
Total Operating Income (loss)	$(45,285)	$(1,319)	n/m	$(1,319)	$(187,825)	n/m
% of Revenues	(5.8)%	(0.2)%	n/m	(0.2)%	(20.6)%	n/m

n/m = not meaningful

[1] These results include an intangible asset impairment loss of $198 and $10,976 in North America Products and North America Services, respectively, for Fiscal 2018, goodwill impairment loss of $36,901, $5,348, $142,229 and $7,166 for North America Products, International Products, North America Services and International Services,

respectively, for Fiscal 2016, and an intangible asset impairment loss of $542 in North America Services for Fiscal 2016.

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Fiscal 2018 vs Fiscal 2017
Total Revenues were $774,637, a decrease of 9% when compared to Total Revenues of $855,731 in the same period last year. Services Revenues were $637,253, a decrease of 9% compared to Services Revenues of $700,789 in the same period last year primarily due to decreases in both unified communications and infrastructure business in North America, partially offset by an increase in government revenues due to market repositioning that was actioned over the past two years and an increase in commercial revenues outside of North America resulting from a realignment of several international entities between Products and Services as a result of changes in our management structure in the second quarter of Fiscal 2018. Products Revenues were $137,384, a decrease of 11% compared to Products Revenues of $154,942 in the same period last year primarily due to a decrease in North America Products' sales as a result of lower demand in the legacy run rate business and a decline in International Products which was negatively impacted by a large one time deal (Norway) in the prior year and an initiative to centralize back office and supply chain operations, as well as due to the aforementioned realignment of the international business between Products and Services.
Total Gross profit margin was 27.7%, a decrease of 2% compared to Total Gross profit margin of 28.4% in the same period last year. The same period last year included Inventory impairment losses of $6,327 for Services and $2,810 for Products, which together impacted Total Gross profit margin by 1.4%. Services Gross profit margin was 24.6%, a decrease of 4% from 25.6% in the same period last year. The Inventory impairment loss for Services had a 1.2% impact to Services Gross profit margin. This decrease was primarily due to lower revenues on higher margin unified communication business and aggressive pricing on certain incremental infrastructure projects for our commercial clients and higher volume of successful contract awards that carry a lower gross margin for our government clients. Products Gross profit margin was 42.1%, an increase of 2% compared to Products Gross profit margin of 41.1% in the same period last year. The Inventory impairment loss for Products had a 2.4% impact to Products Gross profit margin.
Total Operating loss margin was 5.8%, a decrease compared to Total Operating loss margin of 0.2% in the same period last year. Services Operating loss margin was 5.8%, a decrease compared to 0.4% in the same period last year, primarily due to costs related to the ongoing U.S.-based ERP project and $11,174 in Asset Impairment relating to trademarks, partially offset by lower variable compensation costs. Products Operating loss margin was 5.9%, a decrease compared to Products Operating profit margin of 0.8% in the same period last year, primarily due to the decrease in Gross profit margin as referenced above.
Fiscal 2017 vs Fiscal 2016
Total Revenues were $855,731, a decrease of 6% when compared to Total Revenues of $912,655 in the same period last year. Products Revenues were $154,942, a decrease of 7% compared to Products Revenues of $166,536 in the same period last year primarily due to a decrease in North America Products as a result of lower volumes of large orders, a change in sales leadership and lower demand for legacy data networking products along with relatively consistent International Products revenues. Services Revenues were $700,789, a decrease of 6% compared to Services Revenues of $746,119 in the same period last year primarily due to a decrease in commercial revenues, specifically unified communications, in North America Services as a result of lower demand and less than normal focus on sales as a result of multiple transformational activities including but not limited to a commercial sales organization realignment and an ERP consolidation project partially offset by an increase in commercial revenues in North America Services, specifically infrastructure, and an increase in government revenues after nearly four fiscal years of revenue declines. The success in the government business within North America Services is due to activities in the past couple of years to reposition that business in the market to focus on client-desired outcomes, a proven model that we look to roll out to all of our business units.

Total Gross profit margin was 28.4%, a decrease of 4% compared to Total Gross profit margin of 29.6% in the same period last year. Products Gross profit margin was 41.1%, which included $2,810 of Inventory impairment loss in North America Products, a decrease of 0.8% compared to Products Gross profit margin of 41.4%, which included $2,192 of Inventory impairment loss in North America Products, in the same period last year. Services Gross profit margin was 25.6%, which included $6,327 of Inventory impairment loss, a decrease of 5.2% from 27.0%, which included $3,761 of Inventory impairment loss related to commercial services within North America Services, in the same period last year. Gross Profit for our commercial and federal clients have been negatively impacted by project mix and lower gross margins on successful contract awards.

Total Operating loss margin was 0.2%, an increase compared to Total Operating loss margin of 20.6% in the same period last year. Products Operating profit margin was 0.8%, an increase compared to Products Operating loss margin of 23.1% in the same period last year, primarily due to a decrease in goodwill impairment loss of $42,249 ($36,901 in North America Products and $5,348 in International Products), a decrease in restructuring expense of $2,137 and a decrease in stock-based compensation of $447, partially offset a decrease in gross profit of $5,340, an increase in Inventory impairment loss of $618 and an increase in Intangible asset amortization of $416. Service Operating loss margin was 0.4%, an increase compared to Services Operating loss margin of 20.0% in the same period last year, primarily due to a decrease in goodwill and intangible asset impairment loss of $149,937 ($142,771 in North America Services and $7,166 in International Services), cost savings from restructuring during Fiscal 2016 and Fiscal 2017 and cost control programs that were implemented during Fiscal 2017, a decrease in restructuring expense of $2,406, a decrease in Accounts Receivable impairment loss of $2,043, a decrease in CEO transition costs of $1,240 and a decrease in Intangible asset amortization of $1,388, partially offset a decrease in gross profit of $22,037, an increase in Inventory impairment loss of $2,566 and an increase in depreciation expense of $528.

Interest expense, Other expense and Income Taxes

	FY18	FY17	% Change	FY17	FY16	% Change
Interest expense, net	$6,855	$4,355	57%	$4,355	$4,712	(8)%
% of Revenues	0.9%	0.5%	80%	0.5%	0.5%	—%
Provision (benefit) for income taxes	$47,776	$1,757	n/m	$1,757	$(21,982)	n/m
Effective income tax rate	(91.3)%	(33.2)%	n/m	(33.2)%	11.4%	n/m

n/m = not meaningful

Fiscal 2018 vs Fiscal 2017

Interest expense was $6,855, a increase of 57% compared to Interest expense of $4,355 in the same period last year primarily as a result of higher interest rates, a $204 write-off of deferred amortization costs of our Credit Agreement due to the reduction in size of the facility in the Amended Credit Agreement, and higher average debt. The weighted-average outstanding debt and weighted-average interest rate was $142,001 and 4.0%, respectively, compared to $127,727 and 2.6% in the same period last year.

Provision for income taxes was $47,776, compared to a $1,757 in the same period last year. The effective income tax rate was (91.3)%, a decrease compared to the effective income tax rate of (33.2)% in the same period last year. The effective income tax rate decrease from (33.2)% to (91.3)% was primarily due to U.S. tax reform and valuation allowances booked against foreign tax credits, U.S. federal and state net operating loss carry-forwards, certain foreign net operating loss carry-forwards, and other U.S. deferred tax assets.

Fiscal 2017 vs Fiscal 2016

Interest expense was $4,355, a decrease of 8% compared to Interest expense of $4,712 in the same period last year primarily as a result of lower interest due to lower average debt partially offset by a higher interest rate. The weighted-average outstanding debt and weighted-average interest rate was $127,727 and 2.6%, respectively, compared to $158,256 and 2.0% in the same period last year.

Provision for income taxes was $1,757, compared to a benefit from income taxes of $21,982 in the same period last year. The effective income tax rate was (33.2)%, a decrease compared to the effective income tax rate of 11.4% in the same period last year. The effective income tax rate decrease from 11.4% to (33.2)% was primarily due to the prior year goodwill impairment and the associated benefit for tax deductible goodwill, the reduction of deferred tax assets associated with equity awards, and the mix of income across various taxing jurisdictions.

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Liquidity and Capital Resources

Overview

A majority of our revenue is generated through individual sales of products and services. Less than 20% of our revenue is generated from long-term support contracts. We depend on repeat client business, as well as our ability to develop new client business, to sustain and grow our revenue. Most significant orders are subject to a competitive bidding process and, generally, competition can be significant for such new orders. Our business model provides us with flexibility in terms of capital expenditures and other required operating expenses.

We seek to allocate company resources in a manner that will enhance per share results. Historically, our discretionary investments include: investments in growth programs and infrastructure and repaying our debt.

Liquidity Position

The following is a summary of our capitalization and liquidity position as of each fiscal year ended March 31.

	FY18		FY17		FY16	
Cash and cash equivalents	$	33,469	$	14,247	$	23,497
Working Capital	$	135,639	$	92,098	$	130,187
Debt	$	158,309	$	89,746	$	120,802
Stockholders' equity	$	50,342	$	141,649	$	156,233
Unused commitment of the Amended Credit Agreement / Credit Agreement (1)	$	—	$	106,750	$	176,550
Cash and Unused commitments of the Credit Agreement	$	33,469	$	120,997	$	200,047

(1) On April 6, 2016, the Company voluntarily reduced the unused commitments of the Credit Agreement by $100,000. The FY17 and FY18 unused commitments relate to the Amended Credit Agreement. The Second Amendment establishes a new LIFO Facility in an amount not to exceed $10,000. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding our Second Amended Credit Agreement.

The Company's liquidity (cash and cash equivalents and unused credit commitments) was $33,469 at the end of Fiscal 2018, compared to $120,997 at the end of Fiscal 2017. This decrease in liquidity was driven by higher outstanding debt coupled with a lower borrowing capacity. Net debt (debt less cash and cash equivalents) was $124,840 at the end of Fiscal 2018, an increase of $49,341 from the end of Fiscal 2017 as a result of spending on our previously announced U.S.-based ERP project as well as increased working capital. The Company is emphasizing working capital initiatives in order to bring working capital levels in line with revenue and activity levels.

On August 9, 2017, the Company and certain of the Banks entered into an Amendment and Joinder Agreement to amend and restate the Credit Agreement (as amended and restated, the "Amended Credit Agreement") in order to avoid a default of its leverage covenant. Under the Amended Credit Agreement, the credit facility was reduced to $170,000 and comprised of a $50,000 term loan and $120,000 line of credit. As of August 9, 2017, $50,000 was borrowed under the term loan and $52,528 remained outstanding under the line of credit. The amortization of the term loan was $1,250 per quarter for four (4) quarters beginning in the quarter ending December 31, 2017 and $2,500 per quarter beginning in the quarter ending December 31, 2018 through the end of the Amended Credit Agreement on May 9, 2021, the same expiration date of the Credit Agreement. Mandatory prepayments of the term loan were required with the net proceeds from certain asset sales, insurance recoveries and debt or equity issuances, as well as from 75% to 50% of any excess cash flow generated in Fiscal 2019 and Fiscal 2020. Interest on the term loan was, at the Company's option: (i) a Base Rate Option equal to the highest of (x) the federal funds open rate, plus fifty (50) basis points (0.5%), (y) the bank's prime rate, and (z) the daily LIBOR rate, plus 100 basis points (1.0%), in each case plus 2.5% or (ii) LIBOR plus 3.5%. Interest on outstanding indebtedness under the line of credit accrued, at the Company's option, at a rate based on either: (a) the Base Rate Option plus 0.25% to 2.00% (determined by a leverage ratio based on the Company’s consolidated EBITDA) or (b) a rate per annum equal to the LIBOR rate plus 1.25% to 3.00% (determined by a leverage ratio based on the Company’s consolidated EBITDA).

Under the Amended Credit Agreement, the leverage ratio covenant was suspended until the second quarter of Fiscal 2019. The Amended Credit Agreement contained a minimum Adjusted EBITDA covenant and a provision requiring the Company to repay revolving credit loans with any excess cash. During that same period, a covenant was established to limit capital expenditures to an agreed upon amount. The ability of the Company to make dividends or other distributions (including stock repurchases other than up to a limited dollar amount for tax payments from vested equity awards) was eliminated.

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The leverage ratio covenant that was to commence in the second quarter of Fiscal 2019 was to be 4.00 to 1.00 and was to reduce to 3.00 to 1.00 over the remaining life of the credit facility. A fixed charge coverage ratio of 1.00 to 1.00 was to begin in the second quarter of Fiscal 2019 and increase to 1.10 to 1.00 in the fourth quarter of Fiscal 2019 and thereafter.

The Company's obligations under the Amended Credit Agreement were secured by substantially all of the assets of the Company and the Company's direct and indirect subsidiaries that are incorporated (or organized) under the laws of the District of Columbia or under the laws of any state or commonwealth of the United States (a "U.S. Entity") and are guaranteed by such domestic subsidiaries. Under the Amended Credit Agreement, the Company and each U.S. Entity pledged 65% of the voting ownership interests and 100% of the non-voting ownership interests of its foreign subsidiaries.

On June 29, 2018, the Company and the Loan Parties entered into a Second Amendment with the Lenders to amend the Credit Agreement entered into on May 9, 2016 (as amended by Amended Credit Agreement and as further amended by the Second Amended Credit Agreement).

The Second Amended Credit Agreement establishes a new LIFO Facility in an amount not to exceed $10,000. The borrowings under the LIFO Facility will be used to finance the Company's cash flow needs, subject to an approved budget and certain variance restrictions, including payments to vendors to allow the Company to operate in the ordinary course of its business. Interest on the LIFO Facility is LIBOR plus 10.0%. The Company entered into the Second Amendment to waive and modify certain covenants and other provisions contained in the Amended Credit Agreement and to fund its ongoing operations with the LIFO Facility.

The Company continues to engage Raymond James & Associates ("Raymond James") as its financial advisor to assist the Company in exploring strategic alternatives. As part of the Company's review of its alternatives, the Company has agreed under the Second Amended Credit Agreement to pursue the sale of its Federal Business. The Federal Business is part of the Services business segment. Under the Second Amendment, the Company must meet certain milestone dates leading to the consummation of the Sale Transaction, including the delivery of an executed purchase agreement in respect of the Sale Transaction on or before July 31, 2018, and the consummation of the Sale Transaction on or before August 31, 2018. The Agent, in its sole discretion, may extend the Sale Milestone dates. All net cash proceeds of the Sale Transaction will be used to pay down loans outstanding under the LIFO Facility, and after, repayment of such loans, the Company's other indebtedness under the Second Amended Credit Agreement.

The Second Amended Credit Agreement, among other things, (i) waived certain potential defaults and events of default under the Amended Credit Agreement; (ii) deferred principal and interest payments on the Company's existing term loans and revolving loans, except the LIFO Facility, until December 15, 2018; provided that the aggregate amount of deferred principal and interest payments through the closing of the Sale Transaction will be due upon such closing; and (iii) modified the interest rates applicable to such outstanding loans so that interest accrues at a rate equal to: (a) for the term loan, the highest of (1) the federal funds open rate plus 0.5%, (2) the Agent's prime rate or (3) LIBOR plus 1.0% (the "Base Rate"), in each case plus 2.5%, and (b) for the revolving loans, the Base Rate plus an amount between 0.25% and 2.0% (as determined by a leverage ratio based on the Company's consolidated EBITDA).

The Second Amended Credit Agreement also revised the Company's covenants under the Amended Credit Agreement to, among other things, (i) suspend the leverage ratio and fixed charge coverage ratio covenants until December 15, 2018; (ii) modify the minimum consolidated EBITDA covenant to require that the Company's minimum consolidated EBITDA for the three fiscal month period ending on the close of each fiscal month equal or exceed (i) ($3,000) for the fiscal months ending June 30, 2018, July 31, 2018 and August 31, 2018, and (ii) ($3,500) for the fiscal months ending September 30, 2018 and thereafter; (iii) reduce the sub-limit for the issuance of letters of credit to $10,000; (iv) require periodic delivery of updated budgets and budget variance reports to the Agent and compliance with certain disbursement and net cash flow variance thresholds; (v) restrict the incurrence of expenses related to implementation of the ERP system; (vii) require that the net cash proceeds from certain asset sales and certain excess cash be used to prepay the Company’s obligations under the Amended Credit Agreement; and (viii) require the repatriation to the Loan Parties of cash on hand above a certain amount maintained by certain excluded foreign subsidiaries of the Loan Parties and restrict the transfer of assets by the Loan Parties (other than inventory in the course of ordinary business) to such excluded foreign subsidiaries unless accounted for in the budget.

The Company’s obligations under the Second Amended Credit Agreement continue to be secured by substantially all of the personal property assets of the Company and all of the Company’s direct and indirect owned subsidiaries that are incorporated (or organized) under the laws of the District of Columbia or under the laws of any state or commonwealth of the United States (other than BBOX Holdings Mexico LLC). In addition, under the Second Amendment, the Company’s obligations are required to be secured by additional collateral, including (i) a first-priority pledge of all of the capital stock of each existing and subsequently acquired or organized subsidiary of the Loan Parties not pledged under the Credit Agreement, with certain exceptions; and (ii) mortgages over certain material real property of the Loan Parties located in the U.S. The Company is also required to cause the execution of deposit account control agreements with respect to certain U.S. bank accounts of the Loan Parties and to deliver to the Agent executed assignment agreements and forms of notice of assignment with respect to certain federal government contracts. Such notices may be sent upon an event of default or potential default.

Effectiveness of the Second Amendment was subject to certain conditions precedent, each of which were satisfied on June 29, 2018. The outstanding balance of the LIFO Facility and all accrued and unpaid interest, fees and expenses are due and payable on December 15, 2018 or the earlier proper termination of the LIFO Facility by the Agent following an event of default.

Sources and Uses of Cash

The following is a summary of our sources and uses of cash.

	FY18	FY17	FY16
Net cash provided by (used for) operating activities	$(46,606)	$39,930	$37,202
Net cash provided by (used for) investing activities	$(2,793)	$(3,430)	$(11,088)
Net cash provided by (used for) financing activities	$66,553	$(45,565)	$(27,664)

Net cash provided by (used for) operating activities

Net cash used for operating activities for Fiscal 2018 was $46,606, due primarily to Net loss of $100,095, inclusive of non-cash charges, an increase in Costs/estimated earnings in excess of billings on uncompleted contracts of $10,031 and decreases in Accounts payable of $10,772 and All other liabilities of $20,130, partially offset by decreases in Accounts receivable of $15,157 and All other assets of $717. Net cash provided by operating activities for Fiscal 2017 was $39,930, due primarily to Net loss of $7,051, inclusive of non-cash charges, decreases in Accounts receivable of $8,126 and Inventory of $6,322, and an increase in Accounts payable of $12,489, partially offset by increases in Costs/estimated earnings in excess of billings on uncompleted contracts of $5,538 and All other assets of $1,723 and decreases in Billings in excess of costs/estimated earnings on uncompleted contracts of $3,853 and All other liabilities of $5,129. Net cash provided by operating activities for Fiscal 2016 was $37,202, due primarily to Net loss of $171,102, inclusive of non-cash charges, decreases in Accounts Receivable of $7,819, Inventory of $4,048, and Costs/estimated earnings in excess of billings on uncompleted contracts of $12,682 and an increase in Billings in excess of costs/estimated earnings on uncompleted contracts of $4,035, partially offset by decreases in Accounts payable of $7,568 and All other liabilities of $13,582.

Changes in working capital, and particularly changes in accounts receivable, costs in excess of billings and billings in excess of cost, can have a significant impact on net cash provided by operating activities, largely due to the timing of payments and receipts.

Net cash provided by (used for) investing activities

Capital expenditures

The Company made investments of $4,450 in Fiscal 2018 compared to $7,167 and $10,477 for Fiscal 2017 and Fiscal 2016, respectively, which related primarily to information technology infrastructure, computer hardware and software and vehicles. The Company disposed of certain facilities in Fiscal 2018 resulting in $1,657 of cash receipts which was used to help fund the Company's transformational activities, compared to facility disposals of $3,737 in Fiscal 2017.

Net cash provided by (used for) financing activities

Long-term debt

Proceeds from long-term debt was $61,322 in Fiscal 2018, compared to repayments of long-term debt of $31,319 and $17,788, in Fiscal 2017 and Fiscal 2016, respectively.

Common stock repurchases

The Company made discretionary investments in the form of common stock repurchases of $0 in Fiscal 2018 compared to $1,960 and $6,300 for Fiscal 2017 and Fiscal 2016, respectively. The Company also made tax payments of $397 in Fiscal 2018 compared to $515 and $854 for Fiscal 2017 and Fiscal 2016, respectively, related to share withholding to satisfy employee income taxes due as a result of the vesting of certain restricted stock units.

Since the inception of the repurchase program beginning in April 1999 through March 31, 2018, the Company has repurchased 11,392,851 shares of common stock for an aggregate purchase price of $408,621, or an average purchase price per share of $35.87. These shares do not include the treasury shares withheld for tax payments due upon the vesting of certain restricted stock units

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and performance shares. As of March 31, 2018, 1,107,149 shares were available under most recent repurchase programs. Under the Second Amended Credit Agreement, the Company is no longer permitted to repurchase common stock through its repurchase program but is allowed to repurchase a limited amount of shares for tax payments related to the vesting certain restricted stock units and performance shares, as applicable. This restriction is in effect until May 9, 2021. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding our Second Amended Credit Agreement.

Dividends

The Company made discretionary investments in the form of dividends to its shareholders of $3,611 in Fiscal 2018 compared to $7,109 and $6,617 for Fiscal 2017 and Fiscal 2016, respectively. Under the Amended Credit Agreement, the Company was no longer permitted to pay dividends. The Second Amendment maintains that restriction. This restriction is in effect until May 9, 2021, the termination date of the Second Amended Credit Agreement. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding our Second Amended Credit Agreement.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, other than those disclosed above, that are material to investors.

Inflation

The overall effects of inflation on the Company have been nominal. Although long-term inflation rates are difficult to predict, the Company continues to strive to minimize the effect of inflation through improved productivity and cost reduction programs as well as price adjustments within the constraints of market competition.

Critical Accounting Policies

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require the Company to make estimates and assumptions that affect the reported financial condition and results of operations. Such estimates and assumptions may differ from actual results. The Company bases its estimates and assumptions on the best available information and believes them to be reasonable for the circumstances. The Company’s significant accounting policies are described in Note 2 of the Notes to the Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K. The Company believes that of its significant accounting policies, the following may involve a higher degree of judgment and complexity.

Allowance for doubtful accounts receivable

The Company records an allowance for doubtful accounts receivable as an offset to accounts receivable in order to present the net balance that the Company believes will be collected. This allowance is based on both recent trends in certain accounts receivable ("specific reserve") estimated to be a greater credit risk as well as general trends in the entire accounts receivable pool ("general reserve"). The Company computes a specific reserve by identifying specifically at-risk accounts receivable and applying historic reserve factors to the outstanding balance. The Company computes a general reserve by reviewing the accounts receivable aging and applying reserve factors based upon the age of the account receivable. If the estimate of uncollectible accounts receivable should prove inaccurate at some future date, the results of operations reported for the period could be materially affected by any necessary correction to the allowance for doubtful accounts.

Inventories

The Company’s inventory is valued at the lower of cost or market value and has been reduced by an allowance for excess and obsolete inventories. The Company records an estimate for slow moving and obsolete inventory ("inventory reserve") based upon our product knowledge, physical inventory observation, future demand, market conditions and an aging analysis of the inventory on hand. For “convenience,” we reduce inventory cost through a contra asset rather than through a new cost basis. Upon a subsequent sale or disposal of the impaired inventory, the corresponding reserve is relieved to ensure the cost basis of the inventory reflects any reductions. If actual market conditions are less favorable than those projected by Management at some future date, the results of operations reported for the period could be materially affected by any necessary correction to the inventory reserve.

Deferred Income Taxes

The Company records deferred income tax assets and liabilities in its Consolidated Balance Sheets related to events that impact the Company's financial statements and tax returns in different periods. Deferred tax asset and liability balances are computed by identifying differences between the book basis and tax basis of assets and liabilities ("temporary differences") which are multiplied by the current tax rate. A valuation allowance is provided on deferred tax assets if determined that it is more likely than not that the asset will not be realized. The Company considers all available evidence, both positive and negative, in assessing the need for a valuation allowance in each taxing jurisdiction. The evidence considered in evaluating deferred tax assets includes but is

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not limited to cumulative financial income over the most recent three-year period, excluding significant one-time charges for impairment (goodwill and other), the composition and reversal patterns of existing taxable and deductible temporary differences between financial reporting and tax, and subjective projected future income.

Long-Lived Assets
The Company conducts a review of its long-lived assets (definite-lived intangible assets, which now consist solely of customer relationships, and property, plant and equipment) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset.

The Company conducts its annual indefinite-lived intangible asset impairment assessment as of last day of the fiscal year, using the most recent data available in the fourth quarter. Historically, this annual indefinite-lived intangible asset impairment assessment was performed during the third quarter of the fiscal year using data as of the end of the second quarter. See Note 5 of the Notes to the Consolidated Financial Statements for additional information regarding this change in accounting policy. These assets, which now consist solely of the Company's trademark portfolio, are also reviewed whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If the sum of the estimated future cash flows (discounted) expected to result from the use of these trademarks is less than its carrying amount, an impairment loss is recognized. Measurement of an impairment loss is based on the asset's fair value.

Future events that could result in an interim assessment of the recoverability for these long-lived assets and indefinite-lived intangible assets include, but are not limited to: (i) significant underperformance relative to historical or projected future operating results, (ii) significant changes in the manner of or use of the assets or the strategy for the Company's overall business and (iii) significant negative industry or economic trends.

Based on both interim and annual assessments that were performed during Fiscal 2018, the Company recorded a total impairment loss of $11,174 for trademarks, $1,426 of which was recorded in the second quarter and $9,748 of which was recorded in the fourth quarter. Note that long-lived assets were determined to be recoverable in Fiscal 2018. See Note 5 of the Notes to the Consolidated Financial Statements for additional information.

Loss Contingencies
The Company becomes subject to contingencies as a normal part of its business operations, such as future warranty obligations and potential liabilities relating to legal or regulatory matters. The Company accrues for contingent obligations when a loss is probable and the amount can be reasonably estimated.

Revenue Recognition
Products revenues are recognized when title to products sold passes to the client, which generally occurs upon shipment from the Company’s location, the fee is fixed or determinable, collectability is reasonably assured and no further obligation exists.

Services revenues are recognized from maintenance service contracts, MAC work and network integration services when the services are provided. Service contracts are generally pre-billed, recorded in Deferred revenue within the Company’s Consolidated Balance Sheets and are generally recognized over the service period on a straight-line basis. Revenues from the sale and installation of products and systems are recognized using the percentage-of-completion method based upon the proportion of actual costs incurred to estimated total costs. At the time a loss on a contract becomes known, the entire amount of the estimated loss is recognized immediately in the financial statements. The Company has historically made reasonably accurate estimates of the extent of progress towards completion, contract revenues and contract costs on its long-term contracts. However, due to uncertainties inherent in the estimation process, actual results could differ materially from those estimates.

Impact of Recently Issued Accounting Pronouncements

There have been no accounting pronouncements adopted during Fiscal 2018, Fiscal 2017 or Fiscal 2016 that had a material impact on the Company’s consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers", with subsequent amendments, that outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance (collectively hereafter referred to as the "ASC 606" or the “standard”). The core principle of the standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. The standard is effective for annual reporting periods (including interim periods therein) beginning after December 15, 2017 for

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public companies with early adoption permitted for annual reporting periods (including interim periods therein) beginning after December 15, 2016. Entities can use either of two methods: (i) retrospective to each prior period presented with the option to elect certain practical expedients as defined within the standard ("full retrospective" method); or (ii) retrospective with the cumulative effect of initially applying the standard recognized at the date of initial application and providing certain additional disclosures as defined in the standard ("modified retrospective" method). We have substantially completed our assessment of the new standard, including completing our contract reviews and our evaluation of the costs of obtaining a contract. We will adopt the new standard in our first quarter of Fiscal 2019 using the modified retrospective method.

Based on our assessment, the impact of the new standard to the Company is primarily related to (i) the timing of the recognition of gross margin on materials costs incurred as part of installation projects, which, under ASC 606, will result in a deferral of gross margin of up to approximately $4,000 from Fiscal 2018 to Fiscal 2019 in order to best depict the Company's performance on these projects, where progress is measured over time using a cost-to-cost input method and (ii) the deferral of incremental commission costs of obtaining customer service contracts, which are currently expensed as incurred for certain contracts but will be deferred and amortized over the expected period of benefit under the standard.

The standard also requires additional detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. These disclosures include, but are not limited to, the disaggregation of revenue into categories that show how economic factors affect the nature, amount, timing, and uncertainty of revenue and cash flows, revenue recognized from performance obligations satisfied in prior periods, and the total transaction price allocated to unsatisfied performance obligations. The Company is currently finalizing the internal control activities and data requirements necessary to ensure that all required disclosures under the standard are appropriately made.

In February 2016, the FASB issued ASU 2016-02, "Leases", with subsequent amendments, which require, as of the commencement date of a lease, a liability for a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and an a right-of-use asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 must be adopted using the modified retrospective approach and is effective for annual reporting periods (including interim periods therein) beginning after December 15, 2018 with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update on its Consolidated Financial Statements.

Cautionary Forward Looking Statements

When included in this Annual Report or in documents incorporated herein by reference, the words "should," "expects," "intends," "anticipates," "believes," "estimates," "approximates," "targets," "plans" and analogous expressions are intended to identify forward-looking statements. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Although it is not possible to predict or identify all risk factors, such risks and uncertainties may include, among others, liquidity, compliance with bank covenants, our going concern qualification, the Company's arrangements with its vendors and subcontractors, levels of business activity and operating expenses, expenses relating to compliance requirements, cash flows, global economic and business conditions, the timing and costs of restructuring programs and other initiatives, such as our enterprise resource planning system initiatives, successful marketing of the Company's product and services offerings, successful implementation of the Company's integration initiatives and successful implementation of the Company's government contracting programs, as well as competition, changes in foreign, political and economic conditions, fluctuating foreign currencies compared to the U.S. dollar, rapid changes in technologies, client preferences, government budgetary constraints and various other matters, many of which are beyond the Company's control. Additional risk factors are included in this Annual Report. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of the date of this Annual Report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or any changes in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based and cautions you not to unduly rely on any such forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to market risks in the ordinary course of business that include interest-rate volatility and foreign currency exchange rates volatility. Market risk is measured as the potential negative impact on earnings, cash flows or fair values resulting from a hypothetical change in interest rates or foreign currency exchange rates over the next year. The Company does not hold or issue any other financial derivative instruments (other than those specifically noted below) nor does it engage in speculative trading of financial derivatives.

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Interest-rate Risk
The Company’s primary interest-rate risk relates to its debt obligations under the Amended Credit Agreement which was $157,500 as of March 31, 2018. As of March 31, 2018, an instantaneous 100 basis point increase in the interest rate of the variable rate debt would reduce the Company’s earnings in the subsequent fiscal quarter by $399 ($245 net of tax) assuming the Company employed no intervention strategies.
Foreign Exchange Rate Risk
The Company has operations, clients and suppliers worldwide, thereby exposing the Company’s financial results to foreign currency fluctuations. In an effort to reduce this risk of foreign currency fluctuations, the Company generally sells and purchases inventory based on prices denominated in U.S. dollars. Intercompany sales to subsidiaries are generally denominated in the subsidiaries’ local currency. The Company has entered into and will continue to enter into, on a selective basis, foreign currency contracts to reduce the foreign currency exposure related to certain intercompany transactions, primarily trade receivables and loans. All of the foreign currency contracts have been designated and qualify as cash flow hedges. The effective portion of any changes in the fair value of the derivative instruments is recorded in Accumulated Other Comprehensive Income ("AOCI") until the hedged forecasted transaction occurs or the recognized currency transaction affects earnings. Once the forecasted transaction occurs or the recognized currency transaction affects earnings, the effective portion of any related gains or losses on the cash flow hedge is reclassified from AOCI to the Company’s Consolidated Statements of Operations. In the event it becomes probable that the hedged forecasted transaction will not occur, the ineffective portion of any gain or loss on the related cash flow hedge would be reclassified from AOCI to the Company’s Consolidated Statements of Operations.

As of March 31, 2018, the Company had open foreign currency contracts in Australian and Canadian dollars, Danish krone, Euros, Mexican pesos, Norwegian kroner, British pounds sterling, Swedish krona, Swiss francs and Japanese yen. The open contracts have contract rates ranging from 1.27 to 1.30 Australian dollar, 1.29 to 1.29 Canadian dollar, 5.96 to 5.96 Danish krone, 0.80 to 0.83 Euro, 19.26 to 19.26 Mexican peso, 7.70 to 7.70 Norwegian kroner, 0.71 to 0.72 British pound sterling, 7.94 to 8.05 Swedish krona, 0.92 to 0.92 Swiss franc and 105.34 to 105.34 Japanese yen, all per U.S. dollar. The total open contracts had a notional amount of $37,317 and will expire within five months.

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Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Black Box Corporation
Lawrence, Pennsylvania

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Black Box Corporation (the "Company") and subsidiaries as of March 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended March 31, 2018, and the related notes and Schedule II - Valuation and Qualifying Accounts (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at March 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations, has negative operating cash flow and is dependent upon raising additional capital or refinancing its debt agreement to fund operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP
We have served as the Company's auditor since 2005.
Chicago, Illinois

July 16, 2018

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BLACK BOX CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 31,	
In thousands, except par value	2018	2017
Assets		
Cash and cash equivalents	$33,469	$14,247
Accounts receivable, net of allowance for doubtful accounts of $3,022 and $4,084	114,510	128,544
Inventories, net	26,992	25,382
Costs/estimated earnings in excess of billings on uncompleted contracts	82,358	71,930
Assets held for sale	196	—
Other assets	29,317	28,544
Total current assets	286,842	268,647
Property, plant and equipment, net	24,239	29,103
Intangibles, net	50,180	68,820
Deferred tax asset	6,474	53,539
Other assets	8,600	7,008
Total assets	$376,335	$427,117
Liabilities		
Accounts payable	$64,784	$69,858
Accrued compensation and benefits	17,259	21,576
Deferred revenue	27,713	31,624
Billings in excess of costs/estimated earnings on uncompleted contracts	14,667	16,536
Short-term debt	157,832	964
Other liabilities	26,780	36,955
Total current liabilities	309,035	177,513
Long-term debt	477	88,782
Other liabilities	16,481	19,173
Total liabilities	325,993	285,468
Stockholders' equity		
Preferred stock authorized 5,000, par value $1.00, none issued	—	—
Common stock authorized 100,000, par value $.001, 15,141 and 14,960 shares outstanding, 26,880 and 26,654 issued	26	26
Additional paid-in capital	509,960	506,449
Retained earnings (accumulated deficit)	(35,664)	66,246
Accumulated other comprehensive income (loss)	(7,992)	(15,481)
Treasury stock, at cost 11,740 and 11,694 shares	(415,988)	(415,591)
Total stockholders' equity	50,342	141,649
Total liabilities and stockholders' equity	$376,335	$427,117

See Notes to the Consolidated Financial Statements

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BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31,		
In thousands, except per share amounts	2018	2017	2016
Revenues			
Products	$137,384	$154,942	$166,536
Services	637,253	700,789	746,119
Total	774,637	855,731	912,655
Cost of sales *			
Products	79,608	91,289	97,543
Services	480,277	521,482	544,775
Total	559,885	612,771	642,318
Gross profit	214,752	242,960	270,337
Selling, general & administrative expenses	241,369	234,404	255,665
Asset impairment loss	11,174	536	192,186
Intangibles amortization	7,494	9,339	10,311
Operating income (loss)	(45,285)	(1,319)	(187,825)
Interest expense, net	6,855	4,355	4,712
Other expenses (income), net	179	(380)	547
Income (loss) before provision for income taxes	(52,319)	(5,294)	(193,084)
Provision (benefit) for income taxes	47,776	1,757	(21,982)
Net income (loss)	$(100,095)	$(7,051)	$(171,102)
Earnings (loss) per common share			
Basic	$(6.64)	$(0.47)	$(11.18)
Diluted	$(6.64)	$(0.47)	$(11.18)
Weighted-average common shares outstanding			
Basic	15,075	15,077	15,303
Diluted	15,075	15,077	15,303
Dividends per share	$0.12	$0.48	$0.44

* Exclusive of depreciation and intangibles amortization.
See Notes to the Consolidated Financial Statements

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BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended March 31,		
In thousands	2018	2017	2016
Net income (loss)	$(100,095)	$(7,051)	$(171,102)
Other comprehensive income (loss)			
Foreign Currency Translation Adjustment	7,222	(4,956)	1,970
Defined Benefit Pension			
Actuarial gain (loss), net of taxes of ($133), $1,898, and ($733)	(208)	2,969	(1,881)
Amounts reclassified into results of operations, net of taxes of $48, ($208), and $166	75	(326)	287
Derivative Instruments			
Net change in fair value of cash flow hedges, net of taxes of ($897), ($570), and ($321)	(1,404)	(892)	(580)
Amounts reclassified into results of operations, net of taxes of $1,154, $511, and $282	1,804	799	528
Other comprehensive income (loss)	$7,489	$(2,406)	$324
Comprehensive income (loss)	$(92,606)	$(9,457)	$(170,778)

See Notes to the Consolidated Financial Statements

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BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Treasury Stock			Accumulated other comprehensive income (loss)				
In thousands	Shares	$.001 par	Shares	$	Additional Paid-in Capital	Foreign Currency Translation Adjustment	Derivative Instruments	Defined Benefit Pension	Retained Earnings (accumulated deficit)	Total
March 31, 2015	26,305	$ 26	10,939	$ (405,956)	$ 498,052	$ (857)	$ (203)	$ (12,339)	$ 258,388	$ 337,111
Net income (loss)									(171,102)	(171,102)
Foreign currency translation adjustment						1,970				1,970
Pension, net of taxes										
Actuarial gain (loss)								(1,881)		(1,881)
Actuarial gain (loss) reclassified into results of operations								287		287
Derivative Instruments, net of taxes										
Net change in fair value of cash flow hedges							(580)			(580)
Amounts reclassified into results of operations							528			528
Stock compensation expense					5,064					5,064
Dividends declared									(6,733)	(6,733)
Issuance of common stock	165	—			—					—
Repurchases of common stock			512	(7,154)						(7,154)
Proceeds from the exercise of stock options					—					—
Tax impact from equity awards					(1,277)					(1,277)
March 31, 2016	26,470	$ 26	11,451	$ (413,110)	$ 501,839	$ 1,113	$ (255)	$ (13,933)	$ 80,553	$ 156,233
Net income (loss)									(7,051)	(7,051)
Foreign currency translation adjustment						(4,956)				(4,956)
Pension, net of taxes										
Actuarial gain (loss)								2,969		2,969
Actuarial gain (loss) reclassified into results of operations								(326)		(326)
Derivative Instruments, net of										

taxes										
Net change in fair value of cash flow hedges							(892)			(892)
Amounts reclassified into results of operations							799			799
Stock compensation expense					4,610					4,610
Dividends declared									(7,256)	(7,256)
Issuance of common stock	183	—			—					—
Repurchases of common stock			243	(2,481)						(2,481)
Proceeds from the exercise of stock options					—					—
Tax impact from equity awards					—					—
March 31, 2017	26,653	$ 26	11,694	$(415,591)	$506,449	$(3,843)	$ (348)	$(11,290)	$ 66,246	$ 141,649
Net income (loss)									(100,095)	(100,095)
Foreign currency translation adjustment						7,222				7,222
Pension, net of taxes										
Actuarial gain (loss)								(208)		(208)
Actuarial gain (loss) reclassified into results of operations								75		75
Derivative Instruments, net of taxes										
Net change in fair value of cash flow hedges							(1,404)			(1,404)
Amounts reclassified into results of operations							1,804			1,804
Stock compensation expense					3,511					3,511
Dividends declared									(1,815)	(1,815)
Issuance of common stock	227	—			—					—
Repurchases of common stock			46	(397)						(397)
Proceeds from the exercise of stock options					—					—
Tax impact from equity awards					—					—
March 31, 2018	26,880	$ 26	11,740	$(415,988)	$509,960	$3,379	$ 52	$(11,423)	$ (35,664)	$50,342

See Notes to the Consolidated Financial Statements

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BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31,		
In thousands	2018	2017	2016
Operating Activities			
Net income (loss)	$(100,095)	$(7,051)	$(171,102)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities			
Intangibles amortization	7,494	9,339	10,311
Depreciation	9,460	9,382	8,562
Loss (gain) on sale of property	(1,410)	(981)	16
Deferred taxes	48,603	1,367	(26,144)
Stock compensation expense	3,511	4,610	5,065
Change in fair value of interest-rate swaps	—	—	(399)
Asset impairment loss	11,174	536	192,186
Provision for obsolete inventory	1,155	10,659	7,735
Provision for (recovery of) doubtful accounts	1,162	1,375	3,819
Changes in operating assets and liabilities (net of acquisitions)			
Accounts receivable	15,157	8,126	7,819
Inventories	(672)	6,322	4,048
Costs/estimated earnings in excess of billings on uncompleted contracts	(10,031)	(5,538)	12,682
All other assets	717	(1,723)	(280)
Billings in excess of costs/estimated earnings on uncompleted contracts	(1,929)	(3,853)	4,035
Accounts payable	(10,772)	12,489	(7,568)
All other liabilities	(20,130)	(5,129)	(13,583)
Net cash provided by (used for) operating activities	$(46,606)	$39,930	$37,202
Investing Activities			
Capital expenditures	$(4,450)	$(7,167)	$(10,477)
Capital disposals	1,657	3,737	162
Acquisition of businesses (payments)/recoveries	—	—	(773)
Net cash provided by (used for) investing activities	$(2,793)	$(3,430)	$(11,088)
Financing Activities			
Proceeds (repayments) from long-term debt	$61,322	$(31,319)	$(17,788)
Proceeds (repayments) from short-term debt	5,247	(4,658)	4,063
Deferred financing costs	(692)	(1,049)	—
Purchase of treasury stock	(397)	(2,481)	(7,154)
Payment of dividends	(3,611)	(7,109)	(6,617)
Increase (decrease) in cash overdrafts	4,684	1,051	(168)
Net cash provided by (used for) financing activities	$66,553	$(45,565)	$(27,664)
Foreign currency exchange impact on cash	$2,068	$(185)	$1,513
Increase/(decrease) in cash and cash equivalents	$19,222	$(9,250)	$(37)
Cash and cash equivalents at beginning of period	$14,247	$23,497	$23,534
Cash and cash equivalents at end of period	$33,469	$14,247	$23,497
Supplemental cash flow			
Cash paid for interest	$5,970	$4,092	$5,876
Cash paid for income taxes	—	426	3,482
Non-cash financing activities			
Dividends payable	—	1,795	1,652
Capital leases	310	308	437

See Notes to the Consolidated Financial Statements

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BLACK BOX CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Business, Basis of Presentation and Going Concern

Business
Black Box Corporation ("Black Box," or "the Company") is a leading digital solutions provider dedicated to helping customers design, build, manage, and secure their IT infrastructure. The Company offers Services and Products that it distributes through two platforms it has built over its 42-year history. The Services platform is comprised of engineering and design, network operations centers, technical certifications, national and international sales teams, remote monitoring, on-site service teams and technology partner centers of excellence which includes dedicated sales and engineering resources. The primary services offered through this platform include: (i) communications lifecycle services, (ii) unified communications, (iii) structured cabling, (iv) video/AV services, (v) in-building wireless and (vi) data center services. The Products platform provides networking solutions through the sale of products including: (i) IT infrastructure, (ii) specialty networking, (iii) multimedia and (iv) keyboard/video/mouse ("KVM") switching. Founded in 1976, Black Box, a Delaware corporation, is headquartered near Pittsburgh in Lawrence, Pennsylvania.
Basis of Presentation
References herein to "Fiscal Year," "Fiscal," or "FY" mean the Company's fiscal year ended March 31 for the year referenced. All references to dollar amounts herein are presented in thousands, except per share amounts, unless otherwise noted.

The consolidated financial statements include the accounts of the parent company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain items in the consolidated financial statements of prior years have been reclassified to conform to the current year's presentation. These reclassifications had no effect on reported net income (loss), comprehensive income (loss), cash flows, total assets or total stockholders' equity.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Company management ("Management") to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in these financial statements include project progress towards completion to estimated budget, allowances for doubtful accounts receivable, sales returns, net realizable value of inventories, loss contingencies, warranty reserves, and the valuation of and useful lives associated with property, plant and equipment and intangible assets. Actual results could differ from those estimates. Management believes the estimates made are reasonable.

In the second quarter of Fiscal 2018, Management completed a plan to sell the Company's current headquarters' building and adjacent vacant land and move to another local facility that better aligns to the needs of the business. At that time, Management believed it was probable that the sale of the building and land would occur in the next twelve months. As of the third quarter of Fiscal 2018, Management believed that only the sale of certain parcels of the adjacent vacant land is probable to occur in the next twelve months. As of the fourth quarter of Fiscal 2018, Management continues to believe that only the sale of certain parcels of the adjacent vacant land is probable to occur in the next twelve months. These assets, all of which are Property, plant and equipment, are presented as "Assets held for sale" on the Consolidated Balance Sheet. These assets are reported under the North America Products operating segment.

Going Concern
Our financial statements have been prepared assuming that we will continue as a going concern, which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business.

On June 29, 2018, the Company and all the Lenders entered into the Second Amendment to our Credit Agreement in order to waive and modify certain covenants and other provisions contained in the Amended Credit Agreement and to fund its ongoing operations with the LIFO Facility. The Company would have defaulted the minimum Adjusted EBITDA covenant and certain other covenants as defined by the Amended Credit Agreement had these defaults not been waived under the Second Amendment. See Note 6 for additional information. As of June 29, 2018, the Company had approximately $24.0 million of cash and $155.7 million of borrowings outstanding under the Second Amended Credit Agreement. We anticipate that our principal sources of liquidity, including this LIFO Facility, will be sufficient to fund our activities through approximately December 2018.

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Beyond that date, current conditions raise substantial doubt about our ability to repay our indebtedness under the Second Amended Credit Agreement upon maturity and to meet the covenants as defined under the Second Amendment. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. These conditions are based on the Company's recurring losses from operations and negative operating cash flow, which have resulted in the need to take significant steps to generate additional liquidity. Our independent registered public accounting firm therefore has included an explanatory paragraph regarding our ability to continue as a going concern in its report on our consolidated financial statements for the year ended March 31, 2018.

Our ability to continue as a going concern is dependent on raising additional capital to repay our indebtedness when due and to fund our operations and ultimately on generating future profitable operations. As part of the Company’s review of its strategic alternatives, the Company has agreed under the Second Amended Credit Agreement to pursue the sale of its Federal Business. The Company believes the expected net proceeds from the anticipated sale of the Federal Business will enable the Company to take further steps to generate additional liquidity, including entering into a transaction, selling additional assets or businesses, or obtaining alternative financing, as well as making changes to the overall cost structure of the business. We believe these plans, if successfully executed, will effectively remediate the current liquidity concerns. However, there can be no assurance that we will be able to raise sufficient additional capital through these plans, which have not yet been consummated, to repay all of our indebtedness under the Second Amended Credit Agreement.

Note 2: Significant Accounting Policies

Cash and cash equivalents
The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value.

Allowance for doubtful accounts receivable
An allowance for doubtful accounts is recorded as an offset to accounts receivable in order to present the net balance that the Company believes will be collected. This allowance is based on both recent trends in certain accounts receivable ("specific reserve") estimated to be a greater credit risk as well as general trends in the entire accounts receivable pool ("general reserve"). The Company computes a specific reserve by identifying specifically at-risk accounts receivable and applying historic reserve factors to the outstanding balance. The Company computes a general reserve by reviewing the accounts receivable aging and applying reserve factors based upon the age of the account receivable. Additions to the allowance for doubtful accounts are charged to Selling, general & administrative expenses within the Company’s Consolidated Statements of Operations, and deductions from the allowance are recorded when specific accounts receivable are written off as uncollectible. The Company incurred $0, $336, and $2,379 of accounts receivable write downs in North America Services during Fiscal 2018, Fiscal 2017, and Fiscal 2016, respectively. The provision for doubtful accounts expense was $1,436, $1,375 and $3,819 for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

Inventories
Inventories are valued at the lower of cost or market. The Company uses the first-in, first-out average cost method to value the majority of its inventory. However, several locations within the Company use other valuation methods, including first-in, first-out ("FIFO"). The Company records an estimate for slow moving and obsolete inventory ("inventory reserve") based upon our product knowledge, physical inventory observation, future demand, market conditions and an aging analysis of the inventory on hand. For “convenience,” we reduce inventory cost through a contra asset rather than through a new cost basis. Upon a subsequent sale or disposal of the impaired inventory, the corresponding reserve is relieved to ensure the cost basis of the inventory reflects any reductions.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Maintenance, repairs and minor renewals are charged to operations as incurred. Major renewals and betterments, which substantially extend the useful life of the property, are capitalized at cost. Upon sale or other disposition of assets, the costs and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in the Consolidated Statements of Operations.

Depreciation is computed using the straight-line method based on the estimated useful lives of 30 to 40 years for buildings and improvements and 3 to 5 years for equipment and computer hardware and software. Leasehold improvements are depreciated over their lease terms, or useful lives, if shorter. The Company reviews long-lived assets, including property, plant and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset. No impairment of property, plant and equipment has been identified during any of the periods presented.

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Intangible Assets
Definite-lived intangible assets, which now consist solely of customer relationships, are amortized on a straight-line basis over their estimated useful lives of 4 to 20 years. The Company reviews long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset.

Indefinite-lived intangible assets, which now consist solely of the Company's trademark portfolio, are not subject to amortization. The Company reviews indefinite-lived intangible assets for impairment annually as well as whenever events or changes in circumstances indicate that the carrying amount of an indefinite-lived intangible asset may not be recoverable. We primarily use a relief from royalty income approach to determine the fair value of the trademark portfolio. If the fair value for trademarks is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset.

Derivative Instruments and Hedging Activities

Foreign Currency Contracts
The Company has operations, clients and suppliers worldwide, thereby exposing the Company’s financial results to foreign currency fluctuations. In an effort to reduce this risk of foreign currency fluctuations, the Company generally sells and purchases inventory based on prices denominated in U.S. dollars. Intercompany sales to subsidiaries are generally denominated in the subsidiaries’ local currency. The Company has entered and will continue in the future, on a selective basis, to enter into foreign currency contracts to reduce the foreign currency exposure related to certain intercompany transactions, primarily trade receivables and loans. All of the foreign currency contracts have been designated and qualify as cash flow hedges. The effective portion of any changes in the fair value of the derivative instruments is recorded in Accumulated Other Comprehensive Income ("AOCI") until the hedged forecasted transaction occurs or the recognized currency transaction affects earnings. Once the forecasted transaction occurs or the recognized currency transaction affects earnings, the effective portion of any related gains or losses on the cash flow hedge is reclassified from AOCI to the Company’s Consolidated Statements of Operations. In the event it becomes probable that the hedged forecasted transaction will not occur, the ineffective portion of any gain or loss on the related cash flow hedge would be reclassified from AOCI to the Company’s Consolidated Statements of Operations.

Interest-rate Swap
To mitigate the risk of interest-rate fluctuations associated with the Company’s variable rate long-term debt, the Company has implemented an interest-rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings caused by interest-rate volatility. The Company’s goal is to manage interest-rate sensitivity by modifying the re-pricing characteristics of certain balance sheet liabilities so that the net-interest margin is not, on a material basis, adversely affected by the movements in interest rates. As of March 31, 2018, there were no open contracts to mitigate interest-rate risk.

Foreign Currency Translation
The financial statements of the Company’s foreign subsidiaries, except those subsidiaries in Brazil and Mexico, are recorded in the local currency, which is the functional currency. Foreign currency assets and liabilities are translated into U.S. dollars at the rate of exchange existing at the year-end date. Revenues and expenses are translated at the average monthly exchange rates. Adjustments resulting from these translations are recorded in AOCI within the Company’s Consolidated Balance Sheets and will be included in the Company’s Consolidated Statements of Operations upon sale or liquidation of the foreign investment. Gains and losses from foreign currency transactions, denominated in a currency other than the functional currency, are insignificant to the Consolidated Statement of Operations and are recorded in Other expenses (income) within the Company’s Consolidated Statements of Operations. The U.S. dollar is

the functional currency for those subsidiaries located in Brazil and Mexico.

Revenue

Products revenues are recognized when title to products sold passes to the client, which generally occurs upon shipment from the Company's location, the fee is fixed or determinable, collectibility is reasonably assured and no further obligation exists.

Services revenues are recognized from maintenance service contracts, moves, adds and changes and network integration services when the services are provided. Service contracts are generally pre-billed, recorded in Deferred revenue within the Company's Consolidated Balance Sheets and are generally recognized over the service period on a straight-line basis. Revenues from the sale and installation of products and systems are recognized using the percentage-of-completion method based upon the proportion of actual costs incurred to estimated total costs. At the time a loss on a contract becomes known, the entire amount of the estimated

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loss is recognized immediately in the financial statements. The Company has historically made reasonably accurate estimates of the extent of progress towards completion, contract revenues and contract costs on its long-term contracts. However, due to uncertainties inherent in the estimation process, actual results could differ materially from those estimates.

Sales returns - At the time of sale, an estimate for sales returns is recorded based on historical experience.

Warranties - Estimated future warranty costs related to certain products are charged to operations in the period the related revenue is recognized based on historical experience.

Shipping and handling fees and costs - All fees billed to clients for shipping and handling are classified as a component of Revenues. All costs associated with shipping and handling are classified as a component of Cost of sales.

Sales tax and other tax presentation - Sales taxes and other taxes are collected from clients on behalf of governmental authorities at the time of sale. These taxes are accounted for on a net basis and are not included in Revenues or Cost of sales.

Stock-Based Compensation
Stock options: The Company records expense for those stock awards, vesting during the period, for which the requisite service period is expected to be rendered. The Company uses historical data in order to project the future employee turnover rates used to estimate the number of stock options for which the requisite service period will not be rendered. The fair value of stock options is determined on the grant date using a Black-Scholes option pricing model which includes several subjective assumptions. The Company recognizes the fair value of these awards into expense ratably over the requisite service periods associated with the award. The assumptions are summarized as follows:

Expected volatility: The Company estimates the volatility of its common stock, par value $.001 per share (the "common stock"), at the date of grant based on the historical volatility of its common stock.

Dividend yield: The Company estimates the dividend yield assumption based on the Company’s historical and projected dividend payouts.

Risk-free interest rate: The Company derives its risk-free interest rate on the observed interest rates appropriate for the term of the Company’s employee stock options.

Expected holding period: The Company estimates the expected holding period based on historical experience.

Restricted stock units: The Company records expense for those stock awards, vesting during the period, for which the requisite service period is expected to be rendered. The Company uses historical data in order to project the future employee turnover rates used to estimate the number of restricted stock units for which the requisite service period will not be rendered. The fair value of restricted stock units is determined based on the number of restricted stock units granted and the closing market price of the common stock on the date of grant. The Company recognizes the fair value of awards into expense ratably over the requisite service periods associated with the award.

Performance share awards: The Company records expense for those stock awards, vesting during the period, for which the requisite service period is expected to be rendered. The Company uses historical data in order to project the future employee turnover rates used to estimate the number of performance shares for which the requisite service period will not be rendered. The fair value of performance share awards subject to a cumulative Adjusted EBITDA target (as defined in the performance share award agreement) is determined based on the number of performance shares granted and the closing market price of the common stock on the date of grant. The Company recognizes the fair value of awards into expense ratably over the requisite service periods associated with the award. The probability of vesting of the award and the applicable number of shares of common stock to be issued are reassessed at each period end. The fair value of performance share awards subject to the Company’s total shareholder return ranking relative to the total shareholder return of the common stock (or its equivalent) of the companies in a peer group (the "Company’s Relative TSR Ranking") is determined on the grant date using a Monte-Carlo simulation valuation method which includes several subjective assumptions. The Company recognizes the fair value of these awards into expense ratably over the requisite service periods associated with the award. The assumptions are summarized as follows:

Expected volatility. The Company estimates the volatility of its common stock at the date of grant based on the historical volatility of its common stock.

Risk-free rate. The Company derives its risk-free interest rate on the observed interest rates with an equivalent remaining term equal to the expected life of the award.

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Dividend yield. The Company estimates the dividend yield assumption based on the Company’s historical and projected dividend payouts.

Marketing and Advertising Expenses
Catalogs and other direct marketing pieces are capitalized and amortized over their expected period of future benefit ranging from one to two years, which is recorded in Prepaid and other assets within the Company’s Consolidated Balance Sheets. All other advertising costs are expensed as incurred.

Advertising expense was $5,592, $5,591 and $5,353 for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively, and is recorded in Selling, general & administrative expenses within the Company’s Consolidated Statements of Operations.

Income Taxes
The Company accounts for income taxes using an asset and liability approach, which requires the recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company’s financial statements or tax returns. Deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the asset will not be realized.

The Company requires that the realization of an uncertain income tax position must be "more likely than not" (i.e., greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. The benefit to be recorded in the financial statements is the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Company includes interest and penalties related to uncertain tax positions within the Provision (benefit) for income taxes within the Company’s Consolidated Statements of Operations.

Per share information
Basic earnings (loss) per common share ("basic EPS") is computed by dividing Net income (loss) by the weighted-average number of shares of the common stock outstanding during the period. Diluted earnings (loss) per share of the common stock is computed similarly to that of basic EPS, except that the weighted-average number of shares of the common stock outstanding during the period is adjusted to include the number of additional shares of the common stock that would have been outstanding if the potential number of dilutive shares of the common stock had been issued.

Fair Value
The Company’s assets and liabilities recorded at fair value are based on the observability of inputs, which are categorized using a fair value hierarchy that ranks the quality and reliability of the information used to determine fair value. The levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs that are both significant to the fair value measurement and unobservable.

Assets and liabilities measured at fair value are based on one or more of the valuation techniques. The valuation techniques are described below.

Market approach: The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach: The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (current replacement cost).

Income approach: The income approach uses valuation techniques to convert future amounts to a single present amount.

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The fair value of foreign currency contracts is determined using the market approach and primarily based on observable foreign exchange forward rates. The fair value of pension plan assets is determined using a market approach and consists of $26,707 of mutual funds measured using level 1 inputs and $11,308 of common collective trusts measured using level 2 inputs. The fair value of the interest-rate swaps is determined using the income approach and is predominately based on observable interest rates and yield curves. The fair value of certain of the Company’s financial instruments, including Accounts receivable and Accounts payable, approximates the carrying value due to the relatively short maturity of such instruments. The fair value of the Company's Long-term debt approximates carrying value because the interest rate is subject to change with market interest rates. There have been no changes in the Company’s valuation techniques used to measure fair values during Fiscal 2018. See Note 8 for further reference.

Recently Issued Accounting Standards
There have been no accounting pronouncements adopted during Fiscal 2018, Fiscal 2017 or Fiscal 2016 that had a material impact on the Company’s consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers", with subsequent amendments, that outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance (collectively hereafter referred to as the "ASC 606" or the “standard”). The core principle of the standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. The standard is effective for annual reporting periods (including interim periods therein) beginning after December 15, 2017 for public companies with early adoption permitted for annual reporting periods (including interim periods therein) beginning after December 15, 2016. Entities can use either of two methods: (i) retrospective to each prior period presented with the option to elect certain practical expedients as defined within the standard ("full retrospective" method); or (ii) retrospective with the cumulative effect of initially applying the standard recognized at the date of initial application and providing certain additional disclosures as defined in the standard ("modified retrospective" method). We have substantially completed our assessment of the new standard, including completing our contract reviews and our evaluation of the costs of obtaining a contract. We will adopt the new standard in our first quarter of Fiscal 2019 using the modified retrospective method.

Based on our assessment, the impact of the new standard to the Company is primarily related to (i) the timing of the recognition of gross margin on materials costs incurred as part of installation projects, which, under ASC 606, will result in a deferral of gross margin of up to approximately $4,000 from Fiscal 2018 to Fiscal 2019 in order to best depict the Company's performance on these projects, where progress is measured over time using a cost-to-cost input method and (ii) the deferral of incremental commission costs of obtaining customer service contracts, which are currently expensed as incurred for certain contracts but will be deferred and amortized over the expected period of benefit under the standard.

The standard also requires additional detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. These disclosures include, but are not limited to, the disaggregation of revenue into categories that show how economic factors affect the nature, amount, timing, and uncertainty of revenue and cash flows, revenue recognized from performance obligations satisfied in prior periods, and the total transaction price allocated to unsatisfied performance obligations. The Company is currently finalizing the internal control activities and data requirements necessary to ensure that all required disclosures under the standard are appropriately made.

In February 2016, the FASB issued ASU 2016-02, "Leases", with subsequent amendments, which require, as of the commencement date of a lease, a liability for a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and an a right-of-use asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 must be adopted using the modified retrospective approach and is effective for annual reporting periods (including interim periods therein) beginning after December 15, 2018 with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update on its Consolidated Financial Statements.

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Note 3: Inventories

The Company's Inventories consist of the following:

	March 31,	
	2018	2017
Raw materials	$1,816	$1,708
Finished goods	34,635	35,036
Inventory, gross	36,451	36,744
Excess and obsolete inventory reserves	(9,459)	(11,362)
Inventories, net	$26,992	$25,382

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Note 4: Property, Plant and Equipment

The Company’s Property, plant and equipment consist of the following:

	March 31,	
	2018	2017
Land	$1,209	$1,423
Building and improvements	26,599	28,047
Equipment and computer hardware and software	68,425	78,496
Property, plant and equipment, gross	96,233	107,966
Accumulated depreciation	(71,798)	(78,863)
Property, plant and equipment, net	$24,435	$29,103

Of the $24,435 above, $196 is classified as Assets held for sale on the Company’s Consolidated Balance Sheets for the period ended March 31, 2018.

Depreciation expense was $9,460, $9,382 and $8,562 for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

The Company disposed of certain facilities in Fiscal 2018 resulting in $1,657 of cash receipts which was used to help fund the Company's transformational activities. Facility disposals in Fiscal 2017 were $3,737.

Note 5: Intangible Assets

The following table summarizes the gross carrying amount, accumulated amortization and net carrying amount by intangible asset class:

	March 31,					
	2018			2017		
	Gross Carrying Amount	Accum. Amort.	Net Carrying Amount	Gross Carrying Amount	Accum. Amort.	Net Carrying Amount
Definite-lived						
Non-compete agreements	$864	$864	$—	$833	$833	$—
Customer relationships	122,438	88,281	34,157	122,301	80,678	41,623
Total	$123,302	$89,145	$34,157	$123,134	$81,511	$41,623
Indefinite-lived						
Trademarks	24,276	8,253	16,023	35,450	8,253	27,197
Total	$147,578	$97,398	$50,180	$158,584	$89,764	$68,820

The Company’s definite-lived intangible assets now consist solely of customer relationships. The Company reviews long-lived assets, including customer relationships, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset. There were no events or changes in circumstances that indicate the carrying amount of definite-lived intangible assets are not recoverable in Fiscal 2018. These assets were also determined to be fully recoverable in Fiscal 2017.

The Company's indefinite-lived intangible assets consist solely of the Company's trademark portfolio. Historically, the Company's annual assessment of the recoverability of trademarks was conducted in the third quarter of the fiscal year using data as of the end of the second quarter. Starting in Fiscal 2018, the Company changed the timing of our annual impairment review of trademarks to the last day of the fiscal year, using the most recent data available in the fourth quarter. The Company determined this accounting change was preferable as it incorporates a contemporary outlook of the Company's business units, which is developed as part of the fourth quarter planning process. We believe this change in accounting principle did not delay, accelerate, or avoid an impairment charge, and does not result in adjustments to the Company's financial statements when applied retrospectively. The Company will additionally review trademarks for impairment at interim periods whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We primarily use a relief from royalty income approach to determine the fair value of the trademarks. If the fair value for trademarks is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset.

During the second quarter of Fiscal 2018, the Company lowered its projections of revenue and profitability outlook for the foreseeable future. As a result, the Company conducted an interim assessment of both our long-lived assets, including definite-lived intangible assets, and indefinite lived intangible assets. While long-lived assets were determined to be recoverable as of July 1, 2017, the Company recorded an impairment loss of $1,426 to reduce the book value of trademarks to their determined fair value. This impairment charge is recorded in Asset impairment loss within the Company's Consolidated Statements of Operations. The fair value of trademarks was determined using an income approach that included level 3 inputs.

During the annual assessment performed as of the fourth quarter of Fiscal 2018, as a result of lower future forecasted income, the Company reduced the royalty rates utilized under the relief from royalty method to value these trademarks. As a result, the Company recorded an impairment loss of $9,748 to reduce the book value of trademarks to their determined fair value. This impairment charge is recorded in Asset impairment loss within the Company's Consolidated Statements of Operations. The fair value of trademarks was determined using an income approach that included level 3 inputs. The Company additionally conducted an assessment of long-lived assets as of the fourth quarter, and determined the carrying amount of those assets to be recoverable as of March 31, 2018.

Future events that could result in an interim assessment of the recoverability for both long-lived assets, including definite-lived assets, and indefinite-lived intangible assets include, but are not limited to: (i) significant underperformance relative to historical or projected future operating results, (ii) significant changes in the manner of or use of the assets or the strategy for the Company's overall business and (iii) significant negative industry or economic trends.

The following table summarizes the changes to the net carrying amounts by Intangible asset class:

	Trademarks	Non-compete agreements	Customer relationships	Total
March 31, 2016	$ 27,197	$ 84	$ 50,900	$78,181
Intangibles amortization	—	(84)	(9,255)	(9,339)
Foreign Currency Translation Adjustment	—	—	(37)	(37)
Prior period acquisitions	—	—	15	15
March 31, 2017	$ 27,197	$ —	$ 41,623	$68,820
Intangibles amortization	—	—	(7,494)	(7,494)
Foreign Currency Translation Adjustment	—	—	28	28
Intangible asset impairment loss	(11,174)	—	—	(11,174)
March 31, 2018	$ 16,023	$ —	$ 34,157	$50,180

The following table details the estimated intangibles amortization expense for the next five years.

Fiscal	
2019	$5,616
2020	5,119
2021	4,659
2022	3,058
2023	2,802
Thereafter	12,903
Total	$34,157

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Note 6: Indebtedness

The Company’s debt consists of the following:

	March 31, 2018	2017
Short-term debt		
Revolving credit agreement (1)	$110,000	$964
Term loan (1)	47,500	—
Other	332	—
Short-term debt	157,832	964
Long-term debt		
Revolving credit agreement (1)	—	$88,400
Other	477	382
Long-term debt	477	88,782
Total Debt	$158,309	$89,746

(1) Refer below for additional details regarding the Company's amended credit agreement which includes a revolving credit agreement and a term loan.

In addition, the Company finances certain vendor-specific inventory under an unsecured revolving arrangement through third parties which provide extended payment terms beyond those offered by the vendor at no incremental cost to the Company. The outstanding balance for these unsecured revolving arrangements was $1,814 as of March 31, 2018, $1,596 of which is classified as a current liability, and $3,387 as of March 31, 2017, $3,169 of which was classified as a current liability. These balances are recorded as Other liabilities within the Company's Consolidated Balance Sheets.

On May 9, 2016, the Company refinanced its then existing $200,000 credit facility in the form of a line of credit pursuant to a new credit agreement (the "Credit Agreement") with PNC Bank, National Association, as administrative agent, Bank of America, N.A., as syndication agent, and certain other lender parties (the "Banks"). The Credit Agreement expires on May 9, 2021. Borrowings under the Credit Agreement were permitted up to a maximum amount of $200,000, and included up to $15,000 of swing-line loans and $25,000 of letters of credit. Interest on outstanding indebtedness under the Credit Agreement accrued, at the Company’s option, at a rate based on either: (a) a Base Rate Option equal to the highest of (i) the federal funds open rate, plus fifty (50) basis points (0.5%), (ii) the bank’s prime rate, and (iii) the daily LIBOR rate, plus 100 basis points (1.0%), in each case plus 0% to 1.00% (determined by a leverage ratio based on the Company’s consolidated EBITDA) or (b) a rate per annum equal to the LIBOR rate plus 1.00% to 2.00% (determined by a leverage ratio based on the Company’s consolidated EBITDA). The Credit Agreement required the Company to maintain compliance with certain non-financial and financial covenants such as leverage and interest coverage ratios.

The Company’s obligations under the Credit Agreement were secured by substantially all of the assets of the Company’s material direct and indirect subsidiaries that are incorporated (or organized) under the laws of the District of Columbia or under the laws of any state or commonwealth of the United States and are guaranteed by such domestic subsidiaries.

On August 9, 2017, the Company and certain of the Banks entered into an Amendment and Joinder Agreement to amend and restate the Credit Agreement (as amended and restated, the “Amended Credit Agreement”) in order to avoid a default of its leverage covenant. Under the Amended Credit Agreement, the credit facility was reduced to $170,000 and comprised of a $50,000 term loan and $120,000 line of credit. As of August 9, 2017, $50,000 was borrowed under the term loan and $52,528 remained outstanding under the line of credit. The amortization of the term loan was $1,250 per quarter for four (4) quarters beginning in the quarter ending December 31, 2017 and $2,500 per quarter beginning in the quarter ending December 31, 2018 through the end of the Amended Credit Agreement on May 9, 2021, the same expiration date of the Credit Agreement. Mandatory prepayments of the term loan were required with the net proceeds from certain asset sales, insurance recoveries and debt or equity issuances, as well as from 75% to 50% of any excess cash flow generated in Fiscal 2019 and Fiscal 2020. Interest on the term loan was, at the Company's option: (i) a Base Rate Option equal to the highest of (x) the federal funds open rate, plus fifty (50) basis points (0.5%), (y) the bank's prime rate, and (z) the daily LIBOR rate, plus 100 basis points (1.0%), in each case plus 2.5% or (ii) LIBOR plus 3.5%. Interest on outstanding indebtedness under the line of credit accrued, at the Company's option, at a rate based on either: (a) the Base Rate Option plus 0.25% to 2.00% (determined by a leverage ratio based on the Company's consolidated EBITDA) or (b) a rate per annum equal to the LIBOR rate plus 1.25% to 3.00% (determined by a leverage ratio based on the Company's consolidated EBITDA).

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Under the Amended Credit Agreement, the leverage ratio covenant was suspended until the second quarter of Fiscal 2019. The Amended Credit Agreement contained a minimum Adjusted EBITDA covenant and a provision requiring the Company to repay revolving credit loans with any excess cash. During that same period, a covenant was established to limit capital expenditures to an agreed upon amount. The ability of the Company to make dividends or other distributions (including stock repurchases other than up to a limited dollar amount for tax payments from vested equity awards) has been eliminated.
The leverage ratio covenant that was to commence in the second quarter of Fiscal 2019 was to be 4.00 to 1.00 and was to reduce to 3.00 to 1.00 over the remaining life of the credit facility. A fixed charge coverage ratio of 1.00 to 1.00 was begin in the second quarter of Fiscal 2019 and increase to 1.10 to 1.00 in the fourth quarter of Fiscal 2019 and thereafter.

The Company’s obligations under the Amended Credit Agreement were secured by substantially all of the assets of the Company and the Company’s direct and indirect subsidiaries that are incorporated (or organized) under the laws of the District of Columbia or under the laws of any state or commonwealth of the United States (a “U.S. Entity”) and are guaranteed by such domestic subsidiaries. Under the Amended Credit Agreement, the Company and each U.S. Entity pledged 65% of the voting ownership interests and 100% of the non-voting ownership interests of its foreign subsidiaries.

Under the respective credit agreement, the maximum amount of debt outstanding, the weighted-average balance outstanding and the weighted-average interest rate for Fiscal 2018 was $171,237, $142,001 and 4.0%, respectively, compared to $150,075, $127,727 and 2.6%, respectively, for Fiscal 2017, and $183,050, $158,256 and 2.0%, respectively, for Fiscal 2016.

As of March 31, 2018, the Company had $9,825 outstanding in letters of credit and $0 in unused commitments, which are limited by a financial covenant under the Amended Credit Agreement.

Refer to the table below for the scheduled maturities or required payments of total debt for each of the five succeeding fiscal years
after March 31, 2018. However, based on the fact that the Company would have defaulted the minimum Adjusted EBITDA covenant and certain other covenants as defined by the Amended Credit Agreement had these defaults not been waived under the Second Amendment as well as the fact that, beyond December 2018, current conditions raise substantial doubt about our ability to repay our indebtedness under the Second Amended Credit Agreement upon maturity and our ability to meet the covenants as defined under the Second Amendment (see further below), the obligations under the Company's revolving credit agreement and term loan are classified as current liabilities in the Consolidated Balance Sheets as of March 31, 2018.

Fiscal	
2019	$7,832
2020	10,277
2021	10,147
2022	130,046
2023	7
Total	$158,309

On June 29, 2018, the Company and certain direct and indirect wholly-owned subsidiaries of the Company (collectively, the “Guarantors” and together with the Company, the “Loan Parties”) entered into a Second Amendment (the “Second Amendment”) with PNC Bank, National Association, as administrative agent (the “Agent”), and certain other lenders party thereto (together with the Agent, the “Lenders”) to amend the Credit Agreement entered into among the Loan Parties, the Agent and the Lenders on May 9, 2016 (as amended by the Amendment and Joinder Agreement, dated August 9, 2017, the “Amended Credit Agreement,” and as further amended by the Second Amendment, the

"Second Amended Credit Agreement" or the "Second Amendment").

The Second Amended Credit Agreement establishes a new "last in first out" senior revolving credit facility in an amount not to exceed $10,000 (the "LIFO Facility"). The borrowings under the LIFO Facility will be used to finance the Company's cash flow needs, subject to an approved budget and certain variance restrictions, including payments to vendors to allow the Company to operate in the ordinary course of its business. Interest on the LIFO Facility is LIBOR plus 10.0%. The Company entered into the Second Amendment to waive and modify certain covenants and other provisions contained in the Amended Credit Agreement and to fund its ongoing operations with the LIFO Facility. The Company would have defaulted the minimum Adjusted EBITDA covenant and certain other covenants as defined by the Amended Credit Agreement had these defaults not been waived under the Second Amendment.

The Company continues to engage Raymond James & Associates ("Raymond James") as its financial advisor to assist the Company in exploring strategic alternatives. As part of the Company's review of its alternatives, the Company has agreed under the Second Amended Credit Agreement to pursue the sale (the "Sale Transaction") of its federal government IT services business (the "Federal

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Business"). The Federal Business is part of the Services business segment. Under the Second Amendment, the Company must meet certain milestone dates leading to the consummation of the Sale Transaction, including the delivery of an executed purchase agreement in respect of the Sale Transaction on or before July 31, 2018, and the consummation of the Sale Transaction on or before August 31, 2018 (the "Sale Milestones"). The Agent, in its sole discretion, may extend the Sale Milestone dates. All net cash proceeds of the Sale Transaction will be used to pay down loans outstanding under the LIFO Facility, and after, repayment of such loans, the Company's other indebtedness under the Second Amended Credit Agreement.

The Second Amended Credit Agreement, among other things, (i) waived certain potential defaults and events of default under the Amended Credit Agreement; (ii) deferred principal and interest payments on the Company's existing term loans and revolving loans, except the LIFO Facility, until December 15, 2018; provided that the aggregate amount of deferred principal and interest payments through the closing of the Sale Transaction will be due upon such closing; and (iii) modified the interest rates applicable to such outstanding loans so that interest accrues at a rate equal to: (a) for the term loan, the highest of (1) the federal funds open rate plus 0.5%, (2) the Agent's prime rate or (3) LIBOR plus 1.0% (the "Base Rate"), in each case plus 2.5%, and (b) for the revolving loans, the Base Rate plus an amount between 0.25% and 2.0% (as determined by a leverage ratio based on the Company's consolidated EBITDA).

The Second Amended Credit Agreement also revised the Company's covenants under the Amended Credit Agreement to, among other things, (i) suspend the leverage ratio and fixed charge coverage ratio covenants until December 15, 2018; (ii) modify the minimum consolidated EBITDA covenant to require that the Company's minimum consolidated EBITDA for the three fiscal month period ending on the close of each fiscal month equal or exceed (i) ($3,000) for the fiscal months ending June 30, 2018, July 31, 2018 and August 31, 2018, and (ii) ($3,500 for the fiscal months ending September 30, 2018 and thereafter; (iii) reduce the sub-limit for the issuance of letters of credit to $10,000; (iv) require periodic delivery of updated budgets and budget variance reports to the Agent and compliance with certain disbursement and net cash flow variance thresholds; (v) restrict the incurrence of expenses related to implementation of the ERP system; (vii) require that the net cash proceeds from certain asset sales and certain excess cash be used to prepay the Company's obligations under the Amended Credit Agreement; and (viii) require the repatriation to the Loan Parties of cash on hand above a certain amount maintained by certain excluded foreign subsidiaries of the Loan Parties and restrict the transfer of assets by the Loan Parties (other than inventory in the course of ordinary business) to such excluded foreign subsidiaries unless accounted for in the budget.

The Company's obligations under the Second Amended Credit Agreement continue to be secured by substantially all of the personal property assets of the Company and all of the Company's direct and indirect owned subsidiaries that are incorporated (or organized) under the laws of the District of Columbia or under the laws of any state or commonwealth of the United States (other than BBOX Holdings Mexico LLC). In addition, under the Second Amendment, the Company's obligations are required to be secured by additional collateral, including (i) a first-priority pledge of all of the capital stock of each existing and subsequently acquired or organized subsidiary of the Loan Parties not pledged under the Credit Agreement, with certain exceptions; and (ii) mortgages over certain material real property of the Loan Parties located in the U.S. The Company is also required to cause the execution of deposit account control agreements with respect to certain U.S. bank accounts of the Loan Parties and to deliver to the Agent executed assignment agreements and forms of notice of assignment with respect to certain federal government contracts. Such notices may be sent upon an event of default or potential default.

Effectiveness of the Second Amendment was subject to certain conditions precedent, each of which were satisfied on June 29, 2018. The outstanding balance of the LIFO Facility and all accrued and unpaid interest, fees and expenses are due and payable on December 15, 2018 or the earlier proper termination of the LIFO Facility by the Agent following an event of default.

Note 7: Derivative Instruments and Hedging Activities

The Company is exposed to certain market risks, including the effect of changes in foreign currency exchange rates and interest rates. The Company uses derivative instruments to manage financial exposures that occur in the normal course of business. It does not hold or issue derivatives for speculative trading purposes. The Company is exposed to non-performance risk from the counterparties in its derivative instruments. This risk would be limited to any unrealized gains on current positions. To help mitigate this risk, the Company transacts only with counterparties that are rated as investment grade or higher and all counterparties are monitored on a continuous basis. The fair value of the Company’s derivatives reflects this credit risk.

The Company enters into foreign currency contracts to hedge exposure to variability in expected fluctuations in foreign currencies. As of March 31, 2018, the Company had open contracts in Australian and Canadian dollars, Danish krone, Euros, Mexican pesos, Norwegian kroner, British pounds sterling, Swedish krona, Swiss francs and Japanese yen which have been designated as cash flow hedges. These contracts had a notional amount of $37,317 and will expire within five months. There was no hedge ineffectiveness during Fiscal 2018, Fiscal 2017 or Fiscal 2016. See Note 2 for additional information.

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The following tables summarize the carrying amounts of derivative assets/liabilities and the impact on the Company's Consolidated Statements of Operations:

	Classification	Asset Derivatives March 31, 2018	2017	Liability Derivatives 2018	2017
Derivatives designated as hedging instruments					
Foreign currency contracts	Other liabilities (current)			$ 225	$ 573
Foreign currency contracts	Other assets (current)	$ 45	$ 87		

	Classification	Fiscal 2018	2017	2016
Derivatives designated as hedging instruments				
Gain (loss) recognized in other comprehensive income (effective portion), net of taxes	Other comprehensive income	$(1,404)	$(892)	$(580)
Amounts reclassified from AOCI into results of operations (effective portion), net of taxes	Selling, general & administrative expenses	1,804	799	528
Derivatives not designated as hedging instruments				
Gain (loss) recognized in results of operations	Interest expense (income), net	—	—	399

Note 8: Fair Value Disclosures

Recurring fair value measurements

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2018, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Defined benefit pension plan assets	$26,707	$11,308	$ —	$38,015
Foreign currency contracts	—	45	—	45
Total Assets at Fair Value	$26,707	$11,353	$ —	$38,060
Liabilities at Fair Value				
Foreign currency contracts	$—	$225	$ —	$225

Non-recurring fair value measurements

The Company's assets and liabilities that are measured at fair value on a non-recurring basis include non-financial assets and liabilities initially measured at fair value in a business combination.

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Note 9: Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act was enacted, which among numerous provisions reduced the federal statutory corporate tax rate from 35% to 21%. Based on the provisions of the Tax Reform, the Company re-measured its deferred tax assets and liabilities and adjusted its annual effective income tax rate to incorporate the lower federal corporate tax rate into the tax provision for the year ended March 31, 2018.

During the year ended March 31, 2018, the Company applied the newly enacted corporate federal income tax rate, resulting in a reduction of $1,831 of the income tax benefit, which is reflected in the Company's consolidated statements of income. The revaluation of deferred tax assets and liabilities at the lower enacted corporate tax rate resulted in a tax expense of $14,232. The change represents a discrete item for purposes of income tax accounting. Pursuant to SEC Staff Accounting Bulletin 118 (regarding the application of ASC 740 associated with the enactment of the Tax Reform), the Company continues to evaluate the impact of various domestic and international provisions of the Tax Reform as well as the impact of additional guidance that may be provided. The final impact of the Tax Reform may differ due to changes in interpretations, assumptions made by the Company, and the issuance of additional guidance.

Because of the complexity of the new Global Intangible Low-Taxed Income (GILTI) tax rules, the Company continues to evaluate this provision of the Tax Reform Act and the application of ASC 740, Income Taxes. Under U.S. GAAP, the Company is allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method") or (2) factoring such amounts into the Company's measurement of its deferred taxes (the "deferred method"). The Company's selection of an accounting policy with respect to the new GILTI tax rules will depend, in part, on analyzing its global income to determine whether it expects to have future U.S. inclusions in taxable income related to GILTI and, if so, what the impact is expected to be. Whether the Company expects to have future U.S. inclusions in taxable income related to GILTI depends on the Company's current structure and estimated future results of global operations. The Company's currently in the process of analyzing this and, as a result, is not yet able to reasonably estimate the effect of this provision of the Tax Reform Act. Therefore, the Company has not made any adjustments related to potential GILTI tax in its financial statements and has not made a policy decision regarding whether to record deferred tax on GILTI.

The domestic and foreign components of Income (loss) before provision (benefit) for income taxes are as follows:

	Fiscal		
	2018	2017	2016
Domestic	$(46,093)	$(8,212)	$(184,598)
Foreign	(6,226)	2,918	(8,486)
Consolidated	$(52,319)	$(5,294)	$(193,084)

The provision (benefit) for income taxes consists of the following:

	Fiscal		
	2018	2017	2016
Current			
Federal	$(3,028)	$(10)	$1,037
State	503	(1,200)	1,058
Foreign	1,698	1,600	2,067
Total current	(827)	390	4,162
Deferred			
Federal	44,779	210	(23,012)
State	6,013	1,258	(3,785)

Foreign	(2,189)	(101)	653
Total deferred	48,603	1,367	(26,144)
Total provision (benefit) for income taxes	$47,776	$1,757	$(21,982)

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Reconciliations between income taxes computed using the federal statutory income tax rate and the Company’s effective tax rate are as follows:

	Fiscal					
	2018		2017		2016	
	$	%	$	%	$	%
Federal statutory tax rate	$(16,480)	31.5 %	$(1,853)	35.0 %	$(67,580)	35.0 %
Foreign taxes, net of foreign tax credits	870	(1.7)	143	(2.7)	419	(0.2)
Non-deductible expenses	86	(0.2)	317	(6.0)	588	(0.3)
State income taxes, net of federal benefit	(1,359)	2.6	(336)	6.3	(2,242)	1.2
Tax reform	15,220	(29.1)	—	—	—	—
Valuation allowance	45,115	(86.2)	498	(9.4)	1,317	(0.7)
Permanent book/tax differences	—	—	—	—	45,732	(23.7)
Equity awards	2,184	(4.2)	2,800	(52.9)	1,814	(0.9)
Other, net	2,140	(4.0)	188	(3.5)	(2,030)	1.0
Effective tax rate	$47,776	(91.3)%	$1,757	(33.2)%	$(21,982)	11.4 %

The negative effective tax rate of 91.3% for Fiscal 2018 was primarily due to U.S. tax reform and valuation allowances booked against foreign tax credits, U.S. federal and state net operating loss carry-forwards, certain foreign net operating loss carry-forwards, and other U.S. deferred tax assets. The negative effective tax rate of 33.2% for Fiscal 2017 was primarily due to the reduction of deferred tax assets associated with equity awards and the mix of income across various taxing jurisdictions. The effective tax rate of 11.4% for Fiscal 2016 was primarily due to a tax benefit from an international legal entity restructuring which was partially offset by the write-off of certain deferred tax assets related to equity awards.

The components of current and long-term deferred tax liabilities and assets are as follows:

	March 31,	
	2018	2017
Deferred Tax Liabilities		
Goodwill and intangibles	$—	$854
Other	123	857
Gross deferred tax liabilities	123	1,711
Deferred Tax Assets		
Net operating losses	37,273	37,611
Basis of finished goods inventory	2,151	5,264
Goodwill and intangibles	1,141	—
Foreign tax credit carry-forwards	8,292	3,805
Accrued employee costs	6,232	10,904
Stock-based compensation	1,957	2,999
Gross deferred tax assets	57,046	60,583
Valuation allowance	(50,449)	(5,333)
Net deferred tax assets	6,597	55,250
Net deferred tax assets/(liabilities)	$6,474	$53,539

At March 31, 2018, the Company had $85,920, $218,320 and $33,143 of federal, state and foreign gross net operating loss carryforwards, respectively. As a result of the past acquisitions, Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), limits the amount of net operating losses available to the Company related to those acquisitions to approximately $2,876 per year and expire pro-ratably through Fiscal 2031. Current federal losses expire in Fiscal 2038. The state gross net operating loss carry-forwards expire at various times through Fiscal 2038 and the foreign gross net operating loss carry-forwards expire at various times through Fiscal 2028, with the exception of several foreign jurisdictions, which have no expirations.

A valuation allowance is provided on deferred tax assets if determined that it is more likely than not that the asset will not be realized. The Company considers all available evidence, both positive and negative, in assessing the need for a valuation allowance

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in each taxing jurisdiction. The evidence considered in evaluating deferred tax assets includes but is not limited to cumulative financial income over the three-year period ended March 31, 2018, excluding significant one-time charges for impairment (goodwill and other), the composition and reversal patterns of existing taxable and deductible temporary differences between financial reporting and tax, and subjective projected future income.

Based on the available evidence, a valuation allowance has been recorded against U.S. Federal and state deferred tax assets and deferred tax assets for net operating losses in certain foreign taxing jurisdictions, totaling $50,449 in the aggregate. Future positive and negative events, such as the significant underperformance relative to projected or future operating results, will be monitored accordingly and a determination will be made on the ability to realize deferred tax assets at that time.

In general, except for certain earnings associated with inter-company loan balances, it is the Company's intention to reinvest all undistributed earnings of non-U.S. subsidiaries for an indefinite period of time. Therefore, except for the exceptions noted above, no deferred U.S. income taxes have been provided on undistributed earnings of non-U.S. subsidiaries, which aggregate to a deficit of approximately $6,307 based on exchange rates at March 31, 2018.

A reconciliation of the change in the tax liability for unrecognized tax benefits is as follows:

	Fiscal		
	2018	2017	2016
Balance at beginning of year	$2,006	$2,016	$4,083
Additions for tax positions related to the current year	12	78	85
Additions for tax positions related to prior years	337	60	—
Reductions for tax positions related to prior years	—	(148)	(2,152)
Balance at end of year	$2,355	$2,006	$2,016

Unrecognized tax benefits are classified as either current or non-current under Other liabilities within the Company's Consolidated Balance Sheets. Of the $2,355 noted above, the Company expects that $0 will reverse in the next twelve months. As of March 31, 2018, 2017 and 2016, the Company recorded $0, $494 and $435, respectively, of interest and penalties related to uncertain tax positions in current liabilities within Income taxes, all of which impacted the Company's effective tax rate.

Fiscal 2013 through Fiscal 2017 remain open to examination by the Internal Revenue Service ("IRS") and Fiscal 2011 through Fiscal 2017 remain open to examination by certain state and foreign taxing jurisdictions.

Note 10: Stockholder's Equity

Dividends

The Company made discretionary investments in the form of dividends to its shareholders of $3,611 in Fiscal 2018 compared to $7,109 and $6,617 for Fiscal 2017 and Fiscal 2016, respectively. Under the Amended Credit Agreement, the Company was no longer permitted to pay dividends. The Second Amendment maintains that restriction. This restriction is in effect until May 9, 2021, the termination date of the Second Amended Credit Agreement. See Note 6 for additional information regarding our Second Amended Credit Agreement.

Common Stock Repurchases

The following table presents information about the Company's common stock repurchases:

	Fiscal	
	2018	2017
Common stock purchased	45,766	241,792
Aggregate purchase price	$397	$2,475
Average purchase price	$8.68	$10.24

During Fiscal 2018, the Company made tax payments of $397 and withheld 45,766 shares of common stock, which were designated as treasury shares, at an average price per share of $8.68, in order to satisfy employee income taxes due as a result of the vesting of certain restricted stock units. During Fiscal 2017, the Company made tax payments of $515 and withheld 43,874 shares of common stock, which were designated as treasury shares, at an average price per share of $11.75, in order to satisfy employee income taxes due as a result of the vesting of certain restricted stock units.

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Since the inception of the repurchase programs beginning in April 1999 through March 31, 2018, the Company has repurchased 11,392,851 shares of common stock for an aggregate purchase price of $408,621, or an average purchase price per share of $35.87. These shares do not include the treasury shares withheld for tax payments resulting from the vesting of certain restricted stock units and performance shares. As of March 31, 2018, 1,107,149 shares were available under the most recent repurchase programs.

Under the Second Amended Credit Agreement, the Company is no longer permitted to repurchase common stock through its repurchase program but is allowed to repurchase a limited amount of shares for tax payments related to the vesting of certain restricted stock units and performance shares, as applicable. This restriction is in effect until May 9, 2021, the termination date of the Second Amended Credit Agreement. See Note 6 for additional information regarding our Second Amended Credit Agreement.

Note 11: Leases

The Company leases offices, facilities, equipment and vehicles throughout the world. While most of the leases are operating leases that expire over the next three years, certain vehicles and equipment are leased under capital leases that also expire over the next three years. As leases expire, it can be expected that, in the normal course of business, certain leases will be renewed or replaced.

Certain lease agreements include renewal options and escalating rents over the lease terms. Generally, the Company expenses rent on a straight-line basis over the life of the lease which commences on the date the Company has the right to control the property. The cumulative expense recognized on a straight-line basis in excess of the cumulative payments is included in Accrued expenses and Other liabilities within the Company’s Consolidated Balance Sheets. Rent expense was $14,071, $15,377 and $15,871 for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

Note 12: Incentive Compensation Plans and Retirement Plans

Performance Bonus

The Company has variable compensation plans covering certain team members. These plans provide a bonus contingent on the attainment of certain annual or quarterly performance targets. The Company recorded expense of $494, $5,677 and $4,452 under its variable compensation plans for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

Profit Sharing and Savings Plans ("the savings plans")

The Company has multiple profit sharing and savings plans which qualify as deferred salary arrangements under Section 401(k) of the Code. Participants may elect to contribute a portion of their eligible compensation, subject to limits imposed by the savings plans, which are partially matched by the Company. The Company recorded expense of $1,664, $3,344 and $2,852 for these plans during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

Pension Plans

The Company has multiple defined benefit pension plans for which a majority of benefits have been "frozen" (i.e., no new employees will be admitted and those employees currently in the plan will not earn additional benefits based on service) and a multi-employer plan.

The Company made contributions of $2,219, $0, and $0 during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively, to its largest defined benefit pension plan. The Company's largest defined benefit pension plan had assets of $38,015, $33,928 and $32,385, a projected benefit obligation of $49,999, $47,763 and $51,006 and a resulting unfunded liability of $11,984, $13,835 and $18,621 for the periods ended March 31, 2018, 2017 and 2016, respectively. There were no significant changes in the actuarial assumptions during Fiscal 2018. See Note 2 and Note 7 for additional reference.

Stock-based compensation plans

On August 12, 2008 (the "Effective Date"), the Company’s stockholders approved the 2008 Long-Term Incentive Plan (the "Incentive Plan") which is designed to advance the Company’s interests and the interests of the Company’s stockholders by providing incentives to certain employees, directors, consultants, independent contractors and persons to whom an offer of employment has been extended by the Company (hereinafter referred to as "Eligible Persons"). The Incentive Plan replaced the 1992 Stock Option Plan, as amended (the "Employee Plan"), and the 1992 Director Stock Option Plan, as amended (the "Director Plan"), on the Effective Date. Stock option grants under the Employee Plan and the Director Plan, prior to the Effective Date, remain outstanding and will continue to be administered in accordance with the terms of their respective plans and plan agreements.

Awards (as defined below) under the Incentive Plan may include, but need not be limited to, one or more of the following types, either alone or in any combination thereof: (i) stock options, (ii) stock appreciation rights, (iii) restricted stock, (iv) restricted stock units, (v) performance grants, (vi) other share-based awards and (vii) any other type of award deemed by the Compensation

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Committee (the "Compensation Committee") of the Board or any successor thereto, or such other committee of the Board as is appointed by the Board to administer the Incentive Plan, in its sole discretion, to be consistent with the purposes of the Incentive Plan (hereinafter referred to as "Awards").
The maximum aggregate number of shares of common stock available for issuance under Awards granted under the Incentive Plan, as amended, is 2,530,000 plus the number of shares that were available for the grant of stock options under the Employee Plan and the Director Plan on the Effective Date, plus the number of shares subject to stock options outstanding under the Employee Plan and the Director Plan on the Effective Date that are forfeited or cancelled prior to exercise. The following table details the shares of common stock available for grant under the Incentive Plan as of March 31, 2018.

	Shares
Shares authorized under the incentive plan on August 12, 2008	900,000
Shares authorized under the incentive plan on August 6, 2013 [1]	1,000,000
Number of shares that were available for the grant of stock options under the Employee Plan and the Director Plan on August 12, 2008, the Effective Date	888,087
Shares authorized under the incentive plan on August 8, 2018 [2]	630,000
Number of shares subject to stock options outstanding under the Employee Plan and the Director Plan on August 12, 2008, the Effective Date, that were forfeited or cancelled, prior to exercise, through March 31, 2018	3,083,911
Shares authorized for grant under the Incentive Plan as of March 31, 2018	6,501,998
Shares available for grant under the Incentive Plan as of March 31, 2018 [3]	1,717,799

[1] On August 6, 2013, the Company's Stockholders approved amendments to the Incentive Plan, including an increase to the number of shares available for grant under the Incentive Plan by 1,000,000.
[2] On August 8, 2018, the Company's Stockholders approved amendments to the Incentive Plan, including an increase to the number of shares available for grant under the Incentive Plan by 630,000.
[3] The aggregate number of shares available for issuance is reduced by 1.87 shares for each issuance of a full value award (e.g., restricted stock units and performance share awards). The shares available for grant assume a 100% payout on outstanding performance share awards. Actual payout could range from 0% - 150% or 200% depending on performance goal.
The Company recognized stock-based compensation expense of $3,511, $4,610 and $5,065 during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. The Company recognized total income tax benefit for stock-based compensation arrangements of $1,306, $1,715 and $1,933 during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. Stock-based compensation expense is recorded in Selling, general & administrative expenses within the Company’s Consolidated Statements of Operations.

Stock options
Stock option awards are granted with an exercise price equal to the closing market price of the common stock on the date of grant; such stock options generally become exercisable in equal amounts over a three-year period and have a contractual life of ten years from the grant date. The fair value of stock options is estimated on the grant date using the Black-Scholes option pricing model which includes the following weighted-average assumptions:

	Fiscal		
	2018	2017	2016
Expected life (in years)	6.1	6.8	7.5
Risk-free interest rate	2.1 %	1.6 %	2.0 %
Annual forfeiture rate	2.8 %	1.8 %	1.5 %
Expected volatility	45.6 %	41.7 %	43.9 %
Dividend yield	3.7 %	3.1 %	1.8 %

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The following table summarizes the Company's stock option activity:

	Shares (in 000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Intrinsic Value (000's)
March 31, 2017	1,080	$ 21.84		
Granted	634	7.91		
Exercised	—	—		
Forfeited or cancelled	(604)	11.89		
March 31, 2018	1,110	$ 19.30	4.6	$ —
Exercisable	709	$ 25.13	2.1	$ —

The weighted-average grant-date fair value of options granted during Fiscal 2018, Fiscal 2017 and Fiscal 2016 was $2.48, $3.74 and $7.79, respectively. The intrinsic value of options exercised during Fiscal 2018, Fiscal 2017 and Fiscal 2016 was $0, $0 and $0, respectively. The aggregate intrinsic value in the preceding table is based on the closing stock price of the common stock on March 31, 2018 of $2.00.

The following table summarizes certain information regarding the Company's non-vested stock options:

	Shares (in 000's)	Weighted-Average Grant-Date Fair Value
March 31, 2017	419	$ 4.45
Granted	634	2.48
Vested	(159)	4.99
Forfeited	(492)	3.00
March 31, 2018	402	$ 2.89

As of March 31, 2018, there was $683 of total unrecognized pre-tax stock-based compensation expense related to non-vested stock options which is expected to be recognized over a weighted-average period of 1.9 years.

Restricted stock units

Restricted stock unit awards are subject to a service condition and typically vest in equal amounts over a three-year period from the grant date. The fair value of restricted stock units is determined based on the number of restricted stock units granted and the closing market price of the common stock on the date of grant.

The following table summarizes the Company's restricted stock unit activity:

	Shares (in 000's)	Weighted-Average Grant-Date Fair Value
March 31, 2017	340	$ 14.24
Granted	430	7.92
Vested	(227)	12.37
Forfeited	(182)	10.65
March 31, 2018	361	$ 9.70

The total fair value of shares that vested during Fiscal 2018, Fiscal 2017 and Fiscal 2016 was $454, $2,163 and $3,167, respectively.

As of March 31, 2018, there was $1,813 of total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock units which is expected to be recognized over a weighted-average period of 1.8 years.

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Performance share awards

Performance share awards are subject to one of the performance goals - the Company's Relative TSR Ranking or cumulative Adjusted EBITDA - over a three-year period. The Company's Relative TSR Ranking metric is based on the three-year cumulative return to shareholders from the change in stock price and dividends paid between the starting and ending dates. The fair value of performance share awards (subject to cumulative Adjusted EBITDA) is determined based on the number of performance shares granted and the closing market price of the common stock on the date of grant. The fair value of performance share awards (subject to the Company's Relative TSR Ranking) is estimated on the grant date using the Monte-Carlo simulation valuation method which includes the following weighted-average assumptions:

	Fiscal		
	2018	2017	2016
Risk-free interest rate	1.4 %	0.9 %	0.9 %
Expected volatility	46.7 %	45.1 %	39.9 %
Dividend yield	3.9 %	3.4 %	2.0 %

The following table summarizes the Company's performance share award activity:

	Shares (in 000's)	Weighted-Average Grant-Date Fair Value
March 31, 2017	319	$ 15.93
Granted	309	8.26
Vested	(68)	23.05
Forfeited	(233)	10.41
March 31, 2018	327	$ 11.14

The total fair value of shares that vested during Fiscal 2018, Fiscal 2017 and Fiscal 2016 was $0, $0 and $0, respectively, as there were no payouts on the awards that vested based on the Company's performance with respect to the metrics established under our incentive programs.

As of March 31, 2018, there was $640 of total unrecognized pre-tax stock-based compensation expense related to non-vested performance share awards which is expected to be recognized over a weighted-average period of 1.8 years.

Note 13: Earnings (loss) Per Share

The following table details the computation of basic and diluted earnings (loss) per common share from continuing operations for the periods presented (share numbers in thousands):

	Fiscal		
	2018	2017	2016
Net income (loss)	$(100,095)	$(7,051)	$(171,102)
Weighted-average common shares outstanding (basic)	15,075	15,077	15,303
Effect of dilutive securities from equity awards	—	—	—
Weighted-average common shares outstanding (diluted)	15,075	15,077	15,303
Basic earnings (loss) per common share	$(6.64)	$(0.47)	$(11.18)
Dilutive earnings (loss) per common share	$(6.64)	$(0.47)	$(11.18)

The Weighted-average common shares outstanding (diluted) computation is not impacted during any period where the exercise price of a stock option is greater than the average market price. There were 1,577,281, 1,274,965 and 1,526,992 non-dilutive equity awards outstanding during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively, which are not included in the corresponding period Weighted-average common shares outstanding (diluted) computation.

Note 14: Segment Reporting

The Company conducts business globally and is managed on a geographic-service type basis consisting of four operating segments which are (i) North America Products, (ii) North America Services, (iii) International Products and (iv) International Services. These operating segments are also the Company's reporting units for purposes of testing goodwill for impairment and its reporting segments for financial reporting purposes. Revenues within our North America segments are primarily attributed to the United States while revenues within our International segments are attributed to countries in Europe, the Pacific Rim and Latin America.

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The accounting policies of the operating segments are the same as those of the Company. The Company allocates resources to its operating segments and evaluates the performance of the operating segments based upon operating income.
The financial results for the Company's reporting segments are as follows:

	North America Products	North America Services	International Products	International Services	Total
FY18					
Revenues	$68,597	$601,078	$ 68,787	$ 36,175	$774,637
Gross profit	30,472	149,319	27,304	7,657	214,752
Operating income (loss)	(962)	(36,037)	(7,209)	(1,077)	(45,285)
Depreciation	1,773	6,645	660	382	9,460
Intangibles amortization	—	7,051	443	—	7,494
Restructuring expense	881	3,864	278	547	5,570
Asset impairment loss	198	10,976	—	—	11,174
Capital expenditures	572	2,715	780	383	4,450
Assets	46,929	271,835	41,258	16,313	376,335
FY17					
Revenues	$73,728	$672,036	$ 81,214	$ 28,753	$855,731
Gross profit	31,193	173,128	32,460	6,179	242,960
Operating income (loss)	2,176	(3,904)	(927)	1,336	(1,319)
Depreciation	1,690	6,696	746	250	9,382
Intangibles amortization	—	8,885	454	—	9,339
Restructuring expense	829	2,881	925	18	4,653
Asset impairment loss	—	536	—	—	536
Capital expenditures	1,398	3,864	1,202	703	7,167
Assets	43,003	333,052	35,967	15,095	427,117
FY16					
Revenues	$84,654	$715,839	$ 81,882	$ 30,280	$912,655
Gross profit	35,643	194,401	33,350	6,943	270,337
Operating income (loss)	(34,654)	(143,967)	(3,781)	(5,423)	(187,825)
Depreciation	1,458	6,241	686	177	8,562
Intangibles amortization	—	10,273	38	—	10,311
Restructuring expense	932	5,058	2,959	247	9,196
Asset impairment loss	36,901	142,771	5,348	7,166	192,186
Capital expenditures	5,188	3,976	988	325	10,477
Assets	56,412	358,996	42,045	18,341	475,794

The Company generated revenues of $111,229, $107,440 and $90,584 with the United States Federal Government during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively, all of which is included within the Company's North America Services reportable segment.

Note 15: Quarterly Data (Unaudited)

The following tables represent summary Quarterly (Unaudited) Consolidated Statements of Operations for Fiscal 2018 and Fiscal 2017. Earnings (loss) per common share may not compute due to the use of different quarterly/annual basic and diluted shares.

Fiscal 2018

Unaudited	1Q	2Q	3Q	4Q	FY
Revenues					
Products	$32,888	$37,248	$34,393	$32,855	$137,384
Services	158,756	156,916	160,480	161,101	637,253
Total	191,644	194,164	194,873	193,956	774,637
Cost of sales					
Products	19,027	21,166	21,091	18,324	79,608
Services	120,014	116,505	121,103	122,655	480,277
Total	139,041	137,671	142,194	140,979	559,885
Gross profit	52,603	56,493	52,679	52,977	214,752
Selling, general & administrative expenses	63,270	60,330	58,963	58,806	241,369
Asset impairment loss	—	1,426	—	9,748	11,174
Intangibles amortization	2,230	2,109	1,604	1,551	7,494
Operating income (loss)	(12,897)	(7,372)	(7,888)	(17,128)	(45,285)
Interest expense, net	1,218	1,801	1,737	2,099	6,855
Other expenses (income), net	130	(207)	169	87	179
Income (loss) before provision for income taxes	(14,245)	(8,966)	(9,794)	(19,314)	(52,319)
Provision (benefit) for income taxes	(4,498)	2,434	18,144	31,696	47,776
Net income (loss)	$(9,747)	$(11,400)	$(27,938)	$(51,010)	$(100,095)
Earnings (loss) per common share					
Basic	$(0.65)	$(0.75)	$(1.85)	$(3.37)	$(6.64)
Diluted	$(0.65)	$(0.75)	$(1.85)	$(3.37)	$(6.64)

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	Fiscal 2017				
Unaudited	1Q	2Q	3Q	4Q	FY
Revenues					
Products	$39,881	$42,263	$36,109	$36,689	$154,942
Services	178,599	176,486	174,261	171,443	700,789
Total	218,480	218,749	210,370	208,132	855,731
Cost of sales					
Products	22,933	27,213	20,133	21,010	91,289
Services	127,894	137,092	127,794	128,702	521,482
Total	150,827	164,305	147,927	149,712	612,771
Gross profit	67,653	54,444	62,443	58,420	242,960
Selling, general & administrative expenses	62,482	58,142	57,384	56,396	234,404
Asset impairment loss	—	536	—	—	536
Intangibles amortization	2,451	2,304	2,298	2,286	9,339
Operating income (loss)	2,720	(6,538)	2,761	(262)	(1,319)
Interest expense, net	1,207	1,050	1,055	1,043	4,355
Other expenses (income), net	(343)	41	63	(141)	(380)
Income (loss) before provision for income taxes	1,856	(7,629)	1,643	(1,164)	(5,294)
Provision (benefit) for income taxes	2,332	(1,524)	324	625	1,757
Net income (loss)	$(476)	$(6,105)	$1,319	$(1,789)	$(7,051)
Earnings (loss) per common share					
Basic	$(0.03)	$(0.40)	$0.09	$(0.12)	$(0.47)
Diluted	$(0.03)	$(0.40)	$0.09	$(0.12)	$(0.47)

Note 16: Commitments and Contingencies

The Company is involved in, or has pending, various legal proceedings, claims, suits and complaints arising out of the normal course of business. Based on the facts currently available to the Company, Management believes these matters are adequately provided for, covered by insurance, without merit or not probable that an unfavorable material outcome will result.

Product Warranties

Estimated future warranty costs related to certain products are charged to expense during the period the related revenue is recognized. The product warranty liability reflects the Company's best estimate of probable obligations under those warranties. As of March 31, 2018 and 2017, the Company has recorded a warranty reserve of $799 and $978, respectively.

There has been no other significant or unusual activity during Fiscal 2018.

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Note 17: Restructuring

The Company has incurred and continues to incur costs related to facility consolidations, such as idle facility rent obligations and the write-off of leasehold improvements, and employee severance (collectively referred to as "restructuring expense") in a continued effort to consolidate back office functions and to make its organization more efficient. These restructuring activities are compartmentalized and are not part of an overall plan and therefore the Company cannot estimate the total amount to be incurred in connection with the activity. Employee severance is generally payable within the next twelve months with certain facility costs extending through March 31, 2019.
The following table summarizes the changes to the restructuring liability for the periods presented.

	Employee Severance	Facility Closures	Total
Balance at March 31, 2016	$ 7,050	$ 234	$7,284
Restructuring expense	4,220	433	4,653
Cash expenditures	(6,420)	(381)	(6,801)
Balance at March 31, 2017	$ 4,850	$ 286	$5,136
Restructuring expense	5,220	350	5,570
Cash expenditures	(7,418)	(532)	(7,950)
Balance at March 31, 2018	$ 2,652	$ 104	$2,756

Of the $2,756 above, $2,743 is classified as a current liability under Other liabilities on the Company's Consolidated Balance Sheets for the period ended March 31, 2018.

The following table summarizes restructuring expense, which is recorded in Selling, general & administrative expenses in the Company's Consolidated Statements of Operations, during Fiscal 2018 for the Company's reporting segments:

	North America Products	North America Services	International Products	International Services	Total
Employee Severance	$ 881	$ 3,527	$ 265	$ 547	$5,220
Facility Closures	—	337	13	—	350
Total	$ 881	$ 3,864	$ 278	$ 547	$5,570

Company management is continuing to assess ways to align costs with revenue to improve profitability.

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Note 18: Subsequent Event

On June 29, 2018, the Company and certain direct and indirect wholly-owned subsidiaries of the Company (collectively, the “Guarantors” and together with the Company, the “Loan Parties”) entered into a Second Amendment with PNC Bank, National Association, as administrative agent (the “Agent”), and certain other lenders party thereto (together with the Agent, the “Lenders”) to amend the Amended Credit Agreement entered into among the Loan Parties, the Agent and the Lenders on May 9, 2016 (as amended by the Second Amendment, the “Second Amended Credit Agreement” or the “Second Amendment”). See Note 6 for additional information regarding our Second Amended Credit Agreement.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

Management, including the Company’s Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining adequate disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) for the Company. Management assessed the effectiveness of the Company’s disclosure controls and procedures as of March 31, 2018. Based upon this assessment, Management has concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2018 to provide reasonable assurance that information required to be disclosed by the Company in the reports filed or submitted by it under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by the Company in such reports is accumulated and communicated to Management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Management, including the Company’s CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company. Management assessed the effectiveness of the Company’s internal control over financial reporting as of March 31, 2018 based on the framework described in “Internal Control – Integrated Framework (2013),” issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. Based on this assessment, Management has concluded that the Company’s internal control over financial reporting was effective, as of March 31, 2018, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Management of the Company reviewed the results of its assessment with the Audit Committee of the Board.

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we engaged, our independent registered public accounting firm to perform an audit of our internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only Management's report on this Annual Report. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

Limitations on the Effectiveness of Controls

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, the Company’s internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Item 9B. Other Information.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Certain of the information required by this item is incorporated herein by reference to the information set forth under Part I of this Annual Report under the captions "Executive Officers of the Registrant" and "Directors of the Registrant." The other information required by this item is incorporated herein by reference to the information set forth under the captions "Policies and Procedures Related to the Approval of Transactions with Related Persons", "Annual Meeting Matters - Proposal 1 - Election of Directors" and "Board of Directors and Board Committees" in the Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act.

Item 11. Executive Compensation.

The information required by this item is incorporated herein by reference to the information under the captions "Compensation of Directors" and "Executive Compensation and Other Information" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners And Management And Related Stockholder Matters.

The information required by this item is incorporated herein by reference to the information set forth under the captions "Equity Plan Compensation Information," "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to the information set forth under the captions "Annual Meeting Matters - Proposal 1 - Election of Directors," "Board of Directors and Board Committees," "Policies and Procedures Related to the Approval of Transactions with Related Persons" and "Executive Compensation and Other Information" in the Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated herein by reference to the information set forth under the caption "Independent Public Accountants" in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Financial statements, financial statement schedules and exhibits not listed below have been omitted where the required information is included in the consolidated financial statements or notes thereto, or is not applicable or required.
Documents filed as part of this report include:

(a)(1) Financial Statements - no financial statements have been filed in this Form 10-K other than those in Item 8

(a)(2) Financial Statement Schedule (Schedule II - Valuation and Qualifying Accounts)

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SCHEDULE II

BLACK BOX CORPORATION

Valuation and Qualifying Accounts
(Dollars in thousands)

Description	Balance at Beginning of Period	Additions Charged to Expense	Additions from Acquisitions	Reductions from Reserves	Other	Balance at End of Period
March 31, 2018						
Excess and obsolete inventory reserves	$ 11,361	$ 1,049	$ —	$ (2,951)	$ —	$ 9,459
Allowance for doubtful accounts	4,084	1,436	—	(2,498)	—	3,022
March 31, 2017						
Excess and obsolete inventory reserves	$ 20,163	$ 10,659	$ —	$ (19,461)	$ —	$ 11,361
Allowance for doubtful accounts	7,808	1,375	—	(5,099)	—	4,084
March 31, 2016						
Excess and obsolete inventory reserves	$ 16,624	$ 7,735	$ —	$ (4,196)	$ —	$ 20,163
Allowance for doubtful accounts	5,109	3,819	—	(1,120)	—	7,808

(a)(3) Exhibits

EXHIBITS

Exhibit Number	Description
3(i)	Second Restated Certificate of Incorporation of the Company, as amended (1)
3(ii)	Amended and Restated By-laws of the Company, as amended (2)
10.1	Credit Agreement dated as of March 23, 2012 by and among Black Box Corporation, the Guarantors, the Lenders parties thereto and Citizens Bank of Pennsylvania, as Administrative Agent (3)
10.2	Guaranty and Suretyship Agreement dated as of March 23, 2012 (3)
10.3*	Amended and Restated Agreement between the Company and Michael McAndrew (4)
10.4*	Description of Fiscal 2016 Annual Incentive Plan (5)
10.5*	1992 Stock Option Plan, as amended through August 9, 2007 (6)
10.6*	1992 Director Stock Option Plan, as amended through August 9, 2007 (6)
10.7*	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Director Stock Option Plan; form of agreement in effect prior to August 10, 2004) (7)
10.8*	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Director Stock Option Plan; form of agreement in effect as of August 10, 2004) (7)
10.9*	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Director Stock Option Plan; form of agreement in effect as of October 31, 2005) (8)
10.10*	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Stock Option Plan(7)
10.11*	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Stock Option Plan; form of agreement in effect as of October 31, 2005) (8)
10.12*	2008 Long-Term Incentive Plan, as amended (9)
10.13*	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 2008 Long-Term Incentive Plan) (10)
10.14*	

Form of Black Box Corporation Restricted Stock Unit Agreement (pursuant to the 2008 Long-Term Incentive Plan[10]

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10.15*	Form of Black Box Corporation Restricted Stock Unit Agreement for Non-Employee Directors (pursuant to the 2008 Long-Term Incentive Plan) (10)
10.16*	Form of Black Box Corporation Performance Share Award Agreement (pursuant to the 2008 Long-Term Incentive Plan) (10)
10.17*	Summary of Director Compensation (13)
10.18*	Description of Fiscal 2017 Annual Incentive Plan (5)
10.19*	Offer Letter between the Company and Anthony J. Massetti dated November 11, 2016 (11)
10.20*	Agreement between the Company and Anthony J. Massetti dated November 17, 2016 (11)
10.21*	Form of Black Box Corporation Performance Share Award Agreement (pursuant to the 2008 Long-Term Incentive Plan; form of agreement in effect as of May 17, 2011) (12)
10.22*	Letter Agreement with Timothy C. Huffmyer dated November 16, 2016 (11)
10.23*	Agreement between the Company and Timothy C. Huffmyer (14)
10.24*	Agreement between the Company and Ronald Basso (15)
10.25*	Agreement between the Company and Michael McAndrew (16)
10.26*	Offer Letter between the Company and E.C. Sykes dated February 8, 2016 (17)
10.27*	Agreement between the Company and E.C. Sykes dated February 8, 2016 (17)
10.28*	Agreement between the Company and Michael McAndrew dated February 8, 2016 (17)
10.29	Credit Agreement dated as of May 9, 2016 by and among Black Box Corporation, the Guarantors, the Lenders and PNC Bank, National Association, as Administrative Agent (the “Credit Agreement”) (18)
10.30	Guaranty and Suretyship Agreement dated May 9, 2016 (18)
10.31	Pledge Agreement dated May 9, 2016 (18)
10.32	Security Agreement dated May 9, 2016 (18)
10.33	Schedule to the Credit Agreement (19)
10.34	Form of Revolving Credit Note (19)
10.35	Form of Swing Line Note (19)
10.36	Form of Intercompany Subordination Agreement (19)
10.37	Form of Patent, Trademark and Copyright Security Agreement (19)
10.38	Form of Assignment and Assumption Agreement (19)
10.39	Form of Guarantor Joinder (19)
10.40	Form of Loan Request (19)
10.41	Form of Swing Loan Request (19)
10.42	Form of Acquisition Compliance Certificate (19)
10.43	Form of Quarterly Compliance Certificate (19)
10.44	Form of U.S. Tax Compliance Certificate (19)
10.45*	Description of Fiscal 2018 Annual Incentive Plan (13)
10.46	Amendment and Joinder Agreement dated as of August 9, 2017 by and among Black Box Corporation, the Guarantors, the Lenders and PNC Bank, National Association, as Administrative Agent (the “Amended Credit Agreement”) (20)
10.47	Second Amendment to the Credit Agreement dated as of June 29, 2018 by and among Black Box Corporation, the Guarantors, the Lenders and PNC Bank, National Association, as Administrative Agent (the “Second Amended Credit Agreement” or the “Second Amendment”) (21)
10.48*	Agreement between the Company and David J. Russo (22)
10.49*	Agreement between the Company and Joel T. Trammell (23)
10.50	Agreement between the Company and E.C. Sykes (23)
10.51*	Description of Fiscal 2019 Annual Incentive Plan (13)
21.1	Subsidiaries of the Registrant (13)
23.1	Consent of Independent Registered Accounting Firm (13)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities and Exchange Act of 1934, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 (13)

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31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities and Exchange Act of 1934, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 (13)
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities and Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (13)
101	Interactive Data File

(1) Filed as Exhibit 3(i) to the Annual Report on Form 10-K of the Company, file number 0-18706, filed with the SEC on May 16, 2014, and incorporated herein by reference herewith

(2) Filed as Exhibit 3(ii) to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on May 31, 2017, and incorporated herein by reference

(3) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on March 26, 2012, and incorporated herein by reference

(4) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on February 5, 2009, and incorporated herein by reference

(5) Filed as an exhibit to the Annual Report on Form 10-K of the Company, file number 0-18706, filed with the SEC on May 11, 2017

(6) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on August 16, 2007, and incorporated herein by reference

(7) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on November 12, 2004, and incorporated herein by reference

(8) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on November 10, 2005, and incorporated herein by reference

(9) Filed as Exhibit I to the Proxy Statement for the 2013 Annual Meeting of Stockholders filed on Schedule 14A, file number 0-18706, filed with the SEC on June 21, 2013

(10) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on August 6, 2009, and incorporated herein by reference

(11) Filed as an exhibit to the Quarterly Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on November 17, 2016, and incorporated herein by reference

(12) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on August 10, 2011, and incorporated herein by reference

(13) Filed herewith

(14) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on October 9, 2012, and incorporated herein by reference

(15) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on August 7, 2013, and incorporated herein by reference

(16) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on April 2, 2013, and incorporated herein by reference

(17) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on February 9, 2016, and incorporated herein by reference

(18) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on May 13, 2016, and incorporated herein by reference

(19) Filed as an exhibit to the Amendment to the Current Report on Form 8-K/A of the Company, file number 0-18706, filed with the SEC on August 4, 2016, and incorporated herein by reference

(20) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on August 10, 2017, and incorporated herein by reference

(21) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on July 2, 2018, and incorporated herein by reference

(22)

Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on April 24, 2017, and incorporated herein by reference

(23) Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on November 22, 2017, and incorporated herein by reference

* Denotes management contract or compensatory plan or arrangement

Item 16. Form 10-K Summary.

We have elected not to provide a summary.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLACK BOX CORPORATION

Date: July 16, 2018

/s/ DAVID J. RUSSO

David J. Russo
Senior Vice President, Chief Financial Officer and
Treasurer (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Capacity	Date
/s/ CYNTHIA J. COMPARIN Cynthia J. Comparin	Director	July 16, 2018
/s/ RICHARD L. CROUCH Richard L. Crouch	Director	July 16, 2018
/s/ RICHARD C. ELIAS Richard C. Elias	Director	July 16, 2018
/s/ THOMAS G. GREIG Thomas G. Greig	Director and Chairman of the Board	July 16, 2018
/s/ JOHN S. HELLER John S. Heller	Director	July 16, 2018
/s/ DAVID J. RUSSO David J. Russo	Executive Vice President, Chief Financial Officer and Treasurer (Principal Accounting Officer)	July 16, 2018
/s/ JOEL T. TRAMMELL Joel T. Trammell	Director, President and Chief Executive Officer	July 16, 2018