

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2025

OR

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: 1-34167



(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

54-1817218

(I.R.S. Employer Identification No.)

13595 Dulles Technology Drive, Herndon, VA 20171-3413

(Address, including zip code, of principal executive offices)

Registrant's telephone number, including area code: **(703) 984-8400**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value	PLUS	NASDAQ Global Select Market

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.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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 definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth 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.

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

The number of shares of common stock outstanding as of November 4, 2025, was 26,438,876.

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ePlus inc. AND SUBSIDIARIES

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CAUTIONARY LANGUAGE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or “Exchange Act,” and are made in reliance upon the protections provided by such acts for forward-looking statements. Such statements are not based on historical fact but are based upon numerous assumptions about future conditions that may not occur. Forward-looking statements are generally identifiable by use of forward-looking words such as “may,” “should,” “would,” “intend,” “estimate,” “will,” “potential,” “possible,” “could,” “believe,” “expect,” “intend,” “plan,” “anticipate,” “project,” and similar expressions. Readers are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf. Forward-looking statements are made based upon information that is currently available or management’s current expectations and beliefs concerning future developments and their potential effects upon us, speak only as of the date hereof, and are subject to certain risks and uncertainties. We do not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur, or of which we later become aware. Actual events, transactions and results may materially differ from the anticipated events, transactions, or results described in such statements. Our ability to consummate such transactions and achieve such events or results is subject to certain risks and uncertainties. Such risks and uncertainties include, but are not limited to, the matters set forth below:

- financial losses resulting from national and international political instability fostering uncertainty and volatility in the global economy including changes in interest rates, tariffs, inflation, export requirements applicable to products we sell, sanctions and exposure to foreign currency losses;
- significant adverse changes in our relationship with one or more of our larger customer accounts or vendors, including decreased account profitability, reductions in contracted services, or a loss of such relationships;
- increases to our costs including wages and our ability to increase our prices to our customers as a result, or experience negative financial impacts due to the pricing arrangements we have with our customers;
- a material decrease in the credit quality of our customer base, or a material increase in our credit losses;
- reliance on third parties to perform some of our service obligations to our customers, and the reliance on a small number of key vendors in our supply chain with whom we do not have long-term supply agreements, guaranteed price agreements, or assurance of stock availability;
- the possibility of a reduction of vendor incentives provided to us;
- our inability to identify merger and acquisition candidates, perform sufficient due diligence prior to completing mergers and acquisitions, successfully integrate a completed merger and/or acquisition, successfully complete merger and acquisition transactions, including on favorable terms, or identify an opportunity for or successfully completing a business disposition;
- our ability to remain secure during a cybersecurity attack or other information technology (“IT”) outage, including disruptions in our, our vendors or a third party’s IT systems and data and audio communication networks;
- our ability to secure our own and our customers’ electronic and other confidential information, while maintaining compliance with evolving data privacy and cybersecurity regulatory laws and regulations and appropriately providing required notice and disclosure of cybersecurity incidents when and if necessary;
- our dependence on key personnel to maintain certain customer relationships, and our ability to hire, train, and retain sufficient qualified personnel by recruiting and retaining highly skilled, competent personnel with needed vendor certifications;
- risks relating to artificial intelligence (“AI”), including the use or capabilities of AI and emerging laws, rules and regulations related to AI;
- our ability to manage a diverse product set of solutions, including AI products and services, in highly competitive markets with a number of key vendors;
- changes in the IT industry and/or rapid changes in product offerings, including the proliferation of the cloud, infrastructure as a service (“IaaS”), software as a service (“SaaS”), platform as a service (“PaaS”), and AI which may affect our financial results;
- our ability to increase our total number of customers and our ability to increase our total number of customers who use our managed services and professional services while we continuously enhance our managed services offerings to remain competitive in the marketplace;
- supply chain issues, including a shortage of IT component parts and products, may increase our costs or cause a delay in fulfilling customer orders, or increase our need for working capital, or delay completing professional services, or purchasing IT products or services needed to support our internal infrastructure or operations, resulting in an adverse impact on our financial results;
- ongoing remote work trends, and the increase in cybersecurity attacks that have occurred while employees work remotely and our ability to adequately train our personnel to prevent a cyber event;

- exposure to changes in, interpretations of, or enforcement trends in, and customer and vendor actions in anticipation of or response to, legislation and regulatory matters;
- our service agreements may require external audits and deficiencies in any such reports could negatively affect our client engagements, and our professional and liability insurance policies coverage may be insufficient to cover a claim;
- a natural disaster or other adverse event at one of our primary configuration centers, data centers, or a third-party provider or vendor location could negatively impact our business;
- failure to comply with public sector contracts, or related applicable laws or regulations;
- our ability to raise capital, maintain or increase as needed our lines of credit with vendors or our floor plan facility, or the effect of those changes on our common stock price;
- our ability to predictably meet expectations of the investor and analyst community, including relative to our financial performance guidance that we provide;
- our ability to implement comprehensive plans for the integration of sales forces, cost containment, asset rationalization, systems integration, and other key strategies following acquisitions; and
- our ability to protect our intellectual property rights and successfully defend any challenges to the validity of our patents or allegations that we are infringing upon any third-party patents, and the costs associated with those actions, and, when appropriate, the costs associated with licensing required technology.

We cannot be certain that our business strategy will be successful or that we will successfully address these and other challenges, risks, and uncertainties. For a further list and description of various risks, relevant factors, and uncertainties that could cause future results or events to differ materially from those expressed or implied in our forward-looking statements, see Part II, Item 1A, “Risk Factors” and Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections contained elsewhere in this report, as well as other reports that we file with the Securities and Exchange Commission (“SEC”).

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****ePlus inc. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)**

	<u>September 30, 2025</u>	<u>March 31, 2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 402,157	\$ 389,375
Accounts receivable—trade, net	676,778	516,925
Accounts receivable—other, net	44,335	19,382
Inventories	154,138	120,440
Deferred costs	71,324	66,769
Other current assets	23,990	28,500
Current assets of discontinued operations	-	222,399
Total current assets	<u>1,372,722</u>	<u>1,363,790</u>
Deferred tax asset	10,621	3,658
Property, equipment, and other assets—net	109,431	98,657
Goodwill	202,927	202,858
Other intangible assets—net	71,126	82,007
Non-current assets of discontinued operations	-	133,835
TOTAL ASSETS	<u>\$ 1,766,827</u>	<u>\$ 1,884,805</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 281,833	\$ 324,580
Accounts payable—floor plan	98,533	89,527
Salaries and commissions payable	45,708	42,219
Deferred revenue	163,460	152,631
Other current liabilities	38,586	22,463
Current liabilities of discontinued operations	-	166,463
Total current liabilities	<u>628,120</u>	<u>797,883</u>
Deferred tax liability—long-term	-	1,454
Deferred revenue—long-term	80,235	81,759
Other liabilities	12,390	13,540
Non-current liabilities of discontinued operations	-	12,546
TOTAL LIABILITIES	<u>720,745</u>	<u>907,182</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 per share par value; 2,000 shares authorized; none outstanding	-	-
Common stock, \$0.01 per share par value; 50,000 shares authorized; 26,565 outstanding at September 30, 2025, and 26,526 outstanding at March 31, 2025	277	276
Additional paid-in capital	202,012	193,698
Treasury stock, at cost, 1,163 shares at September 30, 2025, and 1,056 shares at March 31, 2025	(78,456)	(70,748)
Retained earnings	916,852	850,956
Accumulated other comprehensive income—foreign currency translation adjustment	5,397	3,441
Total Stockholders' Equity	<u>1,046,082</u>	<u>977,623</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 1,766,827 \$ 1,884,805

See Notes to Unaudited Consolidated Financial Statements.

ePlus inc. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Net sales				
Product	\$ 485,065	\$ 389,705	\$ 1,006,071	\$ 847,168
Services	123,761	103,667	240,070	181,856
Total	608,826	493,372	1,246,141	1,029,024
Cost of sales				
Product	366,066	300,325	780,543	659,203
Services	80,636	65,745	155,258	115,645
Total	446,702	366,070	935,801	774,848
Gross profit	162,124	127,302	310,340	254,176
Selling, general, and administrative	106,479	94,541	211,426	185,137
Depreciation and amortization	6,810	5,765	13,879	10,584
Operating expenses	113,289	100,306	225,305	195,721
Operating income	48,835	26,996	85,035	58,455
Other income, net	5,163	316	5,775	2,027
Earnings from continuing operations before tax	53,998	27,312	90,810	60,482
Provision for income taxes	15,838	7,513	25,522	16,490
Net earnings from continuing operations	38,160	19,799	65,288	43,992
Earnings (loss) from discontinued operations, net of tax (Note 4)	(3,305)	11,511	7,264	14,657
Net earnings	\$ 34,855	\$ 31,310	\$ 72,552	\$ 58,649
Earnings per common share—basic				
Continuing operations	\$ 1.45	\$ 0.75	\$ 2.48	\$ 1.65
Discontinued operations	(0.13)	0.43	0.28	0.55
Earnings per common share—basic	\$ 1.32	\$ 1.18	\$ 2.76	\$ 2.20
Earnings per common share—diluted				
Continuing operations	\$ 1.45	\$ 0.74	\$ 2.47	\$ 1.64
Discontinued operations	(0.13)	0.43	0.28	0.55
Earnings per common share—diluted	\$ 1.32	\$ 1.17	\$ 2.75	\$ 2.19
Weighted average common shares outstanding—basic	26,362	26,567	26,316	26,604
Weighted average common shares outstanding—diluted	26,406	26,676	26,407	26,750

See Notes to Unaudited Consolidated Financial Statements.

ePlus inc. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
NET EARNINGS	\$ 34,855	\$ 31,310	\$ 72,552	\$ 58,649
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Foreign currency translation adjustments	(1,202)	2,877	1,956	2,945
Other comprehensive income (loss)	(1,202)	2,877	1,956	2,945
TOTAL COMPREHENSIVE INCOME	\$ 33,653	\$ 34,187	\$ 74,508	\$ 61,594

See Notes to Unaudited Consolidated Financial Statements.

ePlus inc. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net earnings	\$ 72,552	\$ 58,649
Less: Earnings from discontinued operations, net of tax	7,264	14,657
Net earnings from continuing operations	65,288	43,992
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities of continuing operations:		
Depreciation and amortization	14,525	11,328
Provision for credit losses	190	227
Share-based compensation expense	6,498	5,321
Deferred taxes	522	-
Loss on disposal of property, equipment, and operating lease equipment	59	135
Changes in:		
Accounts receivable	(162,955)	107,438
Inventories	(33,477)	56,198
Deferred costs and other assets	(7,472)	(16,344)
Accounts payable	(43,356)	(86,986)
Salaries and commissions payable, deferred revenue, and other liabilities	22,555	(3,487)
Net cash provided by (used in) operating activities of continuing operations	(137,623)	117,822
Net cash provided by (used in) operating activities of discontinued operations	3,881	(42,323)
Net cash provided by (used in) operating activities	(133,742)	75,499
Cash flows from investing activities:		
Proceeds from sale of property, equipment, and operating lease equipment	16	-
Purchases of property, equipment, and operating lease equipment	(1,829)	(1,926)
Cash used in acquisitions, net of cash acquired	-	(124,646)
Net cash used in investing activities of continuing operations	(1,813)	(126,572)
Net cash provided by (used in) investing activities of discontinued operations	156,681	(1,174)
Net cash provided by (used in) investing activities	154,868	(127,746)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,757	1,811
Repurchase of common stock	(7,353)	(23,551)
Dividend payments	(6,592)	-
Payments to settle liabilities for acquisitions	-	(2,307)
Net borrowings on floor plan facility	9,006	10,556
Net cash used in financing activities of continuing operations	(3,182)	(13,491)
Net cash used in financing activities of discontinued operations	(6,417)	(780)
Net cash used in financing activities	(9,599)	(14,271)
Effect of exchange rate changes on cash	1,255	1,025
Net increase (decrease) in cash and cash equivalents	12,782	(65,493)
Cash and cash equivalents, beginning of period	389,375	253,021
Cash and cash equivalents, end of period	\$ 402,157	\$ 187,528

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
(in thousands)

	<u>Six Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 93	\$ 94
Cash paid for income taxes	\$ 18,535	\$ 35,071
Cash paid for amounts included in the measurement of lease liabilities	\$ 3,224	\$ 2,676
Schedule of non-cash investing and financing activities:		
Purchases of property, equipment, and operating lease equipment	\$ (425)	\$ (545)
Consideration for acquisitions	\$ -	\$ (272)
Vesting of share-based compensation	\$ 10,238	\$ 11,576
Repurchase of common stock	\$ (355)	\$ (99)
New operating lease assets obtained in exchange for lease obligations	\$ 1,497	\$ 6,329

See Notes to Unaudited Consolidated Financial Statements.

ePlus inc. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Six Months Ended September 30, 2025						
	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Par Value					
Balance, March 31, 2025	26,526	\$ 276	\$ 193,698	\$ (70,748)	\$ 850,956	\$ 3,441	\$ 977,623
Issuance of restricted stock awards	119	1	(1)	-	-	-	-
Issuance of common stock	29	-	1,757	-	-	-	1,757
Share-based compensation	-	-	3,500	-	-	-	3,500
Repurchase of common stock	(47)	-	-	(3,304)	-	-	(3,304)
Net earnings	-	-	-	-	37,697	-	37,697
Foreign currency translation adjustment	-	-	-	-	-	3,158	3,158
Balance, June 30, 2025	26,627	\$ 277	\$ 198,954	\$ (74,052)	\$ 888,653	\$ 6,599	\$ 1,020,431
Issuance of restricted stock awards	(2)	-	-	-	-	-	-
Share-based compensation	-	-	3,058	-	-	-	3,058
Repurchase of common stock	(60)	-	-	(4,404)	-	-	(4,404)
Dividends paid and accrued	-	-	-	-	(6,656)	-	(6,656)
Net earnings	-	-	-	-	34,855	-	34,855
Foreign currency translation adjustment	-	-	-	-	-	(1,202)	(1,202)
Balance, September 30, 2025	<u>26,565</u>	<u>\$ 277</u>	<u>\$ 202,012</u>	<u>\$ (78,456)</u>	<u>\$ 916,852</u>	<u>\$ 5,397</u>	<u>\$ 1,046,082</u>

	Six Months Ended September 30, 2024						
	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Par Value					
Balance, March 31, 2024	26,952	\$ 274	\$ 180,058	\$ (23,811)	\$ 742,978	\$ 2,280	\$ 901,779
Issuance of restricted stock awards	121	1	(1)	-	-	-	-
Issuance of common stock	29	1	1,810	-	-	-	1,811
Share-based compensation	-	-	2,866	-	-	-	2,866
Repurchase of common stock	(162)	-	-	(11,935)	-	-	(11,935)
Net earnings	-	-	-	-	27,339	-	27,339

Foreign currency translation adjustment	-	-	-	-	-	68	68
Balance, June 30, 2024	26,940	\$ 276	\$ 184,733	\$ (35,746)	\$ 770,317	\$ 2,348	\$ 921,928
Issuance of restricted stock awards	(1)	-	-	-	-	-	-
Share-based compensation	-	-	2,597	-	-	-	2,597
Repurchase of common stock	(141)	-	-	(11,715)	-	-	(11,715)
Net earnings	-	-	-	-	31,310	-	31,310
Foreign currency translation adjustment	-	-	-	-	-	2,877	2,877
Balance, September 30, 2024	<u>26,798</u>	<u>\$ 276</u>	<u>\$ 187,330</u>	<u>\$ (47,461)</u>	<u>\$ 801,627</u>	<u>\$ 5,225</u>	<u>\$ 946,997</u>

See Notes to Unaudited Consolidated Financial Statements.

ePlus inc. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS — Our company was founded in 1990 and is a Delaware corporation. ePlus inc. is sometimes referred to in this Quarterly Report on Form 10-Q as “we,” “our,” “us,” “ourselves,” or “ePlus.” ePlus inc. is a holding company that through its subsidiaries provides information technology (“IT”) solutions which enable organizations to optimize their IT environment and supply chain processes. We also provide consulting, professional, and managed services and complete lifecycle management services. We focus on selling to medium and large enterprises and state and local government and educational institutions (“SLED”) in the United States (“US”) and select international markets including the United Kingdom (“UK”), the European Union (“EU”), India, and Singapore.

BASIS OF PRESENTATION — The unaudited consolidated financial statements include the accounts of ePlus inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The accounts of businesses acquired are included in the unaudited consolidated financial statements from the dates of acquisition.

SALE OF OUR FINANCING BUSINESS — On June 30, 2025, we completed the sale of Expo Holdings, LLC (“HoldCo”), which was a wholly-owned subsidiary of ePlus, to Marlin Leasing Corporation (d/b/a PEAC Solutions), thereby selling our domestic subsidiaries comprising the majority of our financing business segment. This divestiture positions us going forward as a pure-play technology solutions provider and represents a strategic shift in our operations. Consequently, for all periods presented in these financial statements, we are retrospectively presenting the results of our domestic financing business as discontinued operations. In our unaudited consolidated balance sheets, we present the assets and liabilities of our domestic financing business as assets and liabilities of discontinued operations in all periods presented. In our unaudited consolidated statements of operations, we present the operating results of our domestic financing business in earnings from discontinued operations. Please see [Note 4](#), “Discontinued Operations” for additional information on the transaction and its effect on our financial statements. After the sale, our remaining three reportable segments are Product, Professional Services, and Managed Services, which we formerly referred to collectively as our technology business.

INTERIM FINANCIAL STATEMENTS — The unaudited consolidated financial statements for the three and six months ended September 30, 2025, and 2024, were prepared by us and include all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of our financial position, results of operations, changes in comprehensive income, and cash flows for such periods. Operating results for the three and six months ended September 30, 2025, and 2024, are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year ending March 31, 2026, or any other future period. These unaudited consolidated financial statements do not include all disclosures required by the accounting principles generally accepted in the United States (“US GAAP”) for annual financial statements. Our audited consolidated financial statements are contained in our annual report on Form 10-K for the year ended March 31, 2025 (“2025 Annual Report”), which should be read in conjunction with these interim consolidated financial statements.

USE OF ESTIMATES — The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Estimates are used when accounting for items and matters including, but not limited to, revenue recognition, residual values, vendor consideration, goodwill and intangible assets, allowance for credit losses, inventory obsolescence, and the recognition and measurement of income tax assets and other provisions and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

CONCENTRATIONS OF RISK — A substantial portion of our sales are products from Cisco Systems, which represented approximately 31% and 37% of our net sales for the three months ended September 30, 2025, and 2024, respectively, and 27% and 37% of our net sales for the six months ended September 30, 2025, and 2024, respectively.

SIGNIFICANT ACCOUNTING POLICIES — The significant accounting policies used in preparing these Consolidated Financial Statements were applied on a basis consistent with those reflected in our Consolidated Financial Statements for the year ended March 31, 2025, except for the changes provided in [Note 2](#), “Recent Accounting Pronouncements.”

2. RECENT ACCOUNTING PRONOUNCEMENTS

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. This update is effective for annual periods beginning in our fiscal year ending March 31, 2026. Early adoption is permitted. We are currently evaluating the impact that this update will have on our financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The standard requires public business entities to disclose detailed information about specific types of expenses that are relevant to certain line items on the income statement. This update is effective for annual periods beginning in our fiscal year ending March 31, 2028, and interim periods beginning in the first quarter of our fiscal year ending March 31, 2029. Early adoption is permitted. We are currently evaluating the impact that this update will have on our financial statement disclosures.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This standard is intended to improve the operability and application of guidance related to capitalized software development costs. This update is effective for us beginning in the first quarter of our fiscal year ending March 31, 2029. Early adoption is permitted. We may adopt the guidance using prospective application, retrospective application, or a modified transition approach. We are currently evaluating the impact that this update will have on our consolidated financial statements upon adoption.

3. REVENUES

ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

Our balance in accounts receivable—trade, net includes our accounts receivable recognized from contracts with customers and contract assets. Contract assets represent our right to consideration in exchange for goods or services that we transferred to a customer when that right is conditioned on something other than the passage of time.

The following table provides a disaggregation of our balance in accounts receivable—trade, net (in thousands):

	September 30, 2025	March 31, 2025
Accounts receivable	\$ 664,541	\$ 507,052
Contract assets	15,050	13,775
Allowance for credit losses	(2,813)	(3,902)
Total accounts receivable—trade, net	<u>\$ 676,778</u>	<u>\$ 516,925</u>

As of September 30, 2025, our accounts receivable includes \$16.2 million that is due from a financing partner in payment for our sale of customer receivables to them. Additionally, within other current assets in our consolidated balance sheet, we have \$5.9 million in receivables recognized from contracts with customers that we intend to sell to this financing partner.

CONTRACT LIABILITIES

Contract liabilities represent our obligation to transfer goods or services to a customer for which we have received consideration, or the amount is due from the customer. Our contract liabilities consist of our deferred revenue and deferred revenue—long-term in our consolidated balance sheets. Revenues recognized from the beginning contract liability balance were \$33.5 million and \$76.3 million for the three and six months ended September 30, 2025, respectively, and \$32.0 million and \$72.5 million for the three and six months ended September 30, 2024, respectively.

PERFORMANCE OBLIGATIONS

The following table includes revenue expected to be recognized in the future related to performance obligations, primarily non-cancelable contracts for ePlus managed services, that are unsatisfied or partially unsatisfied at the end of the reporting period (in thousands):

Remainder of the year ending March 31, 2026	\$ 59,032
Year ending March 31, 2027	63,610
Year ending March 31, 2028	31,427
Year ending March 31, 2029	16,894
Year ending March 31, 2030, and thereafter	6,784
Total remaining performance obligations	<u>\$ 177,747</u>

The table does not include the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, and (ii) contracts where we recognize revenue at the amount that we have the right to invoice for services performed.

4. DISCONTINUED OPERATIONS

On June 30, 2025, we completed the sale of HoldCo to Marlin Leasing Corporation pursuant to the Membership Interest Purchase Agreement dated June 20, 2025, thereby selling our domestic financing business. In the transaction, we received net cash proceeds of \$156.7 million, consisting of cash proceeds of \$180.1 million less cash transferred of \$23.4 million, recognized a receivable of \$7.8 million related to a post-closing adjustment process based on the book value of the assets associated with HoldCo and other adjustments, and recognized a contingent consideration asset of \$13.5 million. See [Note 13](#), “Fair Value of Financial Instruments” for a discussion of our contingent consideration asset. We incurred approximately \$4.0 million in transaction costs during our quarter ended June 30, 2025, which are netted against the gain on sale of HoldCo before income taxes. In connection with the sale, we entered into a transition services agreement, pursuant to which ePlus and Marlin Leasing Corporation will provide certain transition services to each other after the sale. In our quarter ended September 30, 2025, we recognized a contingent liability related to a legal matter of our discontinued operations of \$4.6 million for which we remain responsible under the terms of the HoldCo sale.

The sale of our domestic financing business positions us going forward as a pure-play technology solutions provider and represents a strategic shift in our operations. Consequently, for all periods presented in these financial statements, we are retrospectively presenting the results of our domestic financing business as discontinued operations.

The following table provides our operating results of discontinued operations for the three and six months ended September 30, 2025, and 2024 (in thousands):

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
Net sales	\$ -	\$ 21,800	\$ 15,811	\$ 30,686
Cost of sales	-	1,111	1,734	2,390
Gross profit	-	20,689	14,077	28,296
Selling, general, and administrative	-	4,430	3,599	7,442
Interest and financing costs	-	537	450	1,122
Operating expenses	-	4,967	4,049	8,564
Operating income	-	15,722	10,028	19,732
Other income—net	(4,600)	263	(4,389)	625
Earnings (loss) before gain from sale and income taxes	(4,600)	15,985	5,639	20,357
Gain from sale of HoldCo before income taxes	-	-	4,368	-
Earnings (loss) before income taxes	(4,600)	15,985	10,007	20,357
Provision for income taxes	(1,295)	4,474	2,743	5,700
Earnings (loss) from discontinued operations, net of tax	<u>\$ (3,305)</u>	<u>\$ 11,511</u>	<u>\$ 7,264</u>	<u>\$ 14,657</u>

The following table provides the major classes of assets and liabilities that are classified as discontinued operations as of March 31, 2025 (in thousands):

	<u>March 31, 2025</u>
ASSETS	
Accounts receivable	\$ 34,610
Financing receivables—net, current	168,392
Other current assets	19,397
Current assets of discontinued operations	<u>\$ 222,399</u>
Financing receivables and operating leases—net	\$ 126,408
Other assets—long-term	7,427
Non-current assets of discontinued operations	<u>\$ 133,835</u>
LIABILITIES	
Accounts payable	\$ 127,154
Salaries and commissions payable	2,812
Non-recourse notes payable—current	27,456
Other current liabilities	9,041
Current liabilities of discontinued operations	<u>\$ 166,463</u>
Non-recourse notes payable—long-term	11,317
Other liabilities—long-term	1,229
Non-current liabilities of discontinued operations	<u>\$ 12,546</u>

5. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL

The following table summarizes the changes in the carrying amount of goodwill for the six months ended September 30, 2025 (in thousands):

	Product	Professional Services	Managed Services	Total
Balance, March 31, 2025 (1)	\$ 129,177	\$ 63,779	\$ 9,902	\$ 202,858
Foreign currency translations	54	10	5	69
Balance, September 30, 2025 (1)	<u>\$ 129,231</u>	<u>\$ 63,789</u>	<u>\$ 9,907</u>	<u>\$ 202,927</u>

(1) Balance is net of \$4,644 thousand in accumulated impairments that were recorded in a segment that preceded our current segment organization.

Goodwill represents the premium paid over the fair value of the net tangible and intangible assets that are individually identified and separately recognized in business combinations.

The only activity in our goodwill balance over the six months ended September 30, 2025 was foreign currency translation adjustments.

We test goodwill for impairment on an annual basis, as of the first day of our third fiscal quarter, and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying value.

In our annual test as of October 1, 2024, we performed a qualitative assessment of goodwill and concluded that, more likely than not, the fair value of our product, professional services, and managed services reporting units continued to exceed their carrying value.

OTHER INTANGIBLE ASSETS

Our other intangible assets consist of purchased intangible assets and capitalized software development.

The following table provides the composition of our purchased intangible assets as of September 30, 2025, and March 31, 2025 (in thousands):

	September 30, 2025			March 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 167,164	\$ (103,375)	\$ 63,789	\$ 167,093	\$ (93,085)	\$ 74,008
Trade names and other	11,476	(4,157)	7,319	11,459	(3,500)	7,959
Total purchased intangible assets	<u>\$ 178,640</u>	<u>\$ (107,532)</u>	<u>\$ 71,108</u>	<u>\$ 178,552</u>	<u>\$ (96,585)</u>	<u>\$ 81,967</u>

Our customer relationships, trade names, and other purchased intangibles are generally amortized between 5 to 10 years.

Total amortization expense for other intangible assets was \$5.3 million and \$4.4 million for the three months ended September 30, 2025, and 2024, respectively, and \$10.9 million and \$8.2 million for the six months ended September 30, 2025, and 2024, respectively.

6. ALLOWANCE FOR CREDIT LOSSES

The following table provides the activity in our allowance for credit losses within accounts receivable—trade for the six months ended September 30, 2025, and 2024 (in thousands):

	Six months ended September 30,	
	2025	2024
Beginning	\$ 3,902	\$ 2,549
Provision for credit losses	198	245
Write-offs and other	(1,287)	(378)
Ending	<u>\$ 2,813</u>	<u>\$ 2,416</u>

7. CREDIT FACILITY

We finance the operations of our subsidiaries ePlus Technology, inc. and ePlus Technology Services, inc. (collectively, the “Borrowers”) through a credit facility with Wells Fargo Commercial Distribution Finance, LLC (“WFCDF”). The WFCDF credit facility (the “WFCDF Credit Facility”) has a floor plan facility and a revolving credit facility.

Our credit facility is provided by a syndicate of banks for which WFCDF acts as administrative agent and consists of a discretionary senior secured floor plan facility in favor of the Borrowers in the aggregate principal amount of up to \$500.0 million, together with a sublimit for a revolving credit facility for up to \$200.0 million. On June 20, 2025, the WFCDF Credit Facility was amended in anticipation of the sale of the financing business. The substantive terms of the WFCDF Credit Facility were not materially changed by such amendment.

Under the accounts payable floor plan facility, we had an outstanding balance of \$98.5 million and \$89.5 million as of September 30, 2025, and March 31, 2025, respectively. On our balance sheet, our liability under the accounts payable floor plan facility is presented as accounts payable – floor plan.

We use the floor plan to facilitate the purchase of inventory from designated suppliers. WFCDF pays our suppliers and provides us with extended payment terms. We pay down the floor plan facility on three specified dates each month, generally 45 to 60 days from the invoice date. Other than unused line fees, if applicable, we do not incur any interest or other incremental expenses for the floor plan facility. We are not involved in establishing the terms or conditions of the arrangements between our suppliers and WFCDF.

We may use the revolving credit facility for our borrowing needs. We did not have any outstanding balances under the revolving credit facility as of September 30, 2025, and March 31, 2025.

The amount of principal available is subject to a borrowing base determined by, among other things, the Borrowers’ accounts receivable and inventory, each pursuant to a formula and subject to certain reserves. Loans accrue interest at a rate per annum equal to Term SOFR Rate plus a Term SOFR Adjustment of 0.10% plus an Applicable Margin of 1.75%.

Our borrowings under the WFCDF Credit Facility are secured by the assets of the Borrowers. Additionally, the WFCDF Credit Facility requires a guaranty of \$10.5 million by ePlus inc.

Under the WFCDF Credit Facility, the Borrowers are restricted in their ability to pay dividends to ePlus inc. unless their available borrowing meets certain thresholds. As of September 30, 2025, and March 31, 2025, their available borrowing met the thresholds such that there were no restrictions on their ability to pay dividends.

The WFCDF Credit Facility has an initial one-year term, which automatically renews for successive one-year terms thereafter. However, either the Borrowers or WFCDF may terminate the WFCDF Credit Facility at any time by providing a written termination notice to the other party no less than 90 days prior to such termination.

The loss of the WFCDF Credit Facility could have a material adverse effect on our future results as we currently rely on this facility and its components for daily working capital and liquidity for our business and as an operational function of our accounts payable process.

8. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

We are subject to various legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business and have not been fully resolved. The ultimate outcome of any litigation or other legal dispute is uncertain. When a loss related to a legal proceeding or claim is probable and reasonably estimable, we accrue our best estimate for the ultimate resolution of the matter. If one or more legal matters are resolved against us in a reporting period for amounts above our expectations, our financial condition and operating results for that period may be adversely affected. As of September 30, 2025, we do not believe that there is a reasonable possibility that any material loss exceeding the amounts already recognized for these proceedings and matters, if any, has been incurred. Any outcome, whether favorable or unfavorable, may materially and adversely affect us due to legal costs and expenses, diversion of management attention and other factors. We expense legal costs in the period incurred. We cannot assure that additional contingencies of a legal nature or contingencies having legal aspects will not be asserted against us in the future, and these matters could relate to prior, current, or future transactions or events.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net earnings available to common shareholders by the basic weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is calculated by dividing net earnings available to common shareholders by the basic weighted average number of shares of common stock outstanding plus common stock equivalents during each period.

The following table provides a reconciliation of the numerators and denominators used to calculate basic and diluted net income per common share as disclosed on our unaudited consolidated statements of operations for the three and six months ended September 30, 2025, and 2024, respectively (in thousands, except per share data).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Net earnings attributable to common shareholders—basic and diluted				
Continuing operations	\$ 38,160	\$ 19,799	\$ 65,288	\$ 43,992
Discontinued operations	(3,305)	11,511	7,264	14,657
Net earnings	<u>\$ 34,855</u>	<u>\$ 31,310</u>	<u>\$ 72,552</u>	<u>\$ 58,649</u>
Basic and diluted common shares outstanding:				
Weighted average common shares outstanding—basic	26,362	26,567	26,316	26,604
Effect of dilutive shares	44	109	91	146
Weighted average common shares outstanding—diluted	<u>26,406</u>	<u>26,676</u>	<u>26,407</u>	<u>26,750</u>
Earnings per common share—basic				
Continuing operations	\$ 1.45	\$ 0.75	\$ 2.48	\$ 1.65
Discontinued operations	(0.13)	0.43	0.28	0.55
Earnings per common share—basic	<u>\$ 1.32</u>	<u>\$ 1.18</u>	<u>\$ 2.76</u>	<u>\$ 2.20</u>
Earnings per common share—diluted				
Continuing operations	\$ 1.45	\$ 0.74	\$ 2.47	\$ 1.64
Discontinued operations	(0.13)	0.43	0.28	0.55
Earnings per common share—diluted	<u>\$ 1.32</u>	<u>\$ 1.17</u>	<u>\$ 2.75</u>	<u>\$ 2.19</u>

10. STOCKHOLDERS' EQUITY

SHARE REPURCHASE PLAN

On August 7, 2025, our board of directors authorized the repurchase of up to 1,500,000 shares of our outstanding common stock, over a 12-month period beginning August 11, 2025. On May 18, 2024, our board of directors authorized the repurchase of up to 1,250,000 shares of our outstanding common stock over a 12-month period that began on May 28, 2024 and terminated on May 27, 2025. Under each authorized share repurchase program, when such program is in place, we may make purchases from time to time in the open market, or in privately negotiated transactions, subject to availability and the plan terms. Any repurchased shares have the status of treasury shares and may be used, when needed, for general corporate purposes.

During the six months ended September 30, 2025, we purchased 60,000 shares of our outstanding common stock at a value of \$4.4 million under the share repurchase plan; we also purchased 47,488 shares of common stock at a value of \$3.3 million to satisfy tax withholding obligations relating to the vesting of employees' restricted stock.

During the six months ended September 30, 2024, we purchased 250,234 shares of our outstanding common stock at a value of \$19.8 million under the share repurchase plan; we also purchased 52,450 shares of common stock at a value of \$3.8 million to satisfy tax withholding obligations relating to the vesting of employees' restricted stock.

11. SHARE-BASED COMPENSATION

SHARE-BASED PLANS

During the six months ended September 30, 2025, we had share-based awards outstanding under the following plans: (1) the 2017 Non-Employee Director Long-Term Incentive Plan ("2017 Director LTIP"), (2) the 2024 Non-Employee Director Long-Term Incentive Plan ("2024 Director LTIP") and (3) the 2021 Employee Long-Term Incentive Plan ("2021 Employee LTIP").

These share-based plans define fair market value as the closing sales price of a share of common stock as quoted on any established stock exchange for such date or the most recent trading day preceding such date if there were no trades on such date.

RESTRICTED STOCK ACTIVITY

For the six months ended September 30, 2025, we granted 652 restricted shares under the 2024 Director LTIP and 121,844 restricted shares under the 2021 Employee LTIP. For the six months ended September 30, 2024, we granted 729 restricted shares of our stock under the 2017 Director LTIP, and 121,097 restricted shares of our stock under the 2021 Employee LTIP. A summary of our restricted stock activity is as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested April 1, 2025	275,773	\$ 64.80
Granted	122,496	\$ 72.76
Vested	(146,360)	\$ 63.53
Forfeited	(4,961)	\$ 66.80
Nonvested September 30, 2025	<u>246,948</u>	<u>\$ 69.47</u>

PERFORMANCE STOCK UNITS

Beginning with the fiscal year ended March 31, 2024, we granted Performance Stock Units ("PSUs") to our executive officers under our 2021 Employee LTIP. The PSUs will vest based on the achievement of certain performance goals at the end of a three-year performance period. The PSUs represent the right to receive shares of our common stock at the time of vesting. The total number of PSUs that vest range from 0% to 200% of the target number of PSUs based on our achievement of certain performance targets

The following table provides a summary of the nonvested PSUs for the six months ended September 30, 2025:

	Number of units	Weighted Average Grant-Date Fair Value
Nonvested April 1, 2025	34,535	\$ 70.94
Granted	38,094	\$ 76.08
Nonvested September 30, 2025	<u>72,629</u>	<u>\$ 73.63</u>

EMPLOYEE STOCK PURCHASE PLAN

We provide eligible employees the opportunity to purchase shares of our stock through the 2022 Employee Stock Purchase Plan ("ESPP"). Under this plan, eligible employees may purchase up to an aggregate of 2.50 million shares of our stock. Employees in this plan contribute part of their earnings over a six-month offering period. At the end of each offering period, employees purchase our shares using their contributions at a discount off the lesser of the closing market price on the first or the last trading day of each offering period. During the six months ended September 30, 2025, and September 30, 2024, we issued 28,665 shares at a price of \$61.29 per share and 28,915 shares at a price of \$62.63 per share, respectively, under the ESPP. As of September 30, 2025, there were 2.34 million shares remaining under the ESPP.

COMPENSATION EXPENSE

The following table provides a summary of our total share-based compensation expense for continuing operations, including for restricted stock awards, PSUs, our ESPP, and the related income tax benefit for the three and six months ended September 30, 2025, and 2024, respectively (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Equity-based compensation expense	\$ 3,058	\$ 2,530	\$ 6,498	\$ 5,321
Income tax benefit	(896)	(701)	(1,826)	(1,458)

We recognized the income tax benefit as a reduction to our provision for income taxes. As of September 30, 2025, the total unrecognized compensation expense related to non-vested restricted stock was \$14.6 million, which is expected to be recognized over a weighted-average period of 33 months.

We also provide our employees with a contributory 401(k) profit sharing plan (the "401(k) plan"), to which we may contribute from time to time at our sole discretion. Employer contributions to the 401(k) plan are always fully vested. Our estimated contribution expense to the 401(k) plan for the three months ended September 30, 2025, and 2024, were \$1.5 million and \$1.3 million, respectively. For the six months ended September 30, 2025, and 2024, our estimated contribution expense for the plan was \$3.0 million and \$2.7 million, respectively.

12. INCOME TAXES

Our provision for income tax expense was \$15.8 million and \$25.5 million for the three and six months ended September 30, 2025, as compared to \$7.5 million and \$16.5 million for the same three-and six-month periods in the prior year. Our effective tax rate for the three and six months ended September 30, 2025, was 29.3% and 28.1% respectively, compared with 27.5% and 27.3%, respectively, for the same three- and six-month periods in the prior year. Our effective income tax rate for the three and six months ended September 30, 2025, was higher compared to the same three- and six-month periods in the prior year primarily due to a higher tax benefit from restricted stock in the prior year. The effective tax rate for the three and six months ended September 30, 2025, and September 30, 2024, differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted into law, resulting in significant changes to the US tax code. OBBBA permanently extends many of the tax provisions of the Tax Cuts and Jobs Act of 2017, which were scheduled to expire on December 31, 2025. OBBBA introduces modifications to various US corporate tax provisions, with staggered effective dates ranging from 2025 to 2027. We recognized the impact of the OBBBA in our consolidated financial statements as of and for the periods ended September 30, 2025. The OBBBA did not have a material impact on our income statement or effective tax rate. We are continuing to assess the impact of the OBBBA on our consolidated financial statements, which will depend on our facts in each year and anticipated guidance.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table summarizes the fair value hierarchy of our financial instruments as of September 30, 2025, and March 31, 2025 (in thousands):

	Fair Value Measurement Using			
	Recorded Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>September 30, 2025</u>				
Assets:				
Money market funds	\$ 258,233	\$ 258,233	\$ -	\$ -
Contingent receivable	\$ 13,651	\$ -	\$ -	\$ 13,651
Receivables held for sale	\$ 5,856	\$ 5,856	\$ -	\$ -
<u>March 31, 2025</u>				
Assets:				
Money market funds	\$ 280,067	\$ 280,067	\$ -	\$ -

Through the agreement for the sale of HoldCo, we may earn and receive Holdback Premium (as defined below) payments and two different types of Earn-Outs (as defined below, and together with the Holdback Premium the “Contingent Consideration”) based on the post-Closing performance of the HoldCo Group (as defined below), as operated by PEAC Solutions. We estimated the fair value of each element of the Contingent Consideration using a Monte Carlo simulation model. We include the Contingent Consideration as part of property, equipment, and other assets—net in our consolidated balance sheet.

We may receive aggregate post-Closing cash payments of up to \$3.0 million (the “Holdback Premium”) based on the achievement of customer lease receivable originations targets by HoldCo (i) from the Closing Date to the 18-month anniversary of the Closing Date and (ii) from the 18-month anniversary of the Closing Date to the 30-month anniversary of the Closing Date.

The two types of earn-out payments that are potentially payable to us are based on (i) the volume of originations of certain types of lease receivables (the “Lease Originations Earn-Out”) and (ii) the profitability of certain lease receivables originated either to US federal governmental entities or for which a prime contractor acting on behalf of a government entity is the obligor (the “Transaction Gains Earn-Out,” and together with the Lease Originations Earn-Out, the “Earn-Outs”). Each of the Earn-Outs will be measured for each of the first three consecutive twelve-month periods following the Closing. The Lease Originations Earn-Out is capped at \$10.0 million in aggregate for all three post-Closing years. The Transaction Gains Earn-Out does not have a maximum cap.

14. BUSINESS COMBINATIONS

BAILIWICK SERVICES, LLC

On August 19, 2024, our subsidiary, ePlus Technology, inc., acquired 100% of the membership interests of Bailiwick Services, LLC (“Bailiwick”). Based near Minneapolis, Minnesota, Bailiwick is a provider of professional and managed services with nearly 30 years in the business. Bailiwick specializes in serving enterprise customers that operate large store, branch, and campus footprints predominantly in the retail, financial services, restaurant, and hospitality markets.

Our sum for consideration transferred is \$124.9 million, which consists of \$126.2 million paid in cash at closing, less \$1.5 million cash acquired, plus \$0.2 million paid in December 2024 to the sellers based on adjustments to a determination of the total net assets delivered. Our allocation of the purchase consideration to the assets acquired and liabilities assumed is presented below (in thousands):

	Acquisition Date Amount
Accounts receivable	\$ 41,719
Contract assets	7,712
Other assets	20,669
Identified intangible assets	58,010
Accounts payable and other liabilities	(38,273)
Contract liabilities	(6,216)
Total identifiable net assets	83,621
Goodwill	41,305
Total purchase consideration	\$ 124,926

The identified intangible assets of \$58.0 million consists of customer relationships of \$49.3 million with an estimated useful life of ten years and trade name of \$8.7 million with a useful life of seven years.

We recognized goodwill related to this transaction of \$41.3 million, which was assigned to our professional services and product segments. The goodwill recognized in the Bailiwick acquisition is attributable to the acquired assembled workforce and expected synergies, none of which qualify for recognition as a separate intangible asset. The total amount of goodwill expected to be deductible for tax purposes is \$44.4 million.

The amount of revenues and earnings of the acquiree since the acquisition date are not material. Likewise, the impact to the revenue and earnings of the combined entity for the current reporting period as though the acquisition date had been April 1, 2024, is not material.

15. SEGMENT REPORTING

We manage and report our operating results through three operating segments: product, professional services, and managed services. Our organizational structure is based on how our chief operating decision maker (“CODM”) allocates resources, manages operations, and evaluates performance. Our CODM is our Chief Executive Officer.

Our product segment includes sales of IT products, third-party software, and third-party maintenance, software assurance, and other third-party services. Our professional services segment includes our advanced professional services, staff augmentation, project management services, cloud consulting services and security services. Our managed services segment includes our advanced managed services, service desk, storage-as-a-service, cloud hosted services, cloud managed services and managed security services. Our other category consists of the international entities of our financing business that we retained after selling our domestic financing business.

Our CODM measures the performance of the segments based on gross profit. We do not present asset information for our reportable segments as we do not provide asset information to our CODM. Our CODM reviews financial results and forecasts quarterly to manage operations and evaluate performance. Our CODM also uses our financial results and forecasts to make investment decisions as part of our annual budgeting process.

The following table provides reportable segment information (in thousands):

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Net sales				
Product	\$ 485,014	\$ 389,613	\$ 1,005,909	\$ 846,925
Professional services	76,344	61,900	148,073	99,179
Managed services	47,417	41,767	91,997	82,677
Total reportable segments	608,775	493,280	1,245,979	1,028,781
Other	51	92	162	243
Total	608,826	493,372	1,246,141	1,029,024
Cost of sales				
Product	366,001	300,254	780,414	659,061
Professional services	47,172	36,317	90,748	58,141
Managed services	33,464	29,428	64,510	57,504
Total reportable segments	446,637	365,999	935,672	774,706
Other	65	71	129	142
Total	446,702	366,070	935,801	774,848
Gross profit				
Product	119,013	89,359	225,495	187,864
Professional services	29,172	25,583	57,325	41,038
Managed services	13,953	12,339	27,487	25,173
Total reportable segments	162,138	127,281	310,307	254,075
Other	(14)	21	33	101
Total	\$ 162,124	\$ 127,302	\$ 310,340	\$ 254,176

DISAGGREGATION OF REVENUE

We recognize revenue in our product, professional services, and managed services segments from contracts with customers. We recognize revenue in the other category under guidance for financing and leases.

The following tables provide a disaggregation of revenue recognized from contracts with customers by timing and our position as principal or agent (in thousands):

	Three months ended September 30, 2025			
	Product	Professional Services	Managed Services	Total
Timing and position as principal or agent:				
Transferred at a point in time as principal	\$ 424,761	\$ -	\$ -	\$ 424,761
Transferred at a point in time as agent	60,253	-	-	60,253
Transferred over time as principal	-	76,344	47,417	123,761
Total revenue from contracts with customers	<u>\$ 485,014</u>	<u>\$ 76,344</u>	<u>\$ 47,417</u>	<u>\$ 608,775</u>

	Six months ended September 30, 2025			
	Product	Professional Services	Managed Services	Total
Timing and position as principal or agent:				
Transferred at a point in time as principal	\$ 895,848	\$ -	\$ -	\$ 895,848
Transferred at a point in time as agent	110,061	-	-	110,061
Transferred over time as principal	-	148,073	91,997	240,070
Total revenue from contracts with customers	<u>\$ 1,005,909</u>	<u>\$ 148,073</u>	<u>\$ 91,997</u>	<u>\$ 1,245,979</u>

	Three months ended September 30, 2024			
	Product	Professional Services	Managed Services	Total
Timing and position as principal or agent:				
Transferred at a point in time as principal	\$ 338,655	\$ -	\$ -	\$ 338,655
Transferred at a point in time as agent	50,958	-	-	50,958
Transferred over time as principal	-	61,900	41,767	103,667
Total revenue from contracts with customers	<u>\$ 389,613</u>	<u>\$ 61,900</u>	<u>\$ 41,767</u>	<u>\$ 493,280</u>

	Six months ended September 30, 2024			
	Product	Professional Services	Managed Services	Total
Timing and position as principal or agent:				
Transferred at a point in time as principal	\$ 760,539	\$ -	\$ -	\$ 760,539
Transferred at a point in time as agent	86,386	-	-	86,386
Transferred over time as principal	-	99,179	82,677	181,856
Total revenue from contracts with customers	<u>\$ 846,925</u>	<u>\$ 99,179</u>	<u>\$ 82,677</u>	<u>\$ 1,028,781</u>

The following table provides a disaggregation of our revenue from contracts with customers by customer end market and by type (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
<u>Customer end market:</u>				
Telecom, Media & Entertainment	\$ 176,772	\$ 108,870	\$ 361,751	\$ 226,423
SLED	87,246	97,687	177,808	189,783
Healthcare	82,285	78,235	156,576	153,515
Technology	69,549	54,988	152,296	164,094
Financial Services	63,079	34,759	110,579	84,484
All others	129,844	118,741	286,969	210,482
Total revenue from contracts with customers	<u>\$ 608,775</u>	<u>\$ 493,280</u>	<u>\$ 1,245,979</u>	<u>\$ 1,028,781</u>
<u>Type:</u>				
<u>Product segment:</u>				
Networking	\$ 258,156	\$ 186,776	\$ 476,358	\$ 421,516
Cloud	128,270	121,336	335,266	258,567
Security	65,889	41,209	126,996	89,214
Collaboration	16,558	17,988	28,315	38,887
Other	16,141	22,304	38,974	38,741
Total product segment	485,014	389,613	1,005,909	846,925
Professional services segment	76,344	61,900	148,073	99,179
Managed services segment	47,417	41,767	91,997	82,677
Total revenue from contracts with customers	<u>\$ 608,775</u>	<u>\$ 493,280</u>	<u>\$ 1,245,979</u>	<u>\$ 1,028,781</u>

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The below is intended to provide context to our consolidated financial condition and results of continuing operations. It should be read in conjunction with the unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q and the audited consolidated financial statements included in our annual report on Form 10-K for the year ended March 31, 2025 (“2025 Annual Report”). These historical financial statements may not be indicative of our future performance. This Management’s Discussion and Analysis of Financial Condition and Results of Operations may contain forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks described in Part I, Item 1A, “Risk Factors,” in our 2025 Annual Report, as well as those described in Part II, Item 1A. “Risk Factors” of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 and in our other filings with the SEC.

EXECUTIVE OVERVIEW

BUSINESS DESCRIPTION

We are a leading solutions provider in the areas of security, cloud, networking, collaboration, artificial intelligence (“AI”), and emerging technologies. AI continues to be a transformative force and demand driver particularly for our core products: Compute, Cloud, security, networking and our consultative services. Across industries, customers are using AI to enhance decision making, automate tasks, and drive both growth and efficiency. Through assessments, bespoke workshops and labs and consulting engagements, we deliver actionable outcomes for organizations by using information technology (“IT”) and consulting solutions to enhance decision making, automate tasks and drive business agility and innovation. Leveraging our engineering talent, we assess, plan, deliver, and secure solutions comprised of leading technologies and consumption models aligned with our customers’ needs. Our expertise and experience enable us to craft optimized solutions that take advantage of the cost, scale, and efficiency of private, public and hybrid cloud services in an evolving market.

As part of our solutions, we provide consulting, professional services, managed services, IT staff augmentation, and complete lifecycle management services in the areas of security, cloud, networking, collaboration, and emerging technologies. Further, we offer professional services in the spaces of digital signage, electric vehicle (“EV”) charging solutions, loss prevention and security, store openings, remodels, and store closings.

We deliver integrated solutions that address our customers’ business needs, leveraging the appropriate technologies, both on-premises and in the cloud. Our approach is to lead with advisory consulting to understand our customers’ needs, and then design, deploy, and manage solutions aligned to their objectives. Underpinning the broader areas of cloud, security, networking, and collaboration are specific skills in orchestration and automation, application modernization, DevSecOps, zero-trust architectures, data management, data visualization, analytics, network modernization, edge computing and other advanced and emerging technologies. These solutions are comprised of class-leading technologies from our commercial partners.

We are a reseller for thousands of manufacturers, which have enabled us to provide our customers with new and evolving IT solutions. We possess top-level IT engineering certifications with a broad range of leading IT vendors that enable us to offer IT solutions that are optimized for each of our customers’ specific requirements.

We serve primarily middle market to large enterprises across diverse markets including telecom, media and entertainment, technology, state and local government and educational institutions (“SLED”), healthcare, and financial services. We sell to customers in the United States (“US”), which account for most of our sales, and to customers in select international markets including the United Kingdom (“UK”), the European Union (“EU”), India, and Singapore.

On June 30, 2025, we completed the sale of Expo Holdings, LLC (“HoldCo”), which was a wholly-owned subsidiary of ePlus, to Marlin Leasing Corporation (d/b/a PEAC Solutions), thereby selling ePlus’ domestic subsidiaries comprising the majority of our financing business segment. This divestiture positions us going forward as a pure-play technology solutions provider and represents a strategic shift in our operations. Consequently, our financial statements present our financial results for all periods and we are retrospectively presenting the results of our domestic financing business as discontinued operations. In our unaudited consolidated balance sheets, we present the assets and liabilities of our domestic financing business as assets and liabilities of discontinued operations in all periods presented. In our unaudited consolidated statements of operations, we present the operating results of our domestic financing business in earnings from discontinued operations. After the sale, our remaining three reportable segments are Product, Professional Services, and Managed Services, which we formerly referred to collectively as our technology business.

BUSINESS TRENDS

We believe the following key factors impact our business performance and our ability to achieve business results:

- General economic concerns including changes in law and policy by the US government, inflation, tariffs, export requirements, sanctions, changing interest rates, staffing shortages, remote work trends, geopolitical concerns and changes in US government spending and contracting practices may impact our customers' willingness to spend on technology and services.
- Our customers' top focus areas include AI, security, cloud solutions, as well as digital transformation and modernization. We have developed advisory services, assessments, solutions, and professional and managed services to meet these priorities and help our customers attain and maintain their desired outcome.
- Modernizing legacy applications, data modernization, reducing operational complexity, securing workloads, the cost and performance of IT operations, and agility are changing the way companies are purchasing and consuming technology. These are fueling deployments of solutions on cloud, managed services and hybrid platforms and licensing models, which may include invoicing over the term of the engagement and may result in additional revenue recognized on a net basis.
- Rapid cloud adoption has led to customer challenges around increasing costs, security concerns, and skillset gaps. These challenges are consistent across all industries and business sizes. We have developed a Cloud Managed Services portfolio to address these needs, allowing our clients to focus on driving business outcomes via optimized and secure cloud platforms.

KEY BUSINESS METRICS

Our management monitors several financial and non-financial measures and ratios on a regular basis to track the progress of our business. We believe that the most important of these measures and ratios include net sales, gross profit and margin, operating income margin, net earnings, and net earnings per common share, in each case based on information prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP"), as well as the non-GAAP financial measures and ratios, including Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP: Net earnings from continuing operations and Non-GAAP: Net earnings from continuing operations per common share - diluted.

We also use a variety of operating and other information to evaluate the operating performance of our business, develop financial forecasts, make strategic decisions, and prepare and approve annual budgets. We use gross billings as an operational metric to assess the volume of transactions or market share for our product, professional services, and managed services segments as well as to understand changes in our accounts receivable and accounts payable balances and our statement of cash flows. We believe our gross billings metric will aid investors in the same manner to evaluate our business.

These key indicators include financial information that is prepared in accordance with US GAAP and presented in our consolidated financial statements, as well as non-GAAP and operational performance measurement tools. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are correspondingly not normally excluded or included in the most directly comparable measure calculated and presented in accordance with US GAAP. Our use of non-GAAP information as analytical tools has limitations and should not be considered in isolation or as substitutes for analysis of our financial results reported under GAAP, as these measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

We use Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP: net earnings from continuing operations and Non-GAAP: net earnings from continuing operations per common share - diluted as supplemental measures of our performance to gain insight into our operating performance and performance trends. We believe that these measures provide management and investors with a useful measure for period-to-period comparisons of our business and operating results by excluding items that management believes are not reflective of our underlying operating performance. Accordingly, we believe that such non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results. Please see footnotes (1) and (2) of the below tables for more information.

The following tables provide our key business metrics for our consolidated entity (in thousands, except per share amounts):

Consolidated	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Financial metrics				
Net sales	\$ 608,826	\$ 493,372	\$ 1,246,141	\$ 1,029,024
Gross profit	\$ 162,124	\$ 127,302	\$ 310,340	\$ 254,176
Gross profit margin	26.6%	25.8%	24.9%	24.7%
Operating income	\$ 48,835	\$ 26,996	\$ 85,035	\$ 58,455
Operating income margin	8.0%	5.5%	6.8%	5.7%
Net earnings from continuing operations	\$ 38,160	\$ 19,799	\$ 65,288	\$ 43,992
Net earnings from continuing operations margin	6.3%	4.0%	5.2%	4.3%
Net earnings from continuing operations per common share—diluted	\$ 1.45	\$ 0.74	\$ 2.47	\$ 1.64
Non-GAAP financial metrics				
Non-GAAP: Net earnings from continuing operations (1)	\$ 40,457	\$ 25,156	\$ 73,621	\$ 52,522
Non-GAAP: Net earnings from continuing operations per common share—diluted (1)	\$ 1.53	\$ 0.94	\$ 2.79	\$ 1.96
Adjusted EBITDA (2)	\$ 58,703	\$ 36,334	\$ 105,412	\$ 75,403
Adjusted EBITDA margin (2)	9.6%	7.4%	8.5%	7.3%
Operational metrics				
Gross billings (3)				
Networking	\$ 315,189	\$ 219,797	\$ 583,921	\$ 501,325
Security	255,158	163,565	445,203	315,448
Cloud	202,828	195,852	514,845	437,126
Collaboration	41,286	46,717	64,063	79,693
Other	76,917	72,545	128,363	117,137
Product segment	891,378	698,476	1,736,395	1,450,729
Services	131,277	109,752	239,025	191,207
Total	\$ 1,022,655	\$ 808,228	\$ 1,975,420	\$ 1,641,936

- (1) Non-GAAP: Net earnings from continuing operations and Non-GAAP: Net earnings from continuing operations per common share – diluted are based on net earnings from continuing operations calculated in accordance with US GAAP, adjusted to exclude other (income) expense, share-based compensation, and acquisition related amortization and integration expenses, and the related tax effects.

We believe that the exclusion of other income and acquisition-related amortization expense in calculating Non-GAAP: Net earnings from continuing operations and Non-GAAP: Net earnings from continuing operations per common share – diluted provides management and investors a useful measure for period-to-period comparisons of our business and operating results by excluding items that management believes are not reflective of our underlying operating performance, which helps in understanding and the evaluation of our operating results. We use Non-GAAP: Net earnings from continuing operations and Non-GAAP: Net earnings from continuing operations per common share – diluted as supplemental measures of our performance to gain and provide insight into our operating performance and performance trends. However, our use of non-GAAP information as analytical tools has limitations and should not be considered in isolation or as substitutes for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate similar Non-GAAP: Net earnings from continuing operations and Non-GAAP: Net earnings from continuing operations per common share – diluted, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

The following table provides our calculation of Non-GAAP: Net earnings from continuing operations and Non-GAAP: Net earnings from continuing operations per common share – diluted (in thousands, except per share amounts):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
GAAP: Earnings from continuing operations before tax	\$ 53,998	\$ 27,312	\$ 90,810	\$ 60,482
Share-based compensation	3,058	2,530	6,498	5,321
Acquisition related expenses	-	1,043	-	1,043
Acquisition related amortization expense	5,313	4,447	10,861	8,197
Other (income) expense, net	(5,163)	(316)	(5,775)	(2,027)
Non-GAAP: Earnings from continuing operations before tax	57,206	35,016	102,394	73,016
GAAP: Provision for income taxes	15,838	7,513	25,522	16,490
Share-based compensation	896	713	1,812	1,494
Acquisition related expenses	-	293	-	293
Acquisition related amortization expense	1,552	1,246	3,025	2,293
Other (income) expense, net	(1,512)	(89)	(1,675)	(568)
Tax benefit (expense) on restricted stock	(25)	184	89	492
Non-GAAP: Provision for income taxes	16,749	9,860	28,773	20,494
Non-GAAP: Net earnings from continuing operations	\$ 40,457	\$ 25,156	\$ 73,621	\$ 52,522
	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
GAAP: Net earnings from continuing operations per common share - diluted	\$ 1.45	\$ 0.74	\$ 2.47	\$ 1.64
Share-based compensation	0.08	0.07	0.18	0.14
Acquisition related expenses	-	0.03	-	0.03
Acquisition related amortization expense	0.14	0.12	0.30	0.22
Other (income) expense, net	(0.14)	(0.01)	(0.16)	(0.05)
Tax benefit (expense) on restricted stock	-	(0.01)	-	(0.02)
Total non-GAAP adjustments - net of tax	0.08	0.20	0.32	0.32
Non-GAAP: Net earnings from continuing operations per common share - diluted	\$ 1.53	\$ 0.94	\$ 2.79	\$ 1.96

- (2) We define Adjusted EBITDA as net earnings from continuing operations calculated in accordance with US GAAP, adjusted for the following: interest expense, depreciation and amortization, share-based compensation, acquisition and integration expenses, provision for income taxes, and other (income) expense. In the table below, we provide a reconciliation of Adjusted EBITDA to net earnings from continuing operations, which is the most directly comparable financial measure to this non-GAAP financial measure. Adjusted EBITDA margin is our calculation of Adjusted EBITDA divided by net sales.

We believe that the exclusion of other income in calculating Adjusted EBITDA and Adjusted EBITDA margin provides management and investors with a useful measure for period-to-period comparisons of our business and operating results by excluding items that management believes are not reflective of our underlying operating performance, which helps in the understanding and evaluation of our operating results. We use Adjusted EBITDA as a supplemental measure of our performance to gain and provide insight into our operating performance and performance trends. However, our use of Adjusted EBITDA and Adjusted EBITDA margin as analytical tools has limitations and should not be considered in isolation or as substitutes for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate Adjusted EBITDA and Adjusted EBITDA margin, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

The following table provides our calculations of Adjusted EBITDA (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
GAAP: Net earnings from continuing operations	\$ 38,160	\$ 19,799	\$ 65,288	\$ 43,992
Provision for income taxes	15,838	7,513	25,522	16,490
Share-based compensation	3,058	2,530	6,498	5,321
Acquisition related expenses	-	1,043	-	1,043
Depreciation and amortization	6,810	5,765	13,879	10,584
Other (income) expense, net	(5,163)	(316)	(5,775)	(2,027)
Non-GAAP: Adjusted EBITDA	\$ 58,703	\$ 36,334	\$ 105,412	\$ 75,403

- (3) Gross billings are the total dollar value of customer purchases of goods and services including shipping charges during the period, net of customer returns and credit memos, sales, or other taxes from our product, professional services, and managed services segments. Gross billings include the transaction values for certain sales transactions that are recognized on a net basis, and, therefore, include amounts that will not be recognized as revenue.

RESULTS OF OPERATIONS

Net sales: Net sales for the three months ended September 30, 2025, increased \$115.4 million compared to the three months ended September 30, 2024, due to increased net sales to customers in the telecom, media and entertainment, healthcare, technology, and financial services industries, offset by decreased net sales to customers in the SLED industry. Our increase in demand was primarily driven by large enterprise customers. For further information, see the “Segment Results of Operations” below.

Net sales for the six months ended September 30, 2025, increased \$217.1 million compared to the six months ended September 30, 2024, due to increased net sales to customers in the telecom, media and entertainment, healthcare, and financial services industries, offset by decreased net sales to customers in the technology, and SLED industries. Our increase in demand was primarily driven by large enterprise customers. For further information, see the “Segment Results of Operations” below.

Gross profit: Consolidated gross profit for the three months ended September 30, 2025, increased \$34.8 million compared to the prior three-month period due to increases in net sales in all three of our operating segments. Overall, gross margins were up by 80 basis points year over year to 26.6%, primarily due to higher product margins led by a shift in product mix as we sold more third-party maintenance and subscriptions that are recognized on a net basis, offset by lower services margins. For further information, see the “Segment Results of Operations” below.

Consolidated gross profit for the six months ended September 30, 2025, increased \$56.2 million compared to the prior six-month period due to increases in net sales in all three of our operating segments. Overall, gross margins were up by 20 basis points year over year to 24.9%, primarily due to higher product margins led by a shift in product mix as we sold more third-party maintenance and subscriptions that are recognized on a net basis, offset by lower services margins. For further information, see the “Segment Results of Operations” below.

Selling, general, and administrative: Selling, general, and administrative expenses for the three and six months ended September 30, 2025, increased \$11.9 million and \$26.3 million, respectively, compared to the three and six months ended September 30, 2024, primarily due to increases in variable compensation commensurate with the increase in our gross profit and secondarily due to additional salaries and benefits and general and administrative costs due to our acquisition of Bailiwick Services, LLC (“Bailiwick”) on August 19, 2024 that fully impacted the three and six months ended September 30, 2025, but only partially impacted the corresponding 2024 periods due to the transaction’s occurring part way through the quarter ending September 30, 2024.

Salaries and benefits, including variable compensation and share-based compensation for the three and six months ended September 30, 2025, increased \$11.2 million and \$23.0 million, respectively, compared to the same three- and six-month periods in the prior year, primarily due to increases in variable compensation commensurate with the increase in our gross profit and secondarily due to additional salaries and benefits due to our acquisition of Bailiwick.

General and administrative expenses for the three months ended September 30, 2025, increased \$1.3 million as compared to the prior three-month period, due to the addition of Bailiwick. In total, we had higher software, subscription, and maintenance fees of \$1.1 million, higher professional fees of \$0.6 million, and higher travel and entertainment expenses of \$0.4 million. These increases were offset by a decrease in acquisition-related expenses of \$1.0 million, due to the addition of Bailiwick in the prior year quarter.

General and administrative expenses for the six months ended September 30, 2025, increased \$3.3 million as compared to the prior six-month period, due to the addition of Bailiwick. In total, we had higher software, subscription, and maintenance fees of \$1.9 million, higher professional fees of \$1.0 million, higher office rent of \$0.7 million, and higher travel and entertainment expenses of \$0.6 million. These increases were offset by a decrease in acquisition-related expenses of \$1.0 million, due to the addition of Bailiwick in the prior six-month period.

Provision for credit losses for the three months ended September 30, 2025, was a benefit of \$0.4 million as compared to an expense of \$0.2 million for the prior three-month period. Our lower provision for credit losses for the three months ended September 30, 2025, was due to changes in our net credit exposure.

Provision for credit losses for the six months ended September 30, 2025 and September 30, 2024, were both \$0.2 million.

Depreciation and amortization: Depreciation and amortization for the three and six months ended September 30, 2025, increased compared to the three and six months ended September 30, 2024, primarily due to amortization from intangible assets acquired in the Bailiwick acquisition.

Operating income: As a result of the foregoing, operating income for the three months ended September 30, 2025, increased \$21.8 million compared to the prior three-month period, and operating margin increased by 250 basis points to 8.0%.

As a result of the foregoing, operating income for the six months ended September 30, 2025, increased \$26.6 million compared to the prior six-month period, and operating margin increased by 110 basis points to 6.8%.

Other income (expense), net: Other income for the three months ended September 30, 2025, was \$5.2 million, compared to \$0.3 million for the three months ended September 30, 2024. Higher other income was driven by foreign exchange gains recognized in the current three-month period compared to foreign exchange losses recognized in the prior three-month period. Additionally, there was an increase in interest income. We had foreign exchange gains of \$0.7 million for the three months ended September 30, 2025, compared to losses of \$1.8 million for the same three-month period in the prior year. We had \$3.9 million in interest income for the three months ended September 30, 2025, compared to \$2.1 million for the three months ended September 30, 2024.

Other income for the six months ended September 30, 2025, was \$5.8 million, compared to \$2.0 million for the six months ended September 30, 2024. Higher other income was driven by decreased foreign exchange losses and increased interest income. We had foreign exchange losses of \$0.8 million for the six months ended September 30, 2025, compared to losses of \$2.3 million for the same six-month period in the prior year. We had \$6.0 million in interest income for the six months ended September 30, 2025, compared to \$4.4 million for the six months ended September 30, 2024.

Provision for income taxes: Our provision for income tax expense was \$15.8 million and \$25.5 million for the three and six months ended September 30, 2025, as compared to \$7.5 million and \$16.5 million for the same three- and six-month periods in the prior year. Our effective tax rate for the three and six months ended September 30, 2025, was 29.3% and 28.1% respectively, compared with 27.5% and 27.3%, respectively, for the same three- and six-month periods in the prior year. Our effective income tax rate for the three and six months ended September 30, 2025, was higher compared to the same three- and six-month periods in the prior year primarily due to a higher tax benefit from restricted stock in the prior year.

Net earnings from continuing operations: Net earnings from continuing operations for the three months ended September 30, 2025, were \$38.2 million, an increase of \$18.4 million, as compared to \$19.8 million for the same three-month period in the prior year. The net earnings increase was due to the increase in operating profits and an increase other income, offset by an increase in provision for income taxes.

Net earnings from continuing operations for the six months ended September 30, 2025, were \$65.3 million, an increase of \$21.3 million, as compared to \$44.0 million for the same six-month period in the prior year. The net earnings increase was due to the increase in operating profits, and an increase other income, offset by an increase in provision for income taxes.

Net earnings from discontinued operations, net of tax: Net earnings from discontinued operations, net of tax, for the three months ended September 30, 2025, was a loss of \$3.3 million consisting of an accrual for a contingent liability related to a legal matter of our discontinued operations of \$4.6 million for which we remain responsible under the terms of the HoldCo sale, offset by an income tax benefit of \$1.3 million. We had earnings from discontinued operations, net of tax, of \$11.5 million for the same three-month period in the prior year consisting of earnings before income taxes of \$16.0 million, offset by income tax of \$4.5 million.

Net earnings from discontinued operations, net of tax, for the six months ended September 30, 2025, was \$7.3 million consisting of earnings before gain from sale and income taxes of \$5.6 million and gain from the sale of our domestic financing business of \$4.4 million, less income tax of \$2.7 million. We had earnings from discontinued operations, net of tax, of \$14.7 million for the same six-month period in the prior year consisting of earnings before income taxes of \$20.3 million, less income tax of \$5.7 million.

Net earnings: Due to the aforementioned reasons, net earnings for the three months ended September 30, 2025, were \$34.9 million, an increase of \$3.6 million, as compared to \$31.3 million for the same three-month period in the prior year.

Due to the aforementioned reasons, net earnings for the six months ended September 30, 2025, were \$72.6 million, an increase of \$13.9 million, as compared to \$58.7 million for the same six-month period in the prior year.

SEGMENT OVERVIEW

Following the divestiture of our domestic financing business, we organize our business into three reportable segments (which we formerly referred to collectively as the technology business):

- **Product segment:** Our product segment consists of the sale of third-party hardware, third-party perpetual and subscription software, and third-party maintenance, software assurance, and other third-party services. The product segment also includes internet-based business-to-business supply chain management solutions for IT products. We endeavor to minimize the cost of sales in our product segment through incentive programs provided by vendors and distributors.
- **Professional services segment:** Our professional services segment includes our advanced professional services to our customers that are performed under time and materials, fixed fee, or milestone contracts. Professional services include consulting, assessments, architecture, deployment, and configuration, logistic services, training, staff augmentation services, and project management services. Additionally, we offer professional services in the spaces of digital signage, EV charging solutions, loss prevention and security, store openings, remodels, and store closings.
- **Managed services segment:** Our managed services segment includes our advanced managed services that encompass managing various aspects of our customers' environments that are billed in regular intervals over a contract term, usually between three to five years. Managed services also include security solutions, storage-as-a-service, cloud hosted services, cloud managed services, and service desk.

Our other category consists of the international entities of our financing business that we retained after selling our domestic financing business.

SEGMENT RESULTS OF OPERATIONS

The three and six months ended September 30, 2025, compared to the three and six months ended September 30, 2024

The results of operations for our segments were as follows (dollars in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Financial metrics				
Net sales:				
Product segment	\$ 485,014	\$ 389,613	\$ 1,005,909	\$ 846,925
Professional services segment	76,344	61,900	148,073	99,179
Managed services segment	47,417	41,767	91,997	82,677
Total reportable segments	608,775	493,280	1,245,979	1,028,781
Other	51	92	162	243
Total	\$ 608,826	\$ 493,372	\$ 1,246,141	\$ 1,029,024
Gross Profit:				
Product segment	\$ 119,013	\$ 89,359	\$ 225,495	\$ 187,864
Professional services segment	29,172	25,583	57,325	41,038
Managed services segment	13,953	12,339	27,487	25,173
Total reportable segments	162,138	127,281	310,307	254,075
Other	(14)	21	33	101
Total	\$ 162,124	\$ 127,302	\$ 310,340	\$ 254,176
Gross margin:				
Product segment	24.5%	22.9%	22.4%	22.2%
Professional services segment	38.2%	41.3%	38.7%	41.4%
Managed services segment	29.4%	29.5%	29.9%	30.4%
Total	26.6%	25.8%	24.9%	24.7%
Net sales by customer end market:				
Telecom, media & entertainment	\$ 176,772	\$ 108,870	\$ 361,751	\$ 226,423
SLED	87,246	97,687	177,808	189,783
Healthcare	82,285	78,235	156,576	153,515
Technology	69,549	54,988	152,296	164,094
Financial services	63,079	34,759	110,579	84,484
All others	129,844	118,741	286,969	210,482
Total reportable segments	\$ 608,775	\$ 493,280	\$ 1,245,979	\$ 1,028,781
Net sales by type:				
Networking	258,156	186,776	476,358	421,516
Cloud	128,270	121,336	335,266	258,567
Security	65,889	41,209	126,996	89,214
Collaboration	16,558	17,988	28,315	38,887
Other	16,141	22,304	38,974	38,741
Total products segment	\$ 485,014	\$ 389,613	\$ 1,005,909	\$ 846,925
Professional services segment	76,344	61,900	148,073	99,179
Managed services segment	47,417	41,767	91,997	82,677
Total reportable segments	\$ 608,775	\$ 493,280	\$ 1,245,979	\$ 1,028,781

Net sales:

Product segment sales for the three months ended September 30, 2025, increased compared to the same three-month period in the prior year, due to increases in demand for networking and security products. Product segment sales for the six months ended September 30, 2025, increased compared to the same six-month period in the prior year, due to increases in demand for cloud, networking and security products. These increases in demand were driven by the timing of purchases by existing customers, which are determined by their buying cycles and the timing of specific IT-related initiatives. Offsetting the increase in demand was a shift in product mix, as sales of third-party maintenance and subscriptions that are recognized on a net basis were a higher proportion of our sales for both the three and six months ended September 30, 2025, compared to the same periods in the prior year.

Professional services segment sales for the three and six months ended September 30, 2025, increased compared to the same three- and six-month periods in the prior year, primarily due to increases in revenues from the acquisition of Bailiwick.

Managed services segment sales for the three and six months ended September 30, 2025, increased compared to the same three- and six-month periods in the prior year, due to ongoing expansion of these service offerings, primarily related to ongoing growth in enhanced maintenance support and cloud services.

Gross profit margin:

Product segment margin for the three and six months ended September 30, 2025, increased by 160 basis points and 20 basis points, respectively, from the same three- and six-month periods in the prior year due to a shift in product mix and from a higher proportion of sales of third-party maintenance and subscriptions which are recorded on a net basis. Vendor incentives earned as a percentage of sales for the three and six months ended September 30, 2025 increased by 20 basis points and 10 basis points, respectively, which had a positive effect on gross margin, as compared to the same three- and six-month periods in the prior year.

Professional services segment margin for the three and six months ended September 30, 2025, decreased by 310 basis points and 270 basis points, respectively, from the same three- and six-month periods in the prior year primarily due to our acquisition of Bailiwick whose services have a lower gross margin due to the use of a higher proportion of third parties for delivery than our organic professional services.

Managed services segment margin for the three and six months ended September 30, 2025, decreased by 10 basis points and 50 basis points, respectively, from the same three- and six-month periods in the prior year, due to a decline in revenue from our service desk offering that resulted in a decrease in gross margin for that service line.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY OVERVIEW

We finance our operations through funds generated from operations and through borrowings. We use those funds to meet our capital requirements, which primarily consist of working capital for operational needs, capital expenditures, acquisitions, and the repurchase of shares of our common stock.

We believe that cash on hand and funds generated from operations, together with available credit under our credit facility, will be enough to finance our working capital, capital expenditures, and other requirements for at least next year.

Our ability to continue to expand, both organically and through acquisitions, is dependent upon our ability to generate enough cash flow from operations or from borrowing or other sources of financing as may be required. While at this time we do not anticipate requiring any additional sources of financing to fund operations, if demand for IT products declines, or if our supply of products is delayed or interrupted, our cash flows from operations may be substantially affected.

CASH FLOWS

The following table summarizes our sources and uses of cash for the six months ended September 30, 2025, and 2024 (in thousands):

	Six Months Ended September 30,	
	2025	2024
Net cash provided by (used in) operating activities of continuing operations	\$ (137,623)	\$ 117,822
Net cash provided by (used in) operating activities of discontinued operations	3,881	(42,323)
Net cash provided by (used in) operating activities	(133,742)	75,499
Net cash used in investing activities of continuing operations	(1,813)	(126,572)
Net cash provided by (used in) investing activities of discontinued operations	156,681	(1,174)
Net cash provided by (used in) investing activities	154,868	(127,746)
Net cash used in financing activities of continuing operations	(3,182)	(13,491)
Net cash used in financing activities of discontinued operations	(6,417)	(780)
Net cash used in financing activities	(9,599)	(14,271)
Effect of exchange rate changes on cash	1,255	1,025
Net increase (decrease) in cash and cash equivalents	<u>\$ 12,782</u>	<u>\$ (65,493)</u>

Cash flows from operating activities: During the six months ended September 30, 2025, we used \$137.6 million through operating activities of continuing operations primarily due to an increase in our accounts receivable and inventories and a decrease in our accounts payable, partially offset by net earnings. During the six months ended September 30, 2024, we provided \$117.8 million through operating activities of continuing operations primarily due to net earnings and decreases in our accounts receivable and inventories, partially offset by a decrease in our accounts payable.

To manage our working capital, we monitor our cash conversion cycle for our business segments, which is defined as days sales outstanding (“DSO”) in accounts receivable plus days of supply in inventory (“DIO”) minus days of purchases outstanding in accounts payable (“DPO”).

The following table presents the components of the cash conversion cycle for our business segments:

	<u>As of September 30,</u>	
	2025	2024
(DSO) Days sales outstanding (1)	63	66
(DIO) Days inventory outstanding (2)	15	12
(DPO) Days payable outstanding (3)	(48)	(46)
Cash conversion cycle	<u>30</u>	<u>32</u>

- (1) Represents the rolling three-month average of the balance of trade accounts receivable-trade, net at the end of the period divided by Gross billings for the same three-month period.
- (2) Represents the rolling three-month average of the balance of inventory, net at the end of the period divided by the direct cost of products and services billed to our customers for the same three-month period.
- (3) Represents the rolling three-month average of the combined balance of accounts payable-trade and accounts payable-floor plan at the end of the period divided by the direct cost of products and services billed to our customers for the same three-month period.

Our cash conversion cycle decreased to 30 days as of September 30, 2025, as compared to 32 days as of September 30, 2024. Our standard payment term for customers is between 30-60 days; however, certain customer orders may be approved for extended payment terms. Our DSO decreased 3 days to 63 days as of September 30, 2025, compared to 66 days as of September 30, 2024, reflecting higher sales to customers with terms less than or equal to net 60 days. Our DIO increased to 15 days as of September 30, 2025, compared to 12 days as of September 30, 2024 due to longer customer delivery schedules. Our DPO increased 2 days as of September 30, 2025. We pay invoices, processed through our WFCDF Credit Facility from our accounts payable-floor plan balance or paid directly from our accounts payable-trade balances typically within 45 to 60 days from the invoice date.

Cash flows related to investing activities: During the six months ended September 30, 2025, we used \$1.8 million through investing activities of continuing operations consisting primarily of purchases of property and equipment. We also provided \$156.7 million through investing activities of discontinued operations, consisting primarily of cash proceeds from our sale of HoldCo of \$180.1 million less cash transferred with the HoldCo entities of \$23.4 million. During the six months ended September 30, 2024, we used \$126.6 million through investing activities of continuing operations consisting of \$124.6 million for the acquisition of Bailiwick, and \$1.9 million for purchases of property, equipment and operating lease equipment.

Cash flows from financing activities: During the six months ended September 30, 2025, we used \$3.2 million through financing activities of continuing operations. We had cash outflows of \$7.4 million to repurchase outstanding shares of our common stock and \$6.6 million paid in dividends. These cash outflows were partially offset by cash inflows of \$9.0 million in net borrowing on our floor plan facility and \$1.8 million in proceeds from the issuance of common stock to employees under an employee stock purchase plan.

During the six months ended September 30, 2024, we used \$13.5 million through financing activities of continuing operations. We had cash outflows of \$23.6 million to repurchase outstanding shares of our common stock and \$2.3 million paid to the sellers of Peak Resources, Inc. based on adjustments to the determination of total net assets received in our January 2024 acquisition of that company. These cash outflows were partially offset by cash inflows of \$10.6 million in net borrowings on the floor plan component of our credit facility and \$1.8 million in proceeds from the issuance of common stock to employees under an employee stock purchase plan.

CREDIT FACILITY

We finance the operations of our subsidiaries ePlus Technology, inc. and ePlus Technology Services, inc. (collectively, the “Borrowers”) through a credit facility with WFCDF. The WFCDF Credit Facility has a floor plan facility and a revolving credit facility.

Please refer to [Note 7](#), “Credit Facility” to the accompanying Consolidated Financial Statements included in "Part I, Item 1. Financial Statements" for additional information concerning our WFCDF Credit Facility.

The loss of the WFCDF Credit Facility could have a material adverse effect on our future results as we currently rely on this facility and its components for daily working capital and liquidity and as an operational function of our accounts payable process.

Floor plan facility: We finance certain purchases of products for sale to our customers through the floor plan facility. Once our customers place a purchase order with us and we have approved their credit, we place an order for the desired products with one of our vendors. Our vendors are generally paid by the floor plan facility and our liability is reflected in “accounts payable—floor plan” in our consolidated balance sheets.

Most customer payments to us are remitted to our lockbox accounts. Once payments are cleared, the monies in the lockbox accounts are automatically and daily transferred to our operating account. We pay down the floor plan facility on three specified dates each month, generally 45 to 60 days from the invoice date. Our borrowings and repayments under the floor plan component are included in “net borrowings (repayments) on floor plan facility” within cash flows from the financing activities in our consolidated statements of cash flows.

As of September 30, 2025, and March 31, 2025, we had a maximum credit limit of \$500.0 million, and an outstanding balance on the floor plan facility of \$98.5 million and \$89.5 million, respectively. On our balance sheet, our liability under the floor plan facility is presented as part of accounts payable – floor plan.

Revolving credit facility: We did not have any activity on our revolving credit facility during the three months ended September 30, 2025, and 2024. As of September 30, 2025, and March 31, 2025, we did not have any outstanding balance under the revolving credit facility. The maximum credit limit under this facility was \$200.0 million as of both September 30, 2025, and March 31, 2025.

DIVIDENDS

A summary of fiscal year to date dividend activity for our common stock is as follows:

Dividend Amount	Declaration Date	Record Date	Payment Date
\$0.25	August 7, 2025	August 26, 2025	September 17, 2025

On November 6, 2025, we announced that our Board of Directors declared a quarterly dividend. The quarterly cash dividend of \$0.25 per common share will be paid on December 17, 2025, to shareholders of record as of the close of business on November 25, 2025.

The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition, business prospects, capital requirements, contractual restrictions (including in current or future agreements governing our indebtedness), restrictions imposed by applicable law, tax considerations and other factors that our Board of Directors deems relevant.

PERFORMANCE GUARANTEES

In the normal course of business, we may provide certain customers with performance guarantees, which are generally backed by surety bonds. In general, we would only be liable for these guarantees in the event of default in the performance of our obligations. We believe we comply with the performance obligations under all service contracts for which there is a performance guarantee, and we believe that any liability incurred in connection with these guarantees would not have a material adverse effect on our consolidated statements of operations.

OFF-BALANCE SHEET ARRANGEMENTS

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements, or other contractually narrow or limited purposes. As of September 30, 2025, we were not involved in any unconsolidated special purpose entity transactions.

ADEQUACY OF CAPITAL RESOURCES

The continued implementation of our business strategy will require a significant investment in both resources and managerial focus. In addition, we may selectively acquire other companies that have attractive customer relationships and skilled sales and/or engineering forces. We may also open facilities in new geographic areas, which may require a significant investment of cash. We may also acquire technology companies to expand and enhance our geographic footprint, or the platform of bundled solutions to provide additional functionality and value-added services. We may require additional capital due to increases in inventory to accommodate our customers' IT installation schedules. These actions may result in increased working capital needs as the business expands. As a result, we may require additional financing to fund our strategy, implementation, potential future acquisitions, and working capital needs, which may include additional debt and equity financing. While the future is uncertain, we do not expect our WFCDF Credit Facility will be terminated by WFCDF or us.

POTENTIAL FLUCTUATIONS IN QUARTERLY OPERATING RESULTS

Our future quarterly operating results and the market price of our common stock may fluctuate. In the event our revenues or earnings for any quarter are less than the level expected by securities analysts or the market in general, such shortfall could have an immediate and significant adverse impact on the market price of our common stock. Any such adverse impact could be greater if any such shortfall occurs near the time of any material decrease in any widely followed stock index or in the market price of the stock of one or more competitors, IT resellers, major customers, or vendors of ours.

Our quarterly results of operations are susceptible to fluctuations for a number of reasons, including, but not limited to currency fluctuations, reduction in IT spending, shortages of product from our vendors due to material shortages, the timing and mix of specific transactions, the reduction of manufacturer incentive programs, and other factors. See Part I, Item 1A, "Risk Factors," in our 2025 Annual Report, as supplemented in subsequently filed reports, and in Part II, Item 1A, "Risk Factors" in this Quarterly Report.

We believe that comparisons of quarterly results of our operations are not necessarily meaningful and that results for one quarter should not be relied upon as an indication of future performance.

CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates have not changed from those reported [Item 7](#), "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Annual Report.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY RISK

We have foreign currency exposure when transactions are not denominated in our subsidiaries' functional currency, which include purchases and sales of the products and services we provide, as well as loans with other ePlus entities. To date, foreign currency exposure associated with purchases and sales of the products and services we provide has not been significant. We have incurred foreign currency transaction gains and losses in certain foreign subsidiaries on US dollar denominated loans. Fluctuations in currency exchange rates may impact our results of operations and financial position.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures, or "disclosure controls," as defined in the Exchange Act Rule 13a-15(e). Disclosure controls are controls and procedures designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report, is recorded, processed, summarized, and reported within the periods specified in the SEC's rules and forms. Disclosure controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our disclosure controls include some, but not all, components of our internal control over financial reporting. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2025.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in our internal control over financial reporting during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

LIMITATIONS AND EFFECTIVENESS OF CONTROLS

Our management, including our CEO and CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process; therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

PART II. OTHER INFORMATION**Item 1. LEGAL PROCEEDINGS**

Please refer to [Note 8](#), “Commitment and Contingencies” to the accompanying Consolidated Financial Statements included in “Part I, Item 1. Financial Statements.”

Item 1A. RISK FACTORS

Other than as disclosed in “Part II, Item 1A. “Risk Factors” of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, there has not been any material change in the risk factors disclosed in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information regarding our purchases of common stock during the three months ended September 30, 2025.

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs (2)
July 1, 2025 through July 31, 2025	-	\$ -	-	-
August 1, 2025 through August 31, 2025	-	\$ -	-	1,500,000
September 1, 2025 through September 30, 2025	60,000	\$ 73.41	60,000	1,440,000
Total	60,000	60,000		

- (1) All shares were acquired in open-market purchases.
- (2) The amounts presented in this column are the remaining number of shares that may be repurchased after repurchases during the month. As of May 27, 2025, the authorization under the then-existing share repurchase plan expired. On August 7, 2025, our board of directors authorized the repurchase of up to 1,500,000 shares of our outstanding common stock, over a 12-month period beginning August 11, 2025.

The timing and expiration date of the current stock repurchase authorizations are included in Note 10, “Stockholders’ Equity” to our unaudited consolidated financial statements included elsewhere in this report.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

Item 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended September 30, 2025, no director or officer of ePlus inc. adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K. Certain of our executive officers may participate in employee stock purchase plans that have been designed to comply with Rule 10b5-1(c) under the Exchange Act.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	ePlus inc. Amended and Restated Certificate of Incorporation, as last amended September 18, 2023. (Incorporated herein by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the period ended September 30, 2023).
3.2	Amended and Restated Bylaws of ePlus inc., as of March 26, 2024. (Incorporated herein by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 28, 2024).
10.1	Form of Performance Stock Unit Award Notice and Award Agreement for Performance Stock Unit awards granted on or after September 12, 2025 (filed herewith).
31.1	Certification of the Chief Executive Officer of ePlus inc. pursuant to the Securities Exchange Act Rules 13a-14(a) and 15d-14(a).
31.2	Certification of the Chief Financial Officer of ePlus inc. pursuant to the Securities Exchange Act Rules 13a-14(a) and 15d-14(a).
32	Certification of the Chief Executive Officer and Chief Financial Officer of ePlus inc. pursuant to 18 U.S.C. § 1350.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Exhibit 101 Inline XBRL document)

SIGNATURES

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

ePlus inc.

Date: November 6, 2025

/s/ MARK P. MARRON

By: Mark P. Marron
Chief Executive Officer and
President
(Principal Executive Officer)

Date: November 6, 2025

/s/ ELAINE D. MARION

By: Elaine D. Marion
Chief Financial Officer
(Principal Financial Officer)

ePLUS INC.
2021 EMPLOYEE LONG-TERM INCENTIVE PLAN (THE "PLAN")

Performance Stock Unit Award Notice and Award Agreement ("Award Agreement")

PART I

Name of Participant: _____ Award Number: _____

You have been granted a Performance Stock Unit Award of 1 target units for 1 target shares ("Awarded PSUs") of ePlus inc. (the "Company") common stock, par value \$0.01 per share ("Shares"), as further specified in **Appendix A** of this Award Agreement (including upward and downward adjustments to the amount of Awarded PSUs). These Awarded PSUs are restricted, and not settled in Shares, until both the Service Condition and the Performance Condition are satisfied.

The Service Condition and the Performance Condition will be determined as of the date below with respect to the Awarded PSUs:

Number of Awarded PSUs

Vesting Date

By your signature and the Company's signature below, you and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and the Award Agreement (including PART I and PART II), all of which are made a part of this document.

Executive:

For ePlus' Compensation Committee:

Signature: _____

Signature: _____

Name: _____

Name: _____

Date: _____

Title: _____

Date: _____

PART II

General Terms and Conditions

Section 1. General Terms.

(a) ***Size and Type of Award.*** The Performance Stock Units for Shares covered by this Award (the “Awarded PSUs”) are listed in Part I of this Award Agreement (“Award Notice”), and are subject to all of the terms and conditions of the ePlus inc. 2021 Employee Long-Term Incentive Plan (the “Plan”), as well as the terms of the Company’s Policy for Recoupment of Incentive Compensation. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

(b) ***409A Compliance.*** It is intended that the Awarded PSUs granted pursuant to this Award Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other guidance promulgated thereunder (“Section 409A”) or an exception thereto, and all provisions of this Award Agreement shall be construed, interpreted, and administered in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. It is further intended that all payments related to, or settlements of, the Awarded PSUs hereunder qualify for the “short-term deferral” exception under Section 409A.

(c) ***Employment.*** Your employment with the Company and/or its Affiliates constitutes adequate consideration for the issuance of the Shares to you having a value at least equal to the par value of the Shares, but the vesting conditions described below will nevertheless determine your right to acquire unrestricted ownership of the Shares to be issued upon settlement of vested Awarded PSUs.

Section 2. Vesting.

(a) ***Vesting Date.*** The vesting date (the “Vesting Date”) for your Awarded PSUs is specified in Appendix A. After the Vesting Date, subject to the provisions of this Award Agreement (including Section 2(b) below), you will, pursuant to Section 3 of this Part II below, obtain the Shares to be issued upon settlement of your vested Awarded PSUs.

- (i) You must, except as otherwise provided herein, either (1) remain in continuous service with the Company and/or its Affiliates as an Employee from the date of this Agreement through the Vesting Date (the “Service Condition”) or (2) have terminated employment in accordance with the below provisions; and
- (ii) The Performance Criteria specified in Appendix A of this Award Agreement must be met as of the end of the Performance Period as determined by the Committee in accordance with the terms of the Plan (the “Performance Condition”).

(c) ***Forfeitures.*** Except as otherwise provided herein, if you terminate service with the Company and its Affiliates prior to the Vesting Date, you will forfeit the Awarded PSUs that are scheduled to vest on or after such termination of service date. When you forfeit Awarded PSUs, all of your interest in the unvested Awarded PSUs will be automatically canceled. Notwithstanding the foregoing, the following exceptions shall apply:

- (i) Death or Disability. In the event of termination of your employment during the Performance Period due to death or Disability, your Awarded PSUs will vest at the Performance Target level of achievement and be settled as provided in Section 3 of Part II of this Award Agreement;
- (ii) Retirement. If (A) at least one full year has passed since the beginning of the Performance Period, (B) you have met the criteria for Retirement as defined in the Plan, (C) you provide reasonable notice of Retirement, (D) at the time of Retirement , you have complied with the Company's Code of Conduct, and (E) you have complied with all applicable post-employment requirements, such as confidentiality and non-competition, then following the end of the Performance Period, you shall vest in your Awarded PSUs based upon the Performance Targets achieved in the same manner as if you had remained employed until the end of the Performance Period;
- (iii) Termination without Cause or Termination for Good Reason without a Change in Control. If a Change in Control has not occurred during the Performance Period and during the Performance Period your employment is terminated without cause or your employment is terminated for good reason, then: following the end of the Performance Period, you shall vest in your Awarded PSUs based upon the Performance Targets achieved in the same manner as if you had remained employed until the end of the Performance Period but prorated based upon the number of days you were employed during the Performance Period;
- (iv) Change in Control. In the event of a Change in Control and provided that within thirty (30) days of the Change in Control you are not provided an equivalent value agreement that supersedes this Award Agreement, if your employment is terminated within twenty-four (24) months after the Change in Control for good reason or without cause, then you shall vest in your Awarded PSUs upon your employment termination date at the Performance Target level of achievement for the financial metrics listed in **Appendix A**, and at the greater of the Performance Target or actual level of achievement for the [_____] metric listed in **Appendix A**, and your Vested PSUs shall be settled as provided in Section 3 of Part II of this Award Agreement.

(d) **Definition of Service**. For purposes of determining the vesting of your Awarded PSUs, you will be deemed to be in the service of the Company and/or its Affiliates for so long as you serve in any capacity as an Employee.

(e) **Application of Other Forfeitures and Clawback Policy**. Notwithstanding anything in this Award Agreement to the contrary, the Awarded PSUs and any related Shares shall be subject to adjustment and/or recovery, in whole or in part, following the date on which they become vested and settled if and to the extent (i) required by any applicable law, rule or regulation, (ii) provided in Section 6(g)(xii) of the Plan or (iii) provided under the terms of any clawback policy or other policy of similar import adopted by the Company and in effect on the date the Awarded PSUs or Shares, as applicable, become vested and settled.

Section 3. **Settlement.** As soon as reasonably practicable after any of the Awarded PSUs vest and no later than December 31st of the calendar year during which the Awarded PSUs vest pursuant to Section 2 of Part II of this Award Agreement, the Company shall, subject to the provisions of this Award Agreement, issue and deliver to you Shares, rounded down to the nearest whole share, to be issued upon settlement of such vested Awarded PSUs.

Section 4. **Voting and Other Rights.** Except with respect to the Shares issued and delivered to you upon settlement of vested Awarded PSUs, (a) you will not have the right to vote, or direct the voting of, Awarded PSUs, (b) you will not have any other rights of a stockholder, including any rights to dividends or Dividend Equivalents and (c) you will not obtain ownership of the Shares for tax or other purposes.

Section 5. **No Right to Continued Service.** Nothing in this Award Agreement, or any action of the Board or Committee with respect to this Award Agreement, shall be held or construed to confer upon you any right to a continuation of service as an Employee or in any other capacity by the Company and/or its Affiliates.

Section 6. **Taxes.** If you are entitled to receive the Shares to be issued upon settlement of vested Awarded PSUs pursuant to this Award Agreement, the Company shall have the right to require you to pay to the Company the amount of any tax which the Company is required to withhold with respect to such Shares, or, in lieu thereof, to retain, or to sell without notice, a sufficient number of Shares to cover the amount required to be withheld. Section 9(b) of the Plan is incorporated by reference herein.

Section 7. **Notices.** Any communication required or permitted to be given under the Plan, including any notice, direction, designation, comment, instruction, objection or waiver, shall be in writing and shall be deemed to have been given at such time as it is delivered personally or five (5) days after mailing if mailed, postage prepaid, by registered or certified mail, return receipt requested, addressed to such party at the address listed below, or at such other address as one such party may by written notice specify to the other party:

If to the Participant, to the Participant's address as shown in the Company's records.

If to the Committee, at the Company's headquarters address as shown on the Company's website at the time notice is given, Attention: Compensation Committee and Corporate Secretary.

Section 8. **Restrictions on Transfer.** The Awarded PSUs granted hereunder shall not be subject in any manner to anticipation, alienation or assignment, nor shall such Award be liable for, or subject to, debts, contracts, liabilities, engagements or torts, nor shall it be transferable by the Participant other than as permitted by the Plan.

Section 9. **Successors, heirs, executors and administrators.** This Award Agreement shall inure to the benefit of and shall be binding upon the Company and its successors, and you and your heirs, executors and administrators.

Section 10. **Construction of Language.** Whenever appropriate in this Award Agreement, words used in the singular may be read in the plural, words used in the plural may be read in the singular, and words importing the masculine gender may be read as referring equally to the feminine or the neuter. Any reference to a section shall be a reference to a section of this Award Agreement, unless the context clearly indicates otherwise.

Section 11. Governing Law. This Award Agreement shall be construed, administered and enforced according to the laws of the state of Delaware without giving effect to the conflict of law principles thereof, except to the extent that such laws are preempted by federal law. The federal and state courts having jurisdiction in Fairfax County, Virginia shall have exclusive jurisdiction over any claim, action, complaint or lawsuit brought under the terms of the Plan. By accepting the Award granted under this Award Agreement, you, and any other person claiming any rights under this Award Agreement, agrees to submit himself or herself, and any such legal action as he or she shall bring under the Plan, to the sole jurisdiction of such courts for the adjudication and resolution of any such disputes.¹

Section 12. Amendment. This Award Agreement may be amended, in whole or in part and in any manner not inconsistent with the provisions of the Plan, at any time and from time to time, by written agreement between the Company and you.

Section 13. Plan Provisions Control. This Award Agreement and the rights and obligations created hereunder shall be subject to all of the terms and conditions of the Plan. In the event of any conflict between the provisions of the Plan and the provisions of this Award Agreement, the terms of the Plan, which are incorporated herein by reference, shall control. By signing this Award Agreement, you acknowledge receipt of a copy of the Plan. You acknowledge that you may not and will not rely on any statement of account or other communication or document issued in connection with the Award other than the Plan, this Award Agreement, or any document signed by an authorized representative of the Company that is designated as an amendment of the plan or this Award Agreement. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the Plan except that the definitions of “cause” and “good reason” in any applicable employment agreement with the Company and/or its Affiliates shall apply in substitution of the Plan’s definitions.

APPENDIX A TO PERFORMANCE STOCK UNIT AWARD NOTICE AND AWARD AGREEMENT

Participant:

Award Number:

Award Date

Awarded PSUs
(at Performance Target level):

Vesting Date:

Performance Period:

Performance Criteria:

Should the base year of any Performance Target be modified due to an accounting restatement (as defined in the ePlus inc. Policy for Recoupment of Incentive Compensation), then the percentage increase used to derive the incremental dollar value Performance Targets herein shall be used to calculate the revised Performance Targets from the restated base year.

Section 2. Performance-Related Provisions of Plan. This Award is subject to Section 6(d) of the Plan.

CERTIFICATION

I, Mark P. Marron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ePlus inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ MARK P. MARRON

Mark P. Marron
Chief Executive Officer and President
(Principal Executive Officer)

CERTIFICATION

I, Elaine D. Marion, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ePlus inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ ELAINE D. MARION

Elaine D. Marion
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

**PURSUANT TO 18 USC. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ePlus inc. on Form 10-Q for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 USC. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the undersigned's best knowledge and belief:

- a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ePlus inc.

Date: November 6, 2025

/s/ MARK P. MARRON

Mark P. Marron, Chief Executive Officer and President
(Principal Executive Officer)

/s/ ELAINE D. MARION

Elaine D. Marion, Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to ePlus and will be retained by us and furnished to the Securities and Exchange Commission or its staff upon request.
