ePlus® inc.

2019 Annual Report >>>

Where Technology Means More®

Forward Focus >>>

At ePlus, our focus is making technology mean more—and do more—to drive positive business outcomes for our customers. Technology evolves quickly, and every new development exposes our customers to new opportunities and new challenges. ePlus is the partner that can help them navigate with confidence and agility. Technology can help solve problems and catapult organizations forward, but it can also be time-consuming and laborious to design and implement. While the possibilities created by technology can be limitless, the planning and deployment of it can often saddle organizations with staffing issues or training challenges as in-house resources struggle to keep up with the pace. That's where ePlus comes in.

From Cloud, Security and AI to Digitization and Managed Services, we help organizations navigate their technology options – and then design, orchestrate and seamlessly implement solutions. Backed by a staff of more than 1,500 employees, 650 of whom are certified on the latest technologies from industry-leading IT companies, ePlus provides unparalleled guidance and expertise that allow customers to maximize the return on their technology investments. Whether as a trusted advisor, a hands-on extension of their team, a trainer, a staffing partner or in a capacity to proactively monitor and manage their networks: we are at the front lines…helping them forward focus in a way only ePlus can.

CLOUD
- ePlus Cloud Consulting Services
- ePlus Cloud Hosted Services
- Public Cloud (AWS, Azure, Google)
- Cloud Managed Services
- Multi Cloud Solutions
- Cost Optimization

SECURITY
- Threat Prevention & Detection
- Data Protection
- Security Operations and Analytics
- Security Managed Services
- Security Advisory Services

DATA CENTER
- Compute
- Virtualization
- Hyper Converged
- Storage
- Backup and Disaster Recovery
- Hosting/Co-location

NETWORKING
- Campus Networking
- Multi-Cloud/Software Defined Networking
- SD-WAN
- Service Provider Networking
- Mobility/Wireless
- Connectivity

EMERGING
- Artificial Intelligence
- Analytics
- Big Data
- Machine Learning
- Internet of Things

COLLABORATION
- Voice and Video Calling
- Real-time Messaging and Meetings
- Video Conferencing
- Contact Center

SERVICES
- Assessments
- Managed Services
- Cloud Solutions
- Security Services
- On-Demand Services
- Staffing Solutions
- Integration Services
- Training Services
- Supply Chain Solutions
- Consulting
- Project Management
- Asset Management
- IT Asset Disposition

FINANCING
- Equipment
- Services
- Software
- Consumption & Utility Models
- Vendor Programs
- Device-as-a-Service

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Where Technology Means More®

To Our Shareholders >>>

Mark P. Marron
CEO and President

Fiscal 2019 was a successful year for ePlus across a number of key metrics. We continued to execute on our long term strategy of growing our footprint nationally and internationally, increasing our customer base organically and through acquisitions, and broadening our portfolio of solutions and services to fulfill customer demand. We are transforming our business in response to, and in anticipation of, industry trends, such as focusing on multi-cloud and security solutions, providing more advisory services to enable customer-centric business outcomes, and using our robust, historical experience financing billions of dollars of IT equipment to provide consumption-based financing and other flexible payment options to our customers.

The industry trend toward selling solutions on a subscription or ratable basis has accelerated over the last twelve months across our vendor and customer bases. ePlus is uniquely positioned to accommodate this model by leveraging our financing segment and supply chain tools, which provide us with a significant competitive advantage. Our extensive underwriting experience financing a wide array of IT products, services and software assets benefits our customers whether they want to own, consume or rent IT.

Our primary focus is to deliver integrated solutions that address our customers' business needs, leveraging the appropriate technologies, both on-premise and in the cloud. We believe that our customers view technology purchases as holistic solutions, rather than discrete product and service categories, and the majority of our sales are derived from integrated solutions involving our customers' data center, network, security and collaboration infrastructure. Our expertise in core and emerging technologies, buttressed by our robust portfolio of consulting, professional, and managed services has enabled ePlus to remain a trusted advisor for our customers.

HEALTHY GROWTH IN OUR SERVICES BUSINESS

Our services business has increased at a compound annual growth rate of just under 24% over the last three years and has increased our overall gross margin.

We continue to grow our consultative and advisory portfolio of services along with optimized services that monitor and manage our customers' IT infrastructure. At the same time, we are providing staffing resources, enabling our customers to focus on their core business. Our service offerings allow us to maintain a close relationship with our customers, often winning us a seat at strategic planning meetings. We also continued to build out our annuity-quality revenue base, providing enhanced visibility, stability and improved gross margin over time.

SECURITY AS A COMPETITIVE ADVANTAGE

Security remains top of mind throughout our customer base and we are well positioned with an array of services and expertise to help our customers mitigate risk and achieve desired business outcomes.

Security products and services represented nearly 20% of our adjusted gross billings for fiscal 2019. In fact, many of our recent key wins have important security-solution components with global business implications, as we help customers in multiple countries secure their multi-cloud workloads. We also help them evaluate the top cloud security solutions, facilitating the selection of the best tools and processes to secure data while addressing regulatory and compliance requirements. All of this has come together to further strengthen our market positioning globally.

INVESTMENT IN OUR BUSINESS: ORGANIC AND ACQUISITIONS

We have continued expanding our solutions and services offerings, which includes making investments in customer-facing headcount, and have broadened our reach to support our enterprise, mid-market, and SLED customer base. Along those lines, in late January, we acquired SLAIT Consulting, expanding our geographic footprint and service offerings, while extending our security consulting and managed service capabilities. SLAIT brought us a large customer base with concentration in the higher education and state and local government space and in healthcare verticals. In addition, we value the consultative services in the areas of Governance, Risk and Compliance or GRC, and bespoke help desk and managed services solutions, as well as SLAIT's strong staffing practice. With SLAIT integrated into our existing business, we are working diligently on cross sell opportunities, bringing these new capabilities to our existing clients and introducing core ePlus services and offerings to our new customer base.

FISCAL 2019 WAS A YEAR OF STRONG PROFIT PERFORMANCE AND MARGIN

Adjusted gross billings increased 1% in fiscal 2019, despite difficult year-on-year comparisons. Net sales of $1.37 billion were 3.3% below the $1.42 billion reported in fiscal 2018. The nearly $590 million difference between adjusted gross billings and reported fiscal 2019 revenue represents a reclassification from gross to net primarily of maintenance and subscription software that have been sold by ePlus but are delivered by third-parties. While a headwind to revenue, these sales provide us with additional important renewal opportunities, around subscription-based software and maintenance contracts, building our ability to generate annuity-like revenues.

Consolidated gross profit of $330.4 million increased 2.1%, faster than adjusted gross billings and sales. Consolidated gross margin was 24.1%, representing a 130-basis point expansion from fiscal 2018, benefitting from a more favorable mix of products and services, including from the enlargement of our services portfolio and the performance of our financing business.

Net earnings increased 14.6% to $63.2 million and earnings per diluted share of $4.65 and non-GAAP earnings per diluted share of $5.12, grew 17.7% and 1.6%, respectively, ahead of the prior year's levels.

Our balance sheet remains strong, providing financial flexibility for investments and acquisitions. Cash and cash equivalents was $79.8 million at year-end, after accounting for the acquisition of SLAIT Consulting as well as increased working capital needs and share repurchases.

We believe this demonstrates the value that our customers place on the tailored solutions that we provide, particularly in our key focus areas of cloud, security and emerging technologies.

OUR BRIGHT OUTLOOK

We are very pleased with our positioning heading into FY 2020 as market demand remains positive, and we have made focused investments in the solution areas necessary to capture additional opportunities. We believe the investments we're making in people, technology and infrastructure as part of our long-term strategy benefit our current market position and our future results.

Many of our customers are involved in business model transformation, adopting digital infrastructures, multi-cloud environments, and IOT, as well as utilizing AI and data analytics to drive efficiencies in their internal IT and to improve their own customer experience. Many of our customers consider security the number one threat to their businesses. In each of these areas, ePlus has the right solution, whether it be integrating leading vendors' products and services, or offering professional or managed services, all provided via an advisory approach. We currently serve over 3,400 middle market, enterprise and SLED customers, and we have the resources to drive organic growth and take advantage of acquisition opportunities that represent the right fit.

We continue to execute effectively on the key elements of our strategy—namely,

- growing our services revenues, which have been increasing at a significant double-digit rate;
- increasing sales of our security products and services, which now account for approximately 20% of adjusted gross billings; and
- completing acquisitions that are building out our capabilities and footprint.

Going forward, we expect to balance our growth initiatives with actions to optimize product mix and cost structure, while providing customers with the solutions and services they want and need. And, while we continue to grow and scale our business, we also continue to expand our corporate social responsibility initiatives by working with non-profit partners and by expanding some of our home-grown efforts, such as our GRiT program, which seeks to provide young girls with mentorship and career exposure in STEM fields, especially cyber security.

In summary, fiscal 2019 was a year of positive progress for ePlus across many key financial metrics and we are pleased with our positioning for fiscal 2020 and beyond. We appreciate the support and confidence of our employees, shareholders, customers and vendors and look forward to another successful year of working together.

Regards,

Mark P. Marron
CEO and President

Creating Positive Business Outcomes >>>

Technology is only as powerful as the ability to understand it and utilize it correctly. Knowing how to harness its power to attain more meaningful business impact is what ePlus does best. We believe our customers choose us for their complex IT infrastructure needs based on our track record of delivering best-of-breed solutions, value-added services, and close relationships with both established and emerging vendors. We focus on obtaining and maintaining top-level engineering certifications and professional services expertise in advanced technologies of strategic vendors and possess over 1,700 technical certifications that are leveraged to help our customers achieve positive business outcomes. We've listed just a few of their success stories below.

Accelerating Growth through Transformative Technology

A large children's hospital trusted ePlus to modernize a costly legacy infrastructure that was causing interruption of service, poor patient experience and inconsistent security. Implementing transformative technology has helped the hospital accelerate growth, cut overall costs and mitigate risk.

Laying Foundation for the Future

One of the largest electrical and lighting contractors in the U.S. relied on ePlus to provide end-to-end training, design, and implementation of an Azure foundation to enable future workloads. Along with the flexibility and ability to leverage services only available in public cloud, ePlus enabled the customer to deliver internal training globally for a lower cost and with a better user experience for effective future cloud deployments.

Managing the Details, from A to Z

One of the nation's largest beverage producers tapped ePlus for an A to Z build out and management of its IT team and all its IT systems, including network, storage, helpdesk, wireless and more. Relying on ePlus Managed Services has enabled the customer to access talented IT staff, eliminate antiquated network services, and build from scratch an IT organization capable of scaling with its growth.

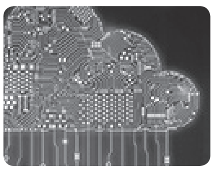
Quickly Filling High-Demand IT Roles

A well-known charitable organization and long-time partner turned to ePlus to fill open technology roles with vetted and pre-qualified candidates. A competitive job market made the search process lengthy, however, ePlus' ability to fill specialized roles in a timely manner made recruiting more efficient while freeing up staff to get back to the important work: saving lives.

Forward Focused Knowledge >>>

Our expertise runs across the entire technology landscape – from staples like Cloud and Security to emerging technologies such as Artificial Intelligence and Machine Learning. Many of our employees carry certifications in the latest technologies, and as such, the value we provide can be immeasurable and comes in many forms. From hands-on implementation, training, workshops and assessments to consultation and best practices - our knowledge is vast and our perspective comes from years of experience that we apply to every engagement.

We regularly publish blogs and podcasts that address issues top of mind for our customers, including the sampling below.



Journey to the Cloud

Organizations in every industry are migrating to the cloud as part of their IT transformation. Whether hybrid, managed or multi-cloud, there are considerations that need to be addressed to truly move an organization forward. (Podcast)

A Solid Approach to Data Protection and Privacy

Data Protection is a business, legal and compliance issue. Migration and movement of data within and outside of cloud environments, including internationally, has complicated considerations. ePlus can help customers achieve positive business outcomes with a strong approach to data protection.

Demystifying Cloud Security

An increasing number of organizations are investigating options to migrate workloads to the cloud or replace legacy applications with a software as a service (SaaS) application. Moving assets from on-premise to the public or private cloud can enable substantial positive business outcomes but requires additional thought around how to protect sensitive information to maintain compliance, audit and privacy requirements.

Beyond Cloud – Why You Need a Multi-Cloud Architecture

The majority of organizations are pursuing a multiple cloud strategy. Using more than one cloud platform is a good business decision, enabling organizations to leverage the right platform for the right use case, dictated in part by factors such as capabilities, features, and cost. This approach also decreases provider lock-in and allows for maximum agility.

Access our expertise anytime with blogs and podcasts by our experts: **https://www.eplus.com/more-perspective**

ePlus Gives Back >>>

Corporate social responsibility remains an important part of our culture. As such, we continue to focus efforts around supporting the communities in which we live and work.

GRIT

Working in partnership with Cisco, ePlus' Girls Re-Imagining Technology (GRIT) program went nationwide in the US this year. Four classes of middle school girls went through the 16-week program, which offers them mentorship in the areas of public speaking, online safety and business etiquette, in addition to exposure to possible careers in technology.

Be The Match

We raised $50,000 in support of Be The Match. A long-term customer of ours, Be The Match saves lives by matching bone marrow donors with people suffering from blood cancers who are in need of transplants. Donations also support logistics, such as transportation of people and bone marrow, to and from hospitals.

New-York Presbyterian Morgan Stanley Children's Hospital

We brought the North Pole and its most popular resident to spread virtual holiday cheer to the children at New-York Presbyterian Morgan Stanley Children's Hospital.

In Perfect Harmony

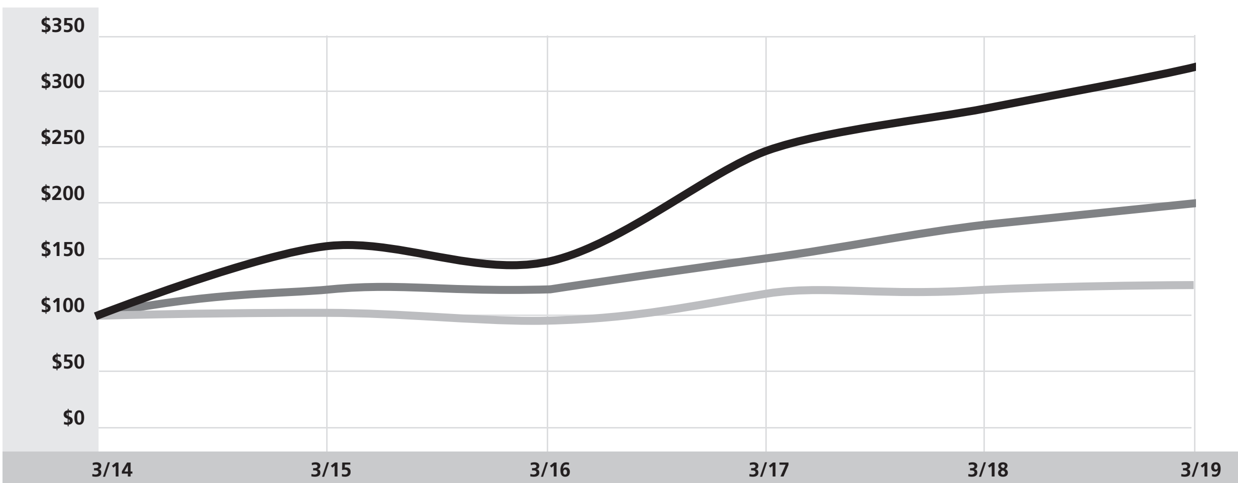
We took team "building" seriously at our national sales meeting in Music City! ePlus employees built 50 guitars which were then donated to the music programs of local schools in the Nashville, TN area.

Follow the #eplusgivesback activity on Social Media

Comparison of 5-Year Cumulative Total Return

Among ePlus inc., the NASDAQ Composite Index, and S&P 600 Small Cap Information Technology

The graph below matches ePlus inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index and the S&P 600 Small Cap Information Technology index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 3/31/2014 to 3/31/2019.



ePlus inc.
NASDAQ Composite
S&P 600 Small Cap Information Technology

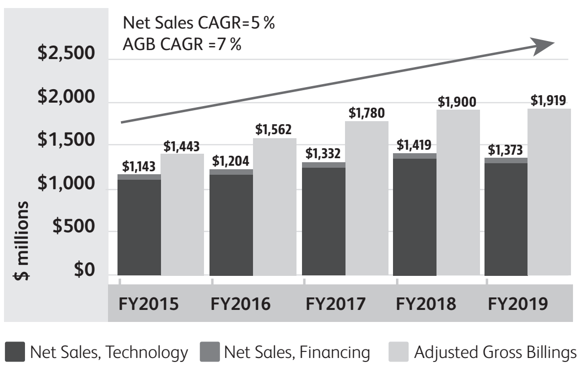
*$100 invested on 3/31/14 in stock or index, including investment dividends. Fiscal year ending March 31.

	3/14	3/15	3/16	3/17	3/18	3/19
ePlus inc.	**100.00**	**155.90**	**144.39**	**242.20**	**278.69**	**317.58**
NASDAQ Composite	**100.00**	**118.12**	**118.77**	**145.94**	**176.24**	**194.97**
S&P 600 Small Cap Information Technology	**100.00**	**97.42**	**88.87**	**114.43**	**116.86**	**121.89**

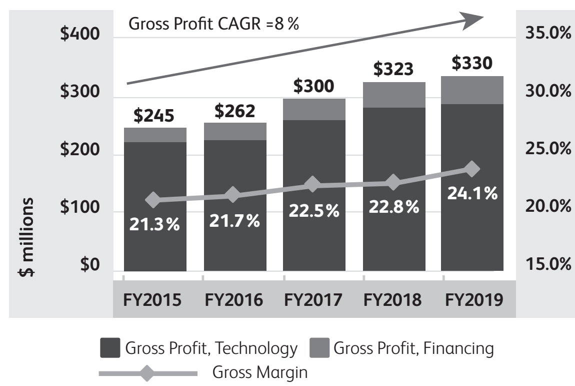
The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Key Financial Highlights

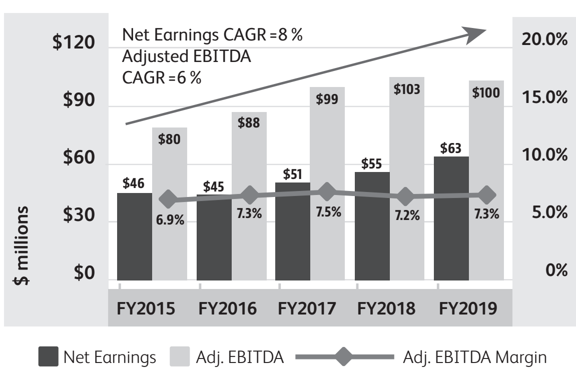
Net Sales[2] and Adjusted Gross Billings[1,2] ($mm)



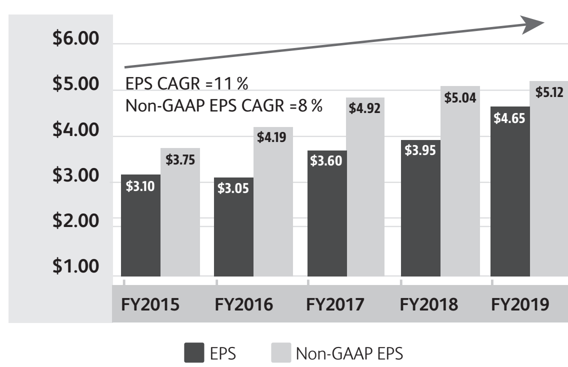
Gross Profit and Gross Margin ($mm)



Net Earnings and Adjusted EBITDA[1] ($mm)



EPS and Non-GAAP EPS[1]



[1] See Non-GAAP financial information in Item 6.

[2] Amounts for FY18 and FY17 have been adjusted to reflect the adoption of Topic 606.

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

FORM 10-K

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

For the fiscal year ended **March 31, 2019**

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**

*e*Plus inc.

(Exact name of registrant as specified in its charter)

Delaware	**54-1817218**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13595 Dulles Technology Drive, Herndon, VA 20171-3413

(Address of principal executive offices)

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

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

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

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
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 229.405 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 (Check one):

Large accelerated filer ☒
Accelerated filer ☐
Non-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 aggregate market value of the common stock held by non-affiliates of *e*Plus, computed by reference to the closing price at which the stock was sold as of September 30, 2018, was $1,240,900,462. The outstanding number of shares of common stock of *e*Plus as of May 20, 2019, was 13,610,299.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into the indicated parts of this Form 10-K:

Portions of the Company's definitive Proxy Statement relating to its 2019 annual meeting of stockholders (the ''2019 Proxy Statement'') are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2019 Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the Company's fiscal year end to which this report relates.

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CAUTIONARY LANGUAGE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 hereafter 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:

- national and international political instability fostering uncertainty and volatility in the global economy including exposure to fluctuation in foreign currency rates, interest rates, and downward pressure on prices;
- domestic and international economic regulations uncertainty (e.g., tariffs, North American Free Trade Agreement, and Trans-Pacific Partnership).
- significant adverse changes in, reductions in, or loss of our largest volume customer or one or more of our large volume customers, or vendors;
- exposure to changes in, interpretations of, or enforcement trends in legislation and regulatory matters;
- the creditworthiness of our customers and our ability to reserve adequately for credit losses;
- reduction of vendor incentives provided to us;
- managing a diverse product set of solutions in highly competitive markets with a number of key vendors;
- increasing the total number of customers using integrated solutions by up-selling within our customer base and gaining new customers;
- adapting to meet changes in markets and competitive developments;
- maintaining and increasing advanced professional services by recruiting and retaining highly skilled, competent personnel, and vendor certifications;
- increasing the total number of customers who use our managed services and professional services and continuing to enhance our managed services offerings to remain competitive in the marketplace;
- performing professional and managed services competently;
- maintaining our proprietary software and updating our technology infrastructure to remain competitive in the marketplace;
- reliance on third-parties to perform some of our service obligations to our customers;
- changes in the Information Technology (‘‘IT’’) industry and/or rapid changes in product offerings, including the proliferation of the cloud, infrastructure as a service (‘‘IaaS’’), and software as a service (‘‘SaaS’’);
- our dependency on continued innovations in hardware, software, and services offerings by our vendors and our ability to partner with them;
- future growth rates in our core businesses;

- failure to comply with public sector contracts, or applicable laws or regulations;
- changes to or loss of members of our senior management team and/or failure to successfully implement succession plans;
- our dependence on key personnel to maintain certain customer relationships, and our ability to hire, train, and retain sufficient qualified personnel;
- our ability to implement comprehensive plans for the integration of sales forces, cost containment, asset rationalization, systems integration, and other key strategies;
- a possible decrease in the capital spending budgets of our customers or a decrease in purchases from us;
- our contracts may not be adequate to protect us, and we are subject to audit in which we may not pass, and our professional and liability insurance policies coverage may be insufficient to cover a claim;
- disruptions or a security breach in our or our vendors' IT systems and data and audio communication networks;
- our ability to secure our own and our customers' electronic and other confidential information, and remain secure during a cyber-security attack;
- our ability to raise capital, maintain or increase as needed our lines of credit with vendors or floor planning facility, obtain debt for our financing transactions, or the effect of those changes on our common stock or its holders;
- our ability to realize our investment in leased equipment;
- our ability to successfully perform due diligence and integrate acquired businesses;
- the possibility of goodwill impairment charges in the future;
- 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, license required technology; and
- significant changes in accounting standards including changes to the financial reporting of leases, which could impact the demand for our leasing services, or misclassification of products and services we sell resulting in the misapplication of revenue recognition policies or inaccurate costs and completion dates for our services, which could affect our estimates.

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 Item 1A, ''Risk Factors'' and 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'').

Industry and Market Data

This Form 10-K includes industry data that we obtained from periodic industry publications, which represent data, research opinion, or viewpoints published as part of syndicated subscription services.

The Gartner Report described herein, (the ''Gartner Report'') represent research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. (''Gartner''), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Form10-K), and the opinions expressed in the Gartner Report are subject to change without notice.

PART I

ITEM 1. BUSINESS

GENERAL

Our company was founded in 1990 and is a Delaware corporation. *e*Plus inc. is sometimes referred to in this Annual Report on Form 10-K as "we," "our," "us," "ourselves," or "*e*Plus."

Our operations are conducted through two business segments. Our technology segment sells IT hardware products, third-party software and maintenance contracts, our own and third-party advanced professional and managed services, and our proprietary software. Our financing segment operations primarily consist of the financing of IT equipment, software and related services. Both segments sell to commercial entities, state and local governments, government contractors, and educational institutions. See Note 16, "Segment Reporting" in the consolidated financial statements included elsewhere in this report.

*e*Plus inc. does not engage in any business other than serving as the parent holding company for the following operating companies:

Technology

- *e*Plus Technology, inc.;
- *e*Plus Software, LLC;
- *e*Plus Technology Services, inc.;
- *e*Plus Cloud Services, inc.;
- SLAIT Consulting, LLC; and
- IGXGlobal UK, Limited

Financing

- *e*Plus Group, inc.;
- *e*Plus Government, inc.;
- *e*Plus Canada Company;
- *e*Plus Capital, inc.;
- *e*Plus Iceland, inc.; and
- IGX Capital UK, Ltd.

We began using the name *e*Plus inc. in 1999 after changing our name from MLC Holdings, Inc. *e*Plus Technology, inc. is the primary entity that conducts our technology sales and services business.

OUR BUSINESS

We are a leading solutions provider that delivers actionable outcomes for organizations by using IT and consulting solutions to 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 *e*Plus to craft optimized solutions that take advantage of the cost, scale and efficiency of private, public and hybrid cloud in an evolving market. We also provide consulting, professional, managed, IT staff augmentation, and complete lifecycle management services including flexible financing and solutions in the areas of security, cloud, networking, data center, collaboration and emerging technologies. We have been in the business of selling, leasing, financing, and managing IT and other assets for more than 29 years.

Our primary focus is to deliver integrated solutions that address our customers' business needs, leveraging the appropriate technologies, both on-premise and in the cloud. Our approach is to lead with advisory consulting to understand our customers' needs, design, deploy and manage solutions aligned to their objectives. Underpinning the broader areas of Cloud, Security, Networking, Data Center and Collaboration are specific skills in orchestration and automation, application modernization, DevOps, data management, data visualization, analytics, network modernization, edge compute and other advanced and emerging technologies. These solutions are comprised of class leading technologies from partners such as Amazon Web Services, Arista Networks, Check Point, Cisco Systems, Citrix, Commvault, Dell EMC, F5 Networks, Gigamon, HPE, Juniper Networks, Lenovo, Microsoft, NetApp, Nutanix, NVIDIA, Oracle, Palo Alto Networks, Pure Storage, Rubrik, Splunk, and VMware, among many others. We possess top-level engineering certifications with a broad range of leading IT vendors that enable us to offer multi-vendor IT solutions that are optimized for each of our customers' specific requirements. Our hosted, proprietary software solutions are focused on giving our customers more control over their IT supply chain, by automating and optimizing the procurement and management of their owned, leased, and consumption-based assets.

Our scale and financial resources have enabled us to continue investing in engineering and technology resources to stay on the forefront of technology trends. Our expertise in core and emerging technologies, buttressed by our robust portfolio of consulting, professional, and managed services, has enabled *e*Plus to remain a trusted advisor for our customers. In addition, we offer a wide range of consumption options including leasing and financing for technology and other capital assets. We believe our lifecycle approach offering of integrated solutions, services and financing, and our proprietary supply chain software, is unique in the industry. This broad portfolio enables us to deliver a unique customer experience that spans the continuum from fast delivery of competitively priced products, services, subsequent management and upkeep, through to end-of-life disposal services. This approach permits *e*Plus to deploy ever-more-sophisticated solutions enabling our customers' business outcomes.

Our go-to-market strategy focuses primarily on diverse end-markets for middle market to large enterprises. For the year ended March 31, 2019, the percentage of revenue by customer end market within our technology segment includes technology industry 22%, state and local government, and educational institutions 17%, healthcare 15%, financial services 15%, and telecommunications, media and entertainment 13%. For the year ended March 31, 2019, there were no customers where sales exceeded 10% of net sales. Sales to Apple Inc. represented 12% and 13% of our net sales for the years ended March 31, 2018, and 2017, respectively. Most of our sales were generated within the United States ("US"); however, we support our customers nationally and internationally including physical locations in the United Kingdom ("UK"), and India, which were established by acquisitions in December 2015 and May 2017, respectively. Our technology segment accounted for 97% of our net sales, and 71% of our operating income, while our financing segment accounted for 3% of our net sales, and 29% of our operating income for the year ended March 31, 2019.

OUR INDUSTRY BACKGROUND AND MARKET OPPORTUNITY

We participate in the large and growing US IT market, which, according to Gartner, Inc. is estimated to have generated sales of over $1.16 trillion in 2018 and is expected to grow by 3.2% in calendar year 2019 and at an annual rate of approximately 3.7% for 2018 through 2022[1].

We have identified and focused on several specific trends that we believe will create higher growth in the broader US IT market:

- ***Multi-Cloud Strategy.*** Over the past several years, cloud architectures and cloud-enabled frameworks, whether public, private, or hybrid, have become the core foundation of modern IT. Our strategy is to assist our customers in assessing, defining and deploying private and hybrid clouds that align with their business needs. This strategy leverages our strength in deploying private clouds, while also incorporating elements of the public cloud. By assessing their applications, workloads, business requirements, etc., we deploy solutions that leverage the best of all technology platforms and consumption models. For example, we may build a private cloud solution to host mission critical applications, while utilizing a public cloud solution for development, collaboration, or disaster recovery. As the market matures, we will continue to build and acquire skills that align with agile development (DevOps), application refactoring, and analytics. Our cloud strategy is tightly aligned with all our key strategic initiatives, including security, and digital infrastructure.

- ***Increasing sophistication and incidences of IT security breaches and cyber-attacks.*** Over the last decade, cyber-attacks have become more sophisticated, numerous, and pervasive. Organizations are

[1] Gartner, "Gartner Market Databook, 1Q19 Update," Spending on IT by Technology Segment and Country, 2016-2022, April 10, 2019 (US).

finding it increasingly difficult to effectively safeguard their information assets from a constant stream of advanced threats. Cyber-threats have shifted from uncoordinated individual efforts to highly coordinated and well-funded attacks by criminal organizations and nation-state actors. For most organizations, it is no longer a matter of if a cyber-attack will occur; the question is when and what impact it will have on the organization. We believe our customers are focused on all aspects of cyber security, including information and physical security, intellectual property, and compliance requirements related to industry and government regulations. To meet current and future security threats, enterprises must implement security controls and technology solutions that leverage integrated products and services to help monitor, mitigate, and remediate security threats and attacks. Sales of security products and services were 19.5%, 18.6% and 16.1%, respectively, of our total adjusted gross billings the years ended March 31, 2019, 2018, and 2017.

- ***Disruptive technologies are creating complexity and challenges for customers and vendors.*** The rapid evolution of disruptive technologies, and the speed by which they impact organizations' IT platforms, has made it difficult for customers to effectively design, procure, implement and manage their own IT systems. Moreover, increased budget pressures, fewer internal resources, a fragmented vendor landscape and fast time-to-value expectations make it challenging for customers to design, implement and manage secure, efficient and cost-effective IT environments. Customers are increasingly turning to IT solutions providers such as *e*Plus to implement complex IT offerings, including software defined infrastructure, cloud computing, converged and hyper-converged infrastructures, big data analytics, and flash storage.

- ***Customer IT decision-making is shifting from IT departments to line-of-business personnel.*** As IT consumption shifts from legacy, on-premise infrastructure to agile "on-demand" and "as-a-service" solutions, customer procurement decisions are shifting from traditional IT personnel to lines-of-business personnel, which is changing the customer engagement model and types of consultative services required to fulfill customer needs. In addition, many of the services create recurring revenue streams paid over time, rather than upfront revenue.

- ***Lack of sufficient internal IT resources at mid-sized and large enterprises, and scarcity of IT personnel in certain high-demand disciplines.*** We believe that IT departments at mid-sized and large enterprises are facing pressure to deliver emerging technologies and business outcomes but lack the properly trained staff and the ability to hire personnel with high in-demand disciplines such as security and data analytics. At the same time the prevalence of security threats; increased use of cloud computing, software-defined networking, new architectures, and rapid software development frameworks; the proliferation of mobile devices and bring-your-own-device (BYOD) policies; and complexity of multi-vendor solutions, have made it difficult for IT departments to implement high-quality IT solutions.

- ***Reduction in the number of IT solutions providers.*** We believe that customers are seeking to reduce the number of solutions providers they do business with to improve supply chain and internal efficiencies, enhance accountability, improve supplier management practices, and reduce costs. As a result, customers are required to select IT solutions providers that can deliver complex multi-vendor IT solutions.

- ***Increasing need for third-party services.*** We believe that customers are relying on third-party service providers, such as *e*Plus, to manage significant aspects of their IT environment, from design, implementation, pre- and post-sales support, to maintenance, engineering, cloud management, security operations, and other services.

COMPETITION

The market for IT solutions is highly competitive, subject to macro-economic cycles and the entry of new competitors. Additionally, the consolidation of existing market participants can create significantly larger competitors and is also affected by disruptive technologies and other market activities of industry participants. We expect to continue to compete in all areas of our business against local, regional, national, and international firms, including vendors, international, national, and regional resellers and service providers. Some of our competitors are direct marketers with little value add and sell products as commodities, which can place downward pressure on product pricing. In addition, many IT vendors may sell or lease directly to our customers, and our continued ability to compete effectively may be affected by the policies of such vendors. We face indirect competition from potential customers' internal development efforts and must overcome potential customers' reluctance to move away from legacy systems, processes, and solution providers. As IT consumption shifts from IT personnel and legacy infrastructure to line-of-business based outcomes using off-premise, on-demand, and cloud solutions, the legacy resale model is shifting from an upfront sale to a recurring revenue model.

The leasing and financing markets are also competitive and subject to changing economic conditions and market activities of leading industry participants. We expect to continue to compete against local, regional, national, and international firms, including banks, specialty finance companies, private-equity asset managers, vendors' captive finance companies, and third-party leasing companies. Banks and other large financial services companies sell directly to business customers, particularly larger enterprise customers, and may provide other financial or ancillary services that we do not provide. Vendor captive leasing companies may use internal transfer pricing to effectively lower lease rates and/or bundle equipment sales and leasing to provide highly competitive packages to customers. Third-party leasing companies may have deep customer relationships with contracts in place that are difficult to displace; however, these competitors typically do not provide the breadth of product, service, and software offerings that we provide to our customers.

In all our markets, some of our competitors have longer operating histories and greater financial, technical, marketing, and other resources than we do. In addition, some of these competitors may be able to respond more quickly to new or changing opportunities, technologies, and customer requirements. Many current and potential competitors also have greater name recognition and engage in more extensive promotional marketing and advertising activities, offer more attractive terms to customers, and adopt more aggressive pricing policies than we do.

OUR SOLUTIONS

Technology Segment

- **IT Sales:** Our offerings consist of hardware, perpetual and subscription software, maintenance, software assurance, and internally-provided and outsourced services. We believe that our customers view technology purchases as integrated solutions, rather than discrete product and service categories, and the majority of our sales are derived from integrated solutions involving our customers' data center, network, security, and collaboration infrastructure. We hold various technical and sales-related certifications from leading manufacturers and software publishers, which authorizes us to market their products and enable us to provide advanced professional services. We actively engage with emerging vendors to offer their technologies to our customers. Our flexible platform and customizable catalogs facilitate the addition of new vendors' products with minimal incremental effort.
- **Advanced Professional and Managed Services:** We provide a range of advanced professional and managed services to help our customers improve productivity, profitability, and revenue growth while reducing operating costs. Our solutions and services include the following:
  - ***ePlus managed services*** offer a flexible subscription model to monitor, manage, and maximize business critical technologies—including cloud, security, data center, mobility, and collaboration;
  - ***Professional services*** focus on cloud infrastructure, unified communications, collaboration, networking, storage, hyper-converged infrastructure, and virtual desktop infrastructure, supported by security and managed services solutions;
  - ***Security solutions*** help safeguard our customers' business and information assets through the appropriate application of governance, technology and supporting services:
    - ***Governance, Risk, and Compliance (GRC) services*** help ensure customers are meeting governance and compliance requirements by leveraging regulatory frameworks, industry best practices, and supporting controls - thereby allowing customers to effectively identify, assess, and mitigate risk.
    - ***Managed Security Services*** help customers strengthen their information security profile with industry-leading tools, technology and expertise - often at a fraction of the cost of in-house security resources. Services include Security Operations Center (SOC), Managed Detection and Response (MDR), and Incident Response (IR).

- ***Staff augmentation*** services provide customers with flexible headcount options while allowing them to access talent, fill specific technology skill gaps, or provide short-term or long-term IT professional help, which also includes services, such as Virtual Chief Information Officer (vCIO) and Virtual Chief Information Security Officer (vCISO), used to help complement existing personnel and build three-to-five-year IT roadmaps;
- ***Server and desktop*** support provide outsourcing services to respond to our customers' business demands while minimizing overhead; and
- ***Project management services*** enhance productivity and collaboration management and enable successful implementations and adoption of solutions for our customers.

Financing Segment

- **Leasing and Financing:** We specialize in financing arrangements, including direct financing, sales-type, and operating leases; loans, and consumption-based financing arrangements; and underwriting and management of IT equipment and assets. Our financing operations include sales, pricing, credit, contracts, accounting, risk management, and asset management.

We primarily finance IT equipment, communication-related equipment, and medical equipment. We may also finance industrial machinery and equipment, office furniture and general office equipment, transportation equipment, and other general business equipment. We offer our solutions both directly and through vendors.

We offer enhanced financing solutions, and our business process services approach automates a significant portion of the IT procurement process and reduces our customers' cost of doing business. The solution incorporates value-added services at every step in the process, including:

- Front-end processing, such as *e*Procurement, order aggregation, order automation, vendor performance measurement, ordering, reconciliation, and payment;
- Lifecycle and asset ownership services, including asset management, change management, and property tax filing; and
- End-of-life services such as equipment audit, removal, and disposal.

OUR COMPETITIVE STRENGTHS

Large Addressable Market with Substantial Growth Opportunities Driven by Increasing IT Complexity

We participate in the large and growing IT market with specific focus on the data center, network, cloud, security, virtualization, and mobility segments of the industry, facilitated by our professional and managed service solutions. We believe we are well-positioned in the complex high-growth IT solutions segment and can achieve outsized growth relative to the overall IT market.

Our products and services target large enterprise companies, the roughly 35,000[2] middle market companies with revenues between $50 million and $1 billion, the over 89,000[3] state and local governmental organizations, larger school districts, and the over 4,000[4] higher educational institutions in the US, and those same markets in the UK. We believe IT organizations within these companies and organizations are facing pressure to deliver higher service levels with fewer resources, increasing their reliance on third-parties who can provide complex, multi-vendor technology solutions, such as our company.

Broad and Diverse Customer Base across a Wide Range of End Markets

We have a broad and diverse customer base of over 3,400 customers across a wide range of end-markets, including education, financial services, healthcare, media and entertainment, state and local government, technology, and telecommunications.

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[2] World Economic Forum, "Fueling the US Economy's Middle Market Growth Engine", Andrew S. Weinberg, April 12, 2018

[3] United States Census Bureau, Newsroom Archive, August 30, 2012

[4] Statista.com "Number of Higher Education Institutions in the US form 1980 to 2016"

Differentiated Business Model Serving Entire IT Lifecycle – Procurement, Solutions, Services, Software, Financing

We believe we are a trusted IT advisor, delivering differentiated products and services to enable our customers to meet increasingly complex IT requirements. We are able to provide complete, turn-key solutions aligned to the entire IT lifecycle – procurement, products, services, software, and financing. We provide upfront assessments, design and configuration capabilities, installation and implementation, and ongoing services to support our customers' solutions.

Deep Expertise in Advanced Technology to Address Cloud, Security, Digital Infrastructure and other Emerging IT Trends

We believe our customers choose us for their complex IT infrastructure needs based on our track record of delivering best-of-breed solutions, value-added services, and close relationships with both established and emerging vendors. We focus on obtaining and maintaining top-level engineering certifications and professional services expertise in advanced technologies of strategic vendors and possess over 1,700 certifications that are leveraged to help our customers achieve positive business outcomes.

Strategic Ability to Design and Integrate Cloud Solutions Across Multiple Vendors

We believe our expertise across both Data Center and Cloud architectures allows us to provide differentiated offerings in assisting our customers with their journey to the cloud. Combined with our established practices in Networking and Security, we are uniquely poised to help customers adopt a multi-cloud strategy utilizing our cloud cost management framework to help overcome the inherent challenges. We leverage our strategic partnerships with leading vendors such as Amazon Web Services, Cisco Systems, Dell EMC, Hewlett Packard Enterprise, Microsoft Azure, NetApp, and VMware in conjunction with our professional, managed and lifecycle services to help our customers achieve their desired business outcomes.

Proven Track Record of Successfully Integrating Acquisitions and Accelerating Growth

We view acquisitions as an important factor in our strategic growth plan. Since 1997, we have successfully integrated 27 acquisitions. Most recently, we have been active in tuck-in acquisitions to broaden our product offerings, sector reach, and geographic footprint, with recent acquisitions including:

- SLAIT Consulting, LLC (''SLAIT'') acquired in January 2019 is an IT consulting and solutions provider with a focus on security advisory and managed services, managed help desk, specialized IT, staffing augmentation, and data center solutions. The acquisition solidifies *e*Plus' footprint in the Mid-Atlantic and extends *e*Plus' security consulting and managed services capabilities. SLAIT brings *e*Plus additional consultative services in the area of GRC (governance, risk management, and compliance), customized help desk and managed services solutions, as well as a number of relationships with fast-growing emerging vendors and related sales and engineering capabilities.
- Integrated Data Storage, LLC (''IDS'') acquired in September 2017, is an advanced data center solution provider focused on cloud enablement and managed services, including its proprietary IDS Cloud. The acquisition expands *e*Plus' footprint in the Midwest and enhances its sales and engineering capabilities in cloud services, disaster recovery and backup as a service, storage, data center, and professional services.
- OneCloud Consulting, Inc. (''OneCloud'') acquired in May 2017, is a deployment, cloud consulting, and training company. The acquisition, based in Milpitas, California, with operations in the US and India, provides us with additional ability to address customers' needs in cloud-based solutions and infrastructure, including DevOps, OpenStack, and other emerging technologies, to our broad customer base. The company empowers organizations to design, deploy, and scale cutting-edge technologies to support the next phase of their business. Specialized training courses are tailored to drive end-user technology adoption and workshop offerings range from Automation to Cloud, Infrastructure, DevOps, and OpenStack as well as emerging technologies in the Artificial Intelligence and Machine Learning space.
- Consolidated Communications IT services and integration business (''Consolidated IT Services''), acquired in December 2016, provides data center, unified communications, networking, and security solutions, as well as expanded our sales presence in the upper Midwest.

- IGX Acquisition Global, LLC, and IGX Support, LLC, including IGX Acquisition's wholly-owned subsidiary, IGXGlobal UK Limited (collectively, "IGX") – acquired in December 2015. Expanded our sales presence in New York and New England, as well as an operating branch in London that serves the UK and global customers.

We generally integrate acquired firms into the *e*Plus platform immediately, which allows us to maintain customers and vendor relationships, retain key employees from acquired firms, and accelerate growth.

We continue to review new acquisition opportunities to expand our global footprint and expand our offerings.

Financial Performance Characterized by Growth and Profitability

We have focused on achieving top-line revenue growth while maintaining industry-leading gross margins – with a compound annual growth rate of 4.6% on net sales and 7.8% for consolidated gross profit, respectively, from April 1, 2014 to March 31, 2019.

Through our organic expansion and acquisitions, we have increased our employee base by 72.7% from April 1, 2014 to March 31, 2019. The increase in our employee base has largely been in customer facing roles, which increased by 92.4% over the same period, as we continue to build our sales and services team while leveraging our operational infrastructure.

GROWTH STRATEGY

Our goal is to continue to grow as a leading provider of technology solutions. The key elements of our strategy include the following:

Be Our Customers' Partner of Choice for Comprehensive IT and Lifecycle Solutions, Including Consulting, Managed and Professional Services, and Financing

We seek to become the primary provider of IT solutions for each of our customers, whether on-premise, cloud, or managed services-based. We strive to provide excellent customer service, pricing, availability, and advanced professional and managed services in an efficient manner. We believe the increasing complexity of the IT ecosystem and the emergence of new technologies and vendors are factors that will lead to a growing demand from existing customers. We have a large number of experienced pre-sales engineers engage with customers about the most advanced technologies. Our account executives are trained on our broad solutions capabilities with access to many, category focused subject matter experts, which allow them to sell in a consultative business outcome-based manner that increases the likelihood of cross-selling our solutions; our account executives are supported by experienced and professional inside sales representatives. We believe that our bundled offerings are an important differentiating factor from our competitors.

We focus on gaining top-level engineering certifications and professional services expertise in advanced technologies of strategic vendors. This expertise helps our customers develop their cloud capabilities including private, public, and hybrid infrastructures. We are providing virtual desktop infrastructure, unified communications, collaboration, networking, security, storage, big-data, mobility, converged and hyper-converged infrastructures, and managed services offerings, all of which remain in high demand. We believe our ability to deliver advanced professional services provides benefits in two ways. First, we gain recognition and mindshare of our strategic vendor partners and become the "go-to" partner in selected regional markets as well as the national market. This significantly increases direct and referral sales opportunities for our products and services and allows us to offer competitive pricing levels. Second, within our existing and potential customer base, our advanced professional services are a key differentiator against competitors who cannot provide services or advanced services for these key technologies or across multiple vendor product lines.

During the last fiscal year, we enhanced our Managed Services across several fronts. We upgraded our service management and configuration management database systems to increase the level of automation, transparency, and integration with customers and launched a completely new interface for our Executive Dashboard to provide enhanced instrumentation, user experience, and lifecycle data related to managed assets. We expanded our portfolio to include monitoring for Cisco Application Centric Infrastructure components as well as monitoring, management, and Enhanced Maintenance Support (EMS) for Check Point firewalls. We also bolstered our NetApp EMS/SSC support through the acquisition of SLAIT, as well as fully integrated our Cloud Managed Backup, Cloud Disaster Recovery, and Cloud Hosted Infrastructure offerings as a result of our IDS acquisition.

Build Our Geographic Footprint

We intend to increase our direct sales and go-to-market capabilities in each of our geographic areas. We actively seek to acquire new account relationships through face-to-face field sales, electronic commerce, leveraging our partnerships with vendors, and targeted demand-generation activities to increase awareness of our solutions. We also seek to broaden our customer base, expand our geographic reach, and improve our technology and professional services delivery capabilities. During the last fiscal year, we expanded our sales and delivery capabilities across multiple international markets as we see more demand for solutions within this market.

Recruit, Retain, and Develop Employees

Based on our prior experience, capital structure, and business systems and processes, we believe we are well positioned to take advantage of hiring experienced sales people and engineers, make strategic acquisitions that expand our customer facing talent, broaden our customer base, expand our geographic reach, scale our existing operating structure, and/or enhance our product and service offerings. Part of our growth strategy is to hire purposefully and enhance our technical and skill base through strategic acquisitions. During the year ended March 31, 2019, as part of our expansion strategy, our customer facing sales and professional services team grew from 965 to 1,217.

Improve Operational Efficiencies

We continue to invest in our internal technology infrastructure and software platforms to optimize our operations and engage in process re-engineering efforts to become more streamlined and cost effective.

RESEARCH AND DEVELOPMENT

We incur software development costs associated with maintaining, enhancing, or upgrading our proprietary software, which may be performed by internal IT development resources or by an offshore software-development company that we use to supplement our internal development team or various US based consultants.

SALES AND MARKETING

We focus our sales and marketing efforts on becoming the primary provider of IT solutions for each of our customers. We seek to acquire new account relationships through face-to-face field sales, leveraging our partnerships with manufacturers and targeted direct marketing to increase awareness of our solutions. We target commercial enterprises, primarily middle market companies with annual revenues between $20 million and $2.5 billion and large companies, as well as larger state and local governments and educational institutions. We currently have over 3,400 customers. We undertake direct marketing and leverage digital marketing and social media campaigns to target certain markets in conjunction with our primary vendor partners, who may provide financial reimbursement, outsourced services, and personnel to assist us in these efforts.

Our sales representatives are compensated by a combination of salary and commission, with commission becoming the primary component of compensation as the sales representatives gain experience. To date, we acquired a majority of our customers through the efforts of our direct sales force and acquisitions. We market to different areas within a customer’s organization, including business units as well as the IT department, or finance department, depending on the solutions.

As of March 31, 2019, our sales force consisted of 547 sales, marketing and sales support personnel organized regionally in 41 offices and customer locations throughout the US, UK, India, and Singapore.

INTELLECTUAL PROPERTY RIGHTS

Our success depends in part upon proprietary business methodologies and technologies that we have licensed and modified. We own certain software programs or have entered into software licensing agreements to provide services to our customers. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret protection, confidentiality and nondisclosure agreements, and licensing arrangements to establish and protect our intellectual property rights. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection.

For example, we have a number of patents in the US and certain patent rights in other jurisdictions, including some European forums, Japan, and Canada. We cannot provide assurance that any patents, as issued, will prevent the development of competitive products or that our patents will not be successfully challenged by others or invalidated through the administrative process or litigation.

Our trademarks include *e*+®, *e*Plus®, Procure+®, Manage+®, Docpak®, Viewmark®, OneSource®, and Where Technology Means More® in the US, and IGXGlobal® in Great Britain and the European Union (''EU''). We intend to use and protect these and our other marks, as we deem necessary. We believe our trademarks have significant value and are an important factor in the marketing of our products. In addition to our trademarks, we have service marks and over 20 registered copyrights and additional common-law trademarks and copyrights.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Policing unauthorized use of our products is difficult and can be expensive, and while we are unable to determine the extent to which piracy of our software products exists, software piracy could be expected to be a persistent problem. Our means of protecting our proprietary rights may not be adequate, and our competitors may independently develop similar technology, duplicate our products or design around our proprietary intellectual property.

FINANCIAL AND RISK MANAGEMENT ACTIVITIES

Inventory Management: We have drop-shipment arrangements with many of our vendors and distributors, which permit us to offer products to our customers without having to take physical delivery of the equipment. Arrow Enterprises, Ingram Micro, Tech Data, and Synnex Corporation are our largest distributors. Using the distribution systems available, we frequently sell products that are shipped from the vendors or distributors directly to our customers' location, which allows us to keep our inventory of any product and shipping expenses to a minimum. For the year ended March 31, 2019, our four largest distributors accounted for over 30% of our purchases related to our technology segment net sales.

Risk Management and Process Controls: We use and maintain conservative underwriting policies and disciplined credit approval processes in both our technology and financing segments. We have an executive management review process and other internal controls in place to evaluate transactions' potential risk.

In our technology segment, we manage our risk by using conservative credit quality analysis and periodic monitoring of customer financial results or third-party risk evaluation tools; monitoring customer accounts receivable balances and payment history; proactively pursuing delinquent accounts; ensuring we have appropriate contractual terms and conditions; perfecting security interests when practicable; requiring prepayment or deposits if indicated; performing fraud checks for new accounts; and evaluating general economic as well as industry specific trends. Our systems automatically decrease trade credit lines based on assigned risk ratings.

In our financing segment, we manage our risk in assets we finance by assigning the contractual payments due under the financing arrangement to third-parties. We also use agency purchase orders to procure equipment for lease to our customers and otherwise take measures to minimize our inventory of financed assets. When our technology segment is the supplier of the assets being financed, we retain certain procurement risks. Our financing arrangements with our customers are generally fixed-rate.

Credit Risk Loss Experience: During the fiscal year ended March 31, 2019, we increased our reserves for credit losses by $335 thousand, and incurred actual credit losses of $385 thousand. During the fiscal year ended March 31, 2018, we increased our reserves for credit losses by $462 thousand, and incurred actual credit losses of $3,190 thousand. During the fiscal year ended March 31, 2017, we increased our reserves for credit losses by $277 thousand, and incurred actual credit losses of $78 thousand.

BACKLOG

We rely on our vendors or distributors to fulfill a large majority of our shipments to our customers. As of March 31, 2019, we recorded customer commitments to purchase products or services that remain open until either executed or canceled (''open orders'') of $161.4 million and deferred revenue of $61.0 million. As of March 31, 2018, we had open orders of $148.2 million and deferred revenues of $48.6 million. We expect that most of open orders as of March 31, 2019, will be recognized within ninety days of that date. We also expect that 77% of the deferred revenues as of March 31, 2019, will be recognized within the next twelve months.

EMPLOYEES

As of March 31, 2019, we employed 1,537 employees who operated through 41 offices, home offices, and customer sites. No employees are represented by a labor union, and we believe that we have good relations with our employees. The functional areas of our employees are as follows:

	March 31,		
	2019	2018	Change
Sales and Marketing	547	499	48
Professional Services	670	466	204
Administration	230	207	23
Software Development and Internal IT	83	80	3
Management	7	8	(1)
	1,537	1,260	277

US SECURITIES AND EXCHANGE COMMISSION REPORTS

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, filed with or furnished to the US SEC, are available free of charge through our Internet website, www.eplus.com, as soon as reasonably practical after we have electronically filed such material with, or furnished it to, the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents on or accessible through these websites are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

EXECUTIVE OFFICERS

The following table sets forth the name, age and position of each person who was an executive officer of *e*Plus on March 31, 2019. There are no family relationships between any directors or executive officers of *e*Plus.

Name	Age	Position
Mark P. Marron	57	Chief Executive Officer, President, and Director
Elaine D. Marion	51	Chief Financial Officer
Darren Raiguel	48	Chief Operating Officer and ePlus Technology, inc. President

The business experience of each executive officer of *e*Plus is described below:

Mark Marron – Chief Executive Officer, President and Director

Mark P. Marron became the Chief Executive Officer and President of *e*Plus inc. on August 1, 2016. He began his career at *e*Plus in 2005 as Senior Vice President of Sales and became Chief Operating Officer in 2010. A 30-year industry veteran, he was formerly with NetIQ where he held the position of Senior Vice President of Worldwide Sales and Services. Prior to joining NetIQ, Mr. Marron served as General Manager of Worldwide Channel Sales for Computer Associates International Inc., a provider of software and services that enables organizations to manage their IT environments. Mr. Marron has extensive experience throughout North America, Europe, the Middle East, and Africa and holds a Bachelor of Science degree in Computer Science from Montclair State University.

Elaine Marion – Chief Financial Officer

Elaine D. Marion joined us in 1998. Ms. Marion became our Chief Financial Officer on September 1, 2008. From 2004 to 2008, Ms. Marion served as our Vice President of Accounting. Prior to that, she was the Controller of *e*Plus Technology, inc., a subsidiary of *e*Plus, from 1998 to 2004. Ms. Marion currently serves on the Advisory Board of the School of Business at the University of Mary Washington and as a member of the George Mason University School of Business Dean's Advisory Council. Ms. Marion is a graduate of George Mason University, where she earned a Bachelor of Science degree in Business Administration with a concentration in Accounting.

Darren Raiguel – Chief Operating Officer and ePlus Technology inc. President

Darren S, Raiguel joined the company in 1997 as an account executive and has held numerous management positions in the organization for well over a decade. Mr. Raiguel became our Executive Vice President of Technology Sales, and in May 2018 was promoted to Chief Operating Officer of *e*Plus inc. and President of *e*Plus Technology, inc. Mr. Raiguel received a Bachelor of Business Administration degree from Temple University, with dual majors in Marketing and Finance. He has participated in numerous industry organizations, councils, and advisory boards throughout his career.

ITEM 1A. RISK FACTORS

General economic weakness may harm our operating results and financial condition.

Our results of operations are largely dependent upon the state of the economy. Global economic weakness and uncertainty may result in decreased sales, gross margin, earnings and/or growth rates from our US based customers and from customers outside the US For example, there continues to be substantial uncertainty regarding the economic impact of the Referendum on the UK's Membership of the EU (referred to as ''Brexit''). Potential adverse consequences of Brexit, such as global market uncertainty, volatility in currency exchange rates, greater restrictions on imports and exports between the UK and EU countries, increased tariffs and increased regulatory complexities could have a negative impact on our business, financial condition, and results of operations. In addition, material changes in trade agreements between the US and other countries may, for example, negatively affect our ability to purchase product, and import or export product, increases product pricing and negatively impact availability of product. Adverse economic conditions may decrease our customers' demand for our products and services or impair the ability of our customers to pay for products and services they have purchased. As a result, our sales could decrease, and reserves for our credit losses and write-offs of receivables may increase.

If we lost one or more of our large volume customers, our earnings may be affected.

The contracts for the provision of products and services from us to our customers are generally non-exclusive agreements without volume purchase commitments and are terminable by either party upon 30 days' notice. The loss of one or more of our largest customers, the failure of such customers to pay amounts due to us, or a material reduction in the amount of purchases made by such customers could have a material adverse effect on our business, financial position, results of operations and cash flows.

Changes in the IT industry, customers' usage or procurement of IT, and/or rapid changes in product standards may result in reduced demand for the IT hardware and software solutions and services we sell.

Our results of operations are influenced by a variety of factors, including the condition of the IT industry, shifts in demand for, or availability of, IT hardware, software, peripherals and services, and industry introductions of new products, upgrades, methods of distribution, and the nature of how IT is consumed and procured. The IT industry is characterized by rapid technological change and the frequent introduction of new products, product enhancements and new distribution methods or channels, each of which can decrease demand for current products or render them obsolete. In addition, the proliferation of cloud technology, IaaS, SaaS, platform as a service (''PaaS''), software defined networking, or other emerging technologies may reduce the demand for products and services we sell to our customers. Cloud offerings may influence our customers to move workloads to cloud providers, which may reduce the procurement of products and services from us. Changes in the IT industry may also affect the demand for our advanced professional and managed services. We have invested a significant amount of capital in our strategy to provide certain products and services, and this strategy may adversely impact our financial position due to competition or changes in the industry or improper focus or selection of the products and services we decide to offer. If we fail to react in a timely manner to such changes, our results of operations may be adversely affected. Our sales can be dependent on demand for specific product categories, and any change in demand for or supply of such products could have a material adverse effect on our results of operations.

We depend on continued innovations in hardware, software and services offerings by our vendors, as well as the competitiveness of their offerings and our ability to partner with new and emerging technology providers.

The technology industry is characterized by rapid innovation and the frequent introduction of new and enhanced hardware, software and services offerings, such as cloud-based solutions, including IaaS, SaaS and PaaS. We depend on innovations in hardware, software and services offerings by our vendors, as well as the acceptance of those innovations by our customers for the offerings we sell. A decrease in the rate of innovation by our vendors, or the lack of acceptance of innovations by our customers, or a shift by customers to technology platforms that we do not sell could have an adverse effect on our business, results of operations or cash flows.

In addition, if we are unable to keep up with changes in technology and new hardware, software and services offerings—for example by not providing the appropriate training to our account managers, sales technology specialists and engineers to enable them to effectively sell and deliver such new offerings to customers—our business, results of operations or cash flows could be adversely affected.

We also depend upon our vendors for the development and marketing of hardware, software and services to compete effectively with hardware, software and services of vendors whose products and services we do not currently offer or are not authorized to offer in one or more customer channels. In addition, our success depends on our ability to develop relationships with and sell hardware, software and services and emerging vendors, as well as vendors that we have not historically represented in the marketplace. To the extent that a vendor's offering that is highly in demand is not available to us for resale in one or more customer channels, and there is not a competitive offering from another vendor that we are authorized to sell in such customer channels, or we are unable to develop relationships with new technology providers or companies that we have not historically represented, or we partner with a vendor that is not in demand or demand significantly decreases, our business, results of operations, or cash flows could be adversely impacted.

We may fail to innovate or create new solutions which align with changing market and customer demand.

As a provider of a comprehensive set of solutions, which involves the offering of bundled solutions consisting of direct IT sales, advanced professional and managed services, our propriety software, and financing, we expect to encounter some of the challenges, risks, difficulties, and uncertainties frequently encountered by companies providing bundled solutions in rapidly evolving markets. Some of these challenges include our ability to increase the total number of users of our services, adapt to meet changes in our markets and competitive developments, or continue to update our technology to enhance the features and functionality of our suite of products. Our personnel must continually stay current with vendor and marketplace technology advancements, create solutions which may integrate evolving vendor products and services as well as services and solutions we provide, to meet changing marketplace and customer demand. Further, we may provide customized solutions and services that are solely reliant on our own marketing, design and fulfillment services, and we may lack the skills or personnel to execute. Our failure to innovate and provide bespoke value to our customers may erode our competitive position, market share and lead to reduce revenue and financial performance.

In the software market, a number of companies market business-to-business electronic commerce solutions similar to ours, and competitors are adapting their product offerings to a SaaS platform. We may not be able to compete successfully against current or future competitors, and competitive pressures faced by us may harm our business, operating results, or financial condition. We also face indirect competition from customers' potential internal development efforts and have to overcome customers' potential reluctance to move away from legacy systems and processes.

In all of our markets, some of our competitors have longer operating histories and greater financial, technical, marketing, and other resources than we do. In addition, some of these competitors may be able to respond more quickly to new or changing opportunities, technologies, and customer requirements. Many current competitors may have, and potential competitors may have, greater name recognition, engage in more extensive promotional marketing and advertising activities, offer more attractive terms to customers, and adopt more aggressive pricing and credit policies than we do. We may not be successful in achieving revenue growth and may incur additional costs associated with our software products, which may have a material adverse effect on our future operating results as a whole.

We rely on a small number of key vendors, and do not have long-term supply or guaranteed price agreements or assurance of stock availability with our vendors.

A substantial portion of our revenue within our technology segment depends on a small number of key vendors. Products manufactured by Cisco Systems represented approximately 42%, 42%, and 47% of our technology segment net sales for the years ended March 31, 2019, 2018, and 2017, respectively. Products manufactured by NetApp, Hewlett Packard, Juniper Networks, Dell/EMC, and Arista Networks, represented approximately 20% - 22% of technology segment net sales for the last three years.

Our industry frequently experiences periods of product shortages from our vendors or our vendor's distributors as a result of our vendors' difficulties in projecting demand for certain products we sell; additional trade law provisions or regulations; additional duties, tariffs or other charges on imports or exports; natural disasters affecting our suppliers' facilities; and significant labor disputes. As we do not stock inventory that is not related to an order we have received from our customer, we depend upon the supply of products available from our vendors to fulfill orders from our customers on a timely basis. The loss of, or change in business relationship with, any of these or any other key vendor partners, the diminished availability of their products, or backlogs for their products leading to manufacturer allocation could reduce the supply and increase the cost of products we sell and negatively impact our competitive position.

The loss of a key vendor or changes in its policies could adversely impact our financial results. Violations of a contract that results in either the termination of our ability to sell the product or a decrease in our certification level with the vendor could adversely impact our financial results. In addition, a reduction in the trade credit lines or the favorable terms granted to us by our vendors and financial partners could increase our need for and cost of working capital and have a material adverse effect on our business, results of operations and financial condition.

We may experience a reduction in incentives offered to us and earned by us from our vendors that would affect our earnings.

We receive payments and credits from vendors, including consideration pursuant to volume incentive programs, shared marketing expense programs, and early pay discounts. These programs are usually of finite terms and may not be renewed or may be changed in a way that adversely affects us. Vendor funding is used to offset inventory costs, costs of goods sold, marketing costs and other operating expenses. Certain of these funds are based on our volume of purchases, growth rate of purchases, and marketing programs. If we do not grow our sales over prior periods, or if we do not comply with the terms of these programs, or do not sell certain products that earn the incentive, there could be a material negative effect on the amount of incentives offered or paid to us by vendors. We may not continue to receive such incentives or may not be able to collect outstanding amounts relating to these incentives in a timely manner, or at all. Any sizeable reduction in, the discontinuance of, a significant delay in receiving, or the inability to collect such incentives, particularly related to incentive programs with our largest vendors could have a material adverse effect on our business, results of operations and financial condition. If we are unable to react timely to any fundamental changes in the programs of vendors, including the elimination of funding for some of the activities for which we have been compensated in the past, such changes could have a material adverse effect on our business, results of operations and financial condition.

We depend on third-party companies to perform certain of our obligations to our customers, which if not performed adequately could cause significant disruption to our business.

We rely on arrangements with third-parties to perform certain professional services, managed services, warranties, configuration services, and other services for our customers. If these third-parties do not perform these in accordance with the terms of our agreement and of a professional standard customary for the services, or if they cause disruption of or security weaknesses in our customers' businesses, results to our organization could include legal claims and associated costs, monetary damages paid to our customers, and an adverse effect on our customer relationships, our brand, and our reputation, and our results of operations or cash flows could be affected.

We rely on independent shipping companies to deliver products from us and our vendors to our customers. The failure or inability of these shipping companies to deliver products, or the unavailability of their shipping services, even temporarily, could have an adverse effect on our business. We may also be adversely affected by an increase in freight surcharges that may result from economic, supply-chain, geopolitical, or other disruptions. We may incorrectly import or export products when shipping to and from different countries. Violation of trade laws may disrupt our international operations negatively or impair our reputation or we may incur monetary damage. Violation of trade laws may also result in audits, fines, penalties, litigation, or administrative enforcement actions with associated costs.

Breaches of data security and the failure to protect our information technology systems from cybersecurity threats could adversely impact our business.

Our business involves the storage and transmission of proprietary information and sensitive or confidential data, including personal information of our employees, customers and others. In addition, we operate data centers for our customers that host their technology infrastructure and may store and transmit both business-critical data and confidential information. In connection with our services business, some of our employees also have access to our customers' confidential data and other information. We have privacy and data security policies in place that are designed to prevent security breaches; however, as newer technologies evolve, and the portfolio of the service providers with which we share confidential information with grows, we could be exposed to increased risk of breaches in security and other illegal or fraudulent acts, including cyberattacks. The evolving nature of such threats, in light of new and sophisticated methods used by criminals and cyberterrorists, including computer viruses, malware, phishing, misrepresentation, social engineering and forgery, are making it increasingly challenging to anticipate and adequately mitigate these risks.

We may not be able to hire and/or retain personnel that we need.

To increase market awareness and sales of our offerings, we may need to expand our marketing efforts and sales operations in the future. Our products and services require a sophisticated sales effort and significant technical engineering talent. For example, our sales and engineering candidates must have highly technical hardware and software knowledge to create a customized solution for our customers' business processes. Competition for qualified sales, marketing and engineering personnel fluctuates depending on market conditions. The US is currently in a low unemployment environment and we may not be able to hire or retain sufficient personnel to maintain and grow our business. In addition, changes to immigration laws may impact our ability to hire or retain talent. Frequently, our competitors require their employees to agree to non-compete and non-solicitation agreements as part of their employment. This makes it more difficult for us to hire and increases our costs by reviewing and managing non-compete restrictions. Additionally, in some cases our relationship with a customer may be impacted by turnover in our sales or engineering team.

We face substantial competition from other companies.

In our technology segment, we compete in all areas of our business against local, regional, national, and international firms, including other direct marketers; national and regional resellers; online marketplace competitors; and regional, national, and international service providers. In addition, we face competition from vendors, which may choose to market their products directly to end-users, rather than through channel partners such as our company, and this could adversely affect our future sales. Many competitors compete based principally on price and may have lower costs or accept lower selling prices than we do and, therefore, our gross margins may not be maintainable. Online market place competitors are continually improving their pricing and offerings to customers as well as ease of use of their online marketplaces. Our competitors may offer better or different products and services than we offer. In addition, we do not have guaranteed purchasing volume commitments from our customers and, therefore, our sales volume may be volatile.

In our financing segment, we face competition from many sources including much larger companies with greater financial resources. Our competition may originate from vendors of the products we finance or financial partners who choose to market directly to customers through the vendors' captive leasing organization or large or regional financial institutions such as banks with substantially lower cost of funds. Our competition may lower lease rates to increase market share.

If we fail to perform sufficient due diligence prior to completing an acquisition, or entering into a strategic alliance, or fail to integrate a completed acquisition our earnings may be affected.

Our ability to successfully integrate the operations we acquire, reduce costs, or leverage these operations to generate revenue and earnings growth, could significantly impact future revenue and earnings. Integrating acquired operations is a significant challenge, may divert management's attention from other business concerns, and there is no assurance that we will be able to manage the integrations successfully. Failure to successfully integrate acquired operations may adversely affect our cost structure thereby reducing our gross margins and return on investment. In addition, we may fail to perform adequate due diligence and acquire entities with unknown liabilities, fraud, cultural or business environment issues, or that may not have adequate internal controls as may be required by law.

If we acquire a company that does not fit culturally, strategically, or in some other fashion, the acquisition may not produce the expected results or may negatively affect our reputation, which may negatively affect our business, results of operations, or cash flows.

In addition, our financial results could be adversely affected by financial adjustments required by generally accepted accounting principles in the US ("GAAP") in connection with these types of transactions where significant goodwill or intangible assets are recorded. To the extent the value of goodwill or identifiable intangible assets with indefinite lives becomes impaired; we may be required to incur material charges relating to the impairment of those assets.

Our earnings may fluctuate, which could adversely affect the price of our common stock.

Our earnings are susceptible to fluctuations for a number of reasons, including, but not limited to, the risk factors discussed herein. In the event our sales or net earnings are less than the level expected by the market in general, such shortfall could have an immediate and significant adverse impact on the market price of our common stock.

Rising interest rates or the loss of key lenders may affect our future profitability and our ability to monetize our financing receivables and investments in operating leases.

We finance transactions with our customers utilizing fix-rate borrowing. If we fund such transactions at inception with a third-party lender, we are able to lock an interest rate spread on the transaction between the customer rate and third-party rate. However, we may delay funding the transaction, and if interest rates increase in the interim, the interest rate spread will decrease, which will adversely impact our profitability, or we may not choose to fund the transaction due to higher interest rates, thus inhibiting our ability to monetize our portfolio to generate cash.

We rely on lenders to fund financing transactions we originate with our customers. Loss of any lender or group of lenders may significantly impact our ability to originate financing transactions, which may negatively impact our financial condition. In addition, our lenders may no longer be willing to provide funding under our current terms and conditions and may demand new terms and conditions that negatively impact our ability to consummate a financing transaction with our customers. We are also subject to changes, if any, in our lenders' willingness to provide financing for different, particularly lower, credit quality lessees.

We may not have designed or maintained our IT systems to support our business.

We depend heavily upon the accuracy and reliability of our information, telecommunication, cybersecurity and other systems including the operation of redundant systems if there are failures in our primary systems, which are used for customer management, sales, distribution, marketing, purchasing, inventory management, order processing and fulfillment, customer service and general accounting functions. We must continually maintain, secure and improve our systems. The protections we have in place address a variety of threats to our information technology systems, both internal and external, including human error. Inadequate security practices or design of our IT systems, or IT systems from third-parties which we utilize, or third-party service providers' failure to provide adequate services could result in the disclosure of sensitive or confidential information or personal information or cause other business interruptions that could damage our reputation and disrupt our business. Inadequate design or interruption of our information systems, Internet availability, telecommunications systems or power failures could have a material adverse effect on our business, our reputation, financial condition, cash flows, or results of operations.

Our managed services business requires us to monitor our customers' devices on their networks across varying levels of service. If we have not designed our IT systems to provide this service accurately or if there is a security breach in our IT system or the customers' systems, we may be liable for claims.

We rely on the competency of our internal IT personnel. Our failure to hire, develop, retain, and supervise competent IT personnel to secure our data, design redundant systems, or design and maintain our technology systems including our data and voice networks, and applications, could significantly interrupt our business causing a negative impact on our results.

We may not adequately protect ourselves through our contract vehicles, or our insurance policies may not be adequate to address potential losses or claims.

Our contracts may not protect us against the risks inherent in our business including, but not limited to, warranties, limitations of liability, indemnification obligations, human resources and subcontractor-related claims, patent and product liability, regulatory and compliance obligations, data security and privacy, and financing activities. Also, we face pressure from our customers for competitive pricing and contract terms. Despite the non-recourse nature of the loans financing certain of our activities, non-recourse lenders may file suit if the underlying transaction turns out poorly for the lenders. We are subject to such claims and the cost of defending such claims due to the nature of our business.

We also are subject to audits by various vendor partners and customers, including government agencies, relating to purchases and sales under various contracts. In addition, we are subject to indemnification claims under various contracts.

We depend on having creditworthy customers to avoid an adverse impact on our operating results and financial condition.

Our financing and technology segments require sufficient amounts of debt or equity capital to fund our equipment purchases. If the credit quality of our customer base materially decreases, or if we experience a material increase in our credit losses, we may find it difficult to continue to obtain the required capital for our business, and our operating results and financial condition may be harmed. In addition to the impact on our ability to attract capital, a material increase in our delinquency and default experience would itself have a material adverse effect on our business, operating results, and financial condition.

As of March 31, 2019, and 2018, we had reserves for credit losses of $2.6 million and $2.7 million, respectively.

We may be liable for misuse of our customers' or employees' information.

Third-parties, such as hackers, could circumvent or sabotage the security practices and products used in our product and service offerings, and/or the security practices or products used in our internal IT systems, which could result in disclosure of sensitive or personal information, unauthorized procurement, or other business interruptions that could damage our reputation and disrupt our business. Attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats.

If third-parties or our employees are able to maliciously penetrate our network security or otherwise misappropriate our customers' information or employees' personal information, or other information for which our customers may be responsible and for which we agree to be responsible in connection with service contracts into which we may enter, or if we give third-parties or our employees improper access to certain information, we could be subject to liability. This liability could include claims for unauthorized access to devices on our network; unauthorized access to our customers' networks, applications, data, devices, or software; unauthorized purchases with credit card information; and identity theft or other similar fraud-related claims. This liability could also include claims for other misuses of or inappropriate access to personal information. Other liability could include claims alleging misrepresentation of our privacy and data security practices. Any such liability for misappropriation of this information could decrease our profitability. In addition, federal and state agencies have been investigating various companies regarding whether they misused or inadequately secured information. We could incur additional expenses when new laws or regulations regarding the use of information are enacted, or if governmental agencies require us to substantially modify our privacy or security practices. We could fail to comply with international and domestic data privacy laws, the violation of which may result in audits, fines, penalties, litigation, or administrative enforcement actions with associated costs.

Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may result in a compromise or breach of the security practices we use to protect sensitive customer transaction information and employee information. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. Further, third-parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords, or other information or otherwise compromise the security of our internal networks and/or our customers' information. Since techniques used to obtain unauthorized access change frequently and the size and severity of security breaches are increasing, we may be unable to implement adequate preventative measures or timely identify or stop security breaches while they are occurring.

We may be required to expend significant capital and other resources to protect against security breaches or to remediate the subsequent risks and issues caused by such breaches. Our security measures are designed to protect against security breaches, but our failure to prevent such security breaches could cause us to incur significant expense to investigate and respond to a security breach and correct any problems caused by any breach, subject us to liability, damage our reputation, and diminish the value of our brand. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing insurance coverage for errors and omissions or security breaches will continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims, or that our insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition, and results of operations.

Failure to comply with our public-sector contracts or applicable laws and regulations could result in, among other things, termination, fines or other liabilities, and changes in procurement regulations could adversely impact our business.

Revenues in our public sector are derived from sales to state and local government and educational institution (''SLED'') customers, through various contracts and open market sales of products and services. Sales to SLED customers are highly regulated. Noncompliance with contract provisions, government procurement regulations, or other applicable laws or regulations could result in civil, criminal, and administrative liability, including substantial monetary fines or damages, termination of SLED sector customer contracts, and suspension, debarment, or ineligibility from doing business with the government and other customers in the SLED sector. In addition, contracts in the SLED sector are generally terminable at any time for convenience of the contracting agency or upon default and are subject to audits. In addition, most contracts require successfully bidding and award of the contract. These bid processes can be complex and require extensive review of terms and conditions and data compilation. Multiple bidders may win a product category, which creates aggressive competition even after contract award. The effect of any of these possible actions could adversely affect our business, results of operations or cash flows. In addition, the adoption of new or modified procurement regulations and other requirements may increase our compliance costs and reduce our gross margins, which could have a negative effect on our business, results of operations, or cash flows.

Failure to comply with new laws or changes to existing laws may adversely impact our business.

Our operations are subject to numerous US and foreign laws and regulations in a number of areas including, but not limited to, areas of labor and employment, immigration, advertising, e-commerce, tax, import and export requirements, anti-corruption, data privacy requirements, anti-competition, and environmental, health, and safety. Compliance with these laws, regulations, and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business, and the risk of noncompliance. We have implemented policies and procedures designed to help comply with applicable laws and regulations, but there can be no certainty that against employees, contractors, or agents will fully comply with laws and regulations or our policies and procedures.

Loss of services by any of our executive officers or senior management and/or failure to successfully implement a succession plan could adversely affect our business.

The loss of the services by our executive officers or senior management and/or failure to successfully implement a succession plan could disrupt management of our business and impair the execution of our business strategies. We believe that our success depends in part upon our ability to retain the services of our executive officers and senior management and successfully implement a succession plan. Our executive officers are at the forefront in determining our strategic direction and focus. The loss of our executive officers' and senior management's services without replacement by qualified successors could adversely affect our ability to manage effectively our overall operations and successfully execute current or future business strategies, and could cause other instability within our workforce.

We rely on inventory and accounts receivable financing arrangements for working capital and our accounts payable processing.

The loss of the technology segment's credit facility could have a material adverse effect on our future results as we rely on this facility and its components for daily working capital and the operational function of our accounts payable process. Our credit agreement contains various covenants that must be met each quarter and either party may terminate the agreement for any reason with a 90-days' notice. There can be no assurance that we will continue to meet those covenants and failure to do so may limit availability of, or cause us to lose, such financing. There can be no assurance that such financing will continue to be available to us in the future on acceptable terms.

Changes in accounting standards, or the misapplication of current accounting standards, may adversely affect our future financial results.

We prepare our financial statements in conformity with accounting principles generally accepted in the US These accounting principles are subject to interpretation by the Financial Accounting Standards Board, the Public Company Accounting Oversight Board, the SEC, the American Institute of Certified Public Accountants (''AICPA'') and various other bodies formed to interpret and create appropriate accounting policies. Future periodic assessments required by current or new accounting standards may result in noncash charges and/or changes in presentation or disclosure. In addition, any change in accounting standards may influence our customers' decision to purchase from us or finance transactions with us, which could have a significant adverse effect on our financial position or results of operations.

We are required to determine if we are the principal or agent in all transactions with our customers. The voluminous number of products and services we sell, and the manner in which they are bundled, are technologically complex. Mischaracterization of these products and services could result in misapplication of revenue recognition polices. We use estimates where necessary, such as the fair value of assets acquired, and liabilities assumed in a business combination, the analysis for goodwill impairment, allowance for doubtful accounts and the cost to perform professional and managed services, which require judgment and are based on best available information. If we are unable to accurately estimate the cost of these services or the time-line for completion of contracts, the profitability of our contracts may be materially and adversely affected.

We may not be able to realize our entire investment in the equipment we lease.

The realization of the residual value of the equipment we lease, predominantly at the end of the term of a lease, as well as during the life of the lease, is an important element in our financing segment. At the inception of certain leases, we record a residual value for the leased equipment based on our estimate of the value of the equipment at the expected disposition date.

A decrease in the market value of leased equipment at a rate greater than the rate we projected, whether due to rapid technological or economic obsolescence, excessive or unusual wear and tear on the equipment, or other factors, would adversely affect the recoverability of the estimated residual values of such equipment. Further, certain equipment residual values are dependent on the vendor's warranties, reputation, rules regarding relicensing of software to operate the equipment, and other factors, including market liquidity. In addition, we may not realize the full market value of equipment if we are required to sell it to meet liquidity needs or for other reasons outside of the ordinary course of business. Consequently, there can be no assurance that we will realize our estimated residual values for equipment.

The degree of residual realization risk varies by transaction type. Direct financing leases bear less risk because contractual payments typically cover 90% or more of the equipment's lease cost at inception. Operating leases have a higher degree of risk because a smaller percentage of the equipment's value is covered by contractual cash flows at lease inception.

Our results of operations are subject to fluctuations in foreign currency.

We have several foreign subsidiaries and conduct business in various countries and currencies. As result of these foreign operations, we have exposure to fluctuations in foreign currency rates resulting primarily from the translation exposure associated with the preparation of our consolidated financial statements. While our consolidated financial statements are reported in US dollars, the financial statements of our subsidiaries outside the US are prepared using the local currency as the functional currency and translated into US dollars. As a result, fluctuations in the exchange rate of the US dollar relative to the functional currencies of our subsidiaries could cause fluctuations in our results of operations. Our operations in our foreign countries is insignificant. We also have foreign currency exposure to the extent net sales and purchases are not denominated in a subsidiary's functional currency, which could have an adverse effect on our business, results of operations, or cash flows.

If we publish inaccurate catalog content data, our business could suffer.

Any defects or errors in our electronic catalog content data could harm our customers or deter businesses from participating in our offerings, damage our business reputation, harm our ability to attract new customers, and potentially expose us to liability. In addition, from time to time vendors who provide us electronic catalog data could submit to us inaccurate pricing or other catalog data. Even though such inaccuracies are not caused by us and are outside of our control, such inaccuracies could deter current and potential customers from using our products or result in inaccurate pricing to our customers.

We may be required to take impairment charges for goodwill or other intangible assets related to acquisitions.

We have acquired certain portions of our business and assets through acquisitions. Further, as part of our long-term business strategy, we may continue to pursue acquisitions of other companies or assets. In connection with prior acquisitions, we have accounted for the portion of the purchase price paid in excess of the book value of the assets acquired as goodwill or intangible assets, and we may be required to account for similar premiums paid on future acquisitions in the same manner.

Under the applicable accounting principles, goodwill is not amortized and is carried on our books at its original value, subject to annual review and evaluation for impairment, whereas intangible assets are amortized over the life of the asset. Changes in the business itself, the economic environment (including business valuation levels and trends), or the legislative or regulatory environment may trigger a review and evaluation of our goodwill and intangible assets for potential impairment outside of the normal review periods. These changes may adversely affect either the fair value of the business or our individual reporting units and we may be required to take an impairment charge.

If market and economic conditions deteriorate, this could increase the likelihood that we will need to record impairment charges to the extent the carrying value of our goodwill exceeds the fair value of our overall business. Such impairment charges could materially adversely affect our net earnings during the period in which the charge is taken. As of March 31, 2019, we had goodwill and other intangible assets of $110.8 million and $38.9 million, respectively.

We face risks of claims from third-parties for intellectual property infringement, including counterfeit products, that could harm our business.

We may be subject to claims that our products and services, or products that we resell, infringe on the intellectual property rights of third-parties and/or are counterfeit products. The vendor of certain products or services we resell may not provide us with indemnification for infringement or indemnification; however, our customers may seek indemnification from us. We could incur substantial costs in defending infringement claims against ourselves and our customers. In the event such claims, we and our customers may be required to obtain one or more licenses from third-parties. We may not be able to obtain such licenses from third-parties at a reasonable cost or at all. Defense of any lawsuit or failure to obtain any such required license could significantly increase our expenses and/or adversely affect our ability to offer one or more of our services.

If our proprietary software products contain defects, our business could suffer.

Products as complex as those used to provide our electronic commerce solutions or cloud automation solutions, such as scripts, often contain unknown and undetected errors, performance problems, or use open source code. We may have serious defects immediately following introduction of new products or enhancements to existing products. Undetected errors or performance problems may be discovered in the future and certain errors we consider to be minor may be serious to our customers. Our software products, or automation solutions, may be circumvented or sabotaged by third-parties such as hackers, which could result in the disclosure of sensitive information or personal information, unauthorized procurement, or cause other business interruptions that could damage our reputation and disrupt our business. Attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. In addition, our customers may experience a loss in connectivity to our proprietary software solutions because of a power loss at our data center, Internet interruption, or defects in our software. This could result in lost revenues, delays in customer acceptance, security breaches, and unforeseen liabilities that would be detrimental to our reputation and to our business.

We may be unable to protect our intellectual property and costs to protect our intellectual property may affect our earnings.

The success of our business strategy depends, in part, upon proprietary technology and other intellectual property rights. To date, we have relied primarily on a combination of copyright, trademark, patent, and trade secret laws, and contractual provisions with our customers, subcontractors and employees to protect our proprietary technology. It may be possible for unauthorized third-parties to copy certain portions of our products or reverse engineer or obtain and use information that we regard as proprietary. Some of our agreements with our customers and technology licensors contain residual clauses regarding confidentiality and the rights of third-parties to obtain the source code for our products. These provisions may limit our ability to protect our intellectual property rights in the future that could seriously harm our business and operating results. Our means of protecting our intellectual property rights may not be adequate.

The legal and associated costs to protect our intellectual property may significantly increase our expenses and have a material adverse effect on our operating results. We may deem it necessary to protect our intellectual property rights and significant expenses could be incurred with no certainty of the results of these potential actions. Costs relative to lawsuits are usually expensed in the periods incurred and there is no certainty in recouping any of the amounts expended regardless of the outcome of any action.

If securities analysts do not publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock depends in part on the research and reports that third-party securities analysts publish about us and our industry. One or more analysts could downgrade our common stock, or issue other negative commentary about us or our industry. If one or more of the analysts that publish research about us cease coverage, we could lose visibility in the market or such discontinuance may be viewed negatively by the market. As a result of one or more of these factors, the trading price of our common stock could decline.

Future offerings of debt or equity securities, which would rank senior to our common stock, may adversely affect the market price of our common stock.

If, in the future, we decide to issue debt or equity securities that rank senior to our common stock, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings, if any. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of March 31, 2019, we lease space for 41 offices or warehouses. Our total leased square footage as of March 31, 2019, was approximately 321 thousand square feet for which we incurred rent expense of approximately $631 thousand per month. Some of our subsidiaries operate in shared office space to support sales, marketing activities and produce cost efficiency. Some sales and technical service personnel work from either home offices or at customer sites.

Our largest office location is in Herndon, Virginia. The lease contract terminates on December 31, 2022.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings that arise in the ordinary course of business. Legal proceedings which may arise in the ordinary course of business include, but are not limited to, preference payment claims asserted in customer bankruptcy proceedings; tax audits; claims of alleged infringement of patents, trademarks, copyrights, and other intellectual property rights; claims of alleged non-compliance with contract provisions; employment-related claims; claims by competitors, vendors, or customers; claims related to alleged violations of laws and regulations; and claims relating to alleged security or privacy breaches. We attempt to ameliorate the effect of potential litigation through insurance coverage and contractual protections such as rights to indemnifications and limitations of liability. Additionally, we proactively seek to recover funds to which we may be entitled. From time to time, we are successful in obtaining recoveries by filing a claim in class action suits, however, we have limited insight into the timing or amount of those recoveries.

We provide for costs relating to contingencies when a loss is probable, and the amount is reasonably determinable. In the opinion of management, there was not at least a reasonable possibility that the Company may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims. However, the outcome of legal proceedings and claims brought against us is subject to significant uncertainty. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these legal matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's consolidated financial statements for that reporting period could be materially adversely affected.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

At March 31, 2019, our common stock traded on the NASDAQ Global Select Market under the symbol "PLUS."

On May 21, 2019, there were approximately 143 stockholders of record of our common stock, although there is a much larger number of beneficial owners.

DIVIDEND POLICIES AND RESTRICTIONS

We did not pay any cash dividends on our common stock during the fiscal years ended March 31, 2019, and 2018. Holders of our common stock are entitled to dividends if and when declared by our Board of Directors ("Board") out of funds legally available. Generally, we have retained our earnings for use in the business. We currently intend to retain future earnings to fund ongoing operations and finance the growth and development of our business. Any future determination concerning the payment of dividends will depend upon our financial condition, results of operations, capital requirements and any other factors deemed relevant by our Board.

PURCHASES OF OUR COMMON STOCK

The following table provides information regarding our purchases of *e*Plus inc. common stock during the fiscal year ended March 31, 2019. The numbers of shares and price per share for the prior periods presented in the table have been retroactively restated to reflect the stock split. See Note 1 "Organization and Summary of Significant Accounting Policies" and Note 11 "Stockholders' Equity" in the consolidated financial statements included elsewhere in this report for additional information on the stock split.

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 (or approximate dollar value) of shares that may yet be purchased under the plans or programs
April 1, 2018 through April 30, 2018	69,645	$ 78.14	69,645	20,516(2)
May 1, 2018 through May 27, 2018	800	$ 79.93	800	19,716(3)
May 28, 2018 through May 31, 2018	—	$ —	—	519,716(4)
June 1, 2018 through June 30, 2018	37,086	$ 95.80	—	519,716(5)
July 1, 2018 through July 31, 2018	3,006	$101.50	—	519,716(6)
August 1, 2018 through August 18, 2018	—	$ —	—	519,716(7)
August 19, 2018 through August 31, 2018	—	$ —	—	500,000(8)
September 1, 2018 through September 30, 2018	—	$ —	—	500,000(9)
October 1, 2018 through October 31, 2018	21,505	$ 84.57	21,505	478,495(10)
November 1, 2018 through November 30, 2018	14,513	$ 81.93	14,513	463,982(11)
December 1, 2018 through December 31, 2018	49,624	$ 70.76	49,624	414,358(12)
January 1, 2019 through January 31, 2019	28,939	$ 72.58	28,939	385,419(13)
February 1, 2019 through February 28, 2019	—	$ —	—	385,419(14)
March 1, 2019 through March 31, 2019	—	$ —	—	385,419(15)

(1) Any shares acquired were in open-market purchases, except for 37,086 shares repurchased in June and 3,006 repurchased in July 2018 to satisfy tax withholding obligations that arose due to the vesting of shares of restricted stock.

(2) The share purchase authorization in place for the month ended April 30, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of April 30, 2018, the remaining authorized shares to be purchased were 20,516.

(3) The share purchase authorization in place for the month ended May 31, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of May 31, 2018, the remaining authorized shares to be purchased were 19,716.

(4) On April 26, 2018, the Board authorized the Company to repurchase up to 500,000 shares of our outstanding common stock commencing on May 28, 2018 and continuing to May 27, 2019. As of May 31, 2018, the remaining authorized shares to be purchased were 519,716 under both authorizations.

(5) The share purchase authorizations in place for the month ended June 30, 2018 had purchase limitations on the number of shares of up to 519,716 shares. As of June 30, 2018, the remaining authorized shares to be purchased were 519,716.

(6) The share purchase authorizations in place for the month ended July 31, 2018 had purchase limitations on the number of shares of up to 519,716 shares. As of July 31, 2018, the remaining authorized shares to be purchased were 519,716.

(7) The share purchase authorization in place for outstanding common stock over a 12-month period expired on August 18, 2018, which had a remaining unused authorization for the repurchase of 19,716 shares. As of August 18, 2018, the remaining authorized shares to be purchased were 519,716.

(8) The share purchase authorization in place for the month ended August 31, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of August 31, 2018, the remaining authorized shares to be purchased were 500,000.

(9) The share purchase authorization in place for the month ended September 30, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of September 30, 2018, the remaining authorized shares to be purchased were 500,000.

(10) The share purchase authorization in place for the month ended October 31, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of October 31, 2018, the remaining authorized shares to be purchased were 478,495.

(11) The share purchase authorization in place for the month ended November 30, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of November 30, 2018, the remaining authorized shares to be purchased were 463,982.

(12) The share purchase authorization in place for the month ended December 31, 2018 had purchase limitations on the number of shares of up to 500,000 shares. As of December 31, 2018, the remaining authorized shares to be purchased were 414,358.

(13) The share purchase authorization in place for the month ended January 31, 2019 had purchase limitations on the number of shares of up to 500,000 shares. As of January 31, 2019, the remaining authorized shares to be purchased were 385,419.

(14) The share purchase authorization in place for the month ended February 28, 2019 had purchase limitations on the number of shares of up to 500,000 shares. As of February 28, 2019, the remaining authorized shares to be purchased were 385,419.

(15) The share purchase authorization in place for the month ended March 31, 2019 had purchase limitations on the number of shares of up to 500,000 shares. As of March 31, 2019, the remaining authorized shares to be purchased were 385,419.

The timing and expiration date of the share repurchase authorizations are included in Note 11, ''Stockholders' Equity'' to our consolidated financial statements included elsewhere in this report.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with ''Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations'' and with the consolidated financial statements and related notes, which are included elsewhere in this Form 10-K. The selected consolidated statement of operations data for the years ended March 31, 2019, 2018 and 2017 and the selected consolidated balance sheet data as of March 31, 2019 and 2018 presented below was derived from our audited consolidated financial statements, which are included elsewhere herein. On March 31, 2017, we completed a two-for-one stock split in the form of a stock dividend. Per share amounts have been retroactively adjusted for this stock split.

The selected financial data as of and for the years ended March 31, 2016 and 2015 have been derived from our audited consolidated financial statements, which are not included in this report.

	For the years ended March 31,				
Statement of Operations Data:	**2019**	**2018[(a)]**	**2017[(a)]**	**2016**	**2015**
	(in thousands, except per share data)				
Net sales	$1,372,673	$1,418,802	$1,331,778	$1,204,199	$1,143,282
Cost of sales	1,042,285	1,095,320	1,032,019	942,142	898,735
Gross profit	330,388	323,482	299,759	262,057	244,547
Operating expense	250,854	239,243	214,027	186,306	173,837
Operating income	79,534	84,239	85,732	75,751	70,710
Other income	6,696	(348)	380	—	7,603
Earnings before provision for income taxes	86,230	83,891	86,112	75,751	78,313
Provision for income taxes	23,038	28,769	35,556	31,004	32,473
Net earnings	$ 63,192	$ 55,122	$ 50,556	$ 44,747	$ 45,840
Net earnings per common share - basic	$ 4.70	$ 4.00	$ 3.65	$ 3.08	$ 3.13
Net earnings per common share - diluted	$ 4.65	$ 3.95	$ 3.60	$ 3.05	$ 3.10

	For the years ended March 31,				
Balance Sheet Data:	**2019**	**2018[(a)]**	**2017[(a)]**	**2016**	**2015**
	(in thousands)				
Cash and cash equivalents	$ 79,816	$118,198	$109,760	$ 94,766	$ 76,175
Accounts receivable—net	341,227	296,688	291,016	276,399	249,803
Total financing receivables and operating leases—net	122,799	138,447	123,539	132,354	143,900
Total assets	$786,198	$755,471	$741,720	$616,680	$568,275
Total non-recourse and recourse notes payable	$ 48,647	$ 52,278	$ 37,424	$ 47,422	$ 56,564
Total liabilities	$361,945	$382,868	$395,802	$297,802	$289,013
Total stockholders' equity	$424,253	$372,603	$345,918	$318,878	$279,262
Weighted average common shares outstanding—basic	13,448	13,790	13,867	14,513	14,636
Weighted average common shares outstanding—diluted	13,578	13,967	14,028	14,688	14,786

Note (a) Amounts for 2018 and 2017 have been adjusted to reflect the adoption of Topic 606.

Other Financial Data:

Our management monitors a number of 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 margin, operating income margin, net earnings, net earnings per common share, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted gross billings, non-GAAP net earnings, and non-GAAP net earnings per share. We 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. These key indicators include financial information that is prepared in accordance with GAAP and presented in our consolidated financial statements as well as non-GAAP performance measurement tools.

A summary of these key indicators which are not included in our consolidated financial statements is presented as follows, (dollars in thousands, except per share data):

	For the years ended March 31,				
Consolidated	**2019**	**2018[a]**	**2017[a]**	**2016**	**2015**
Net sales	$1,372,673	$1,418,802	$1,331,778	$1,204,199	$1,143,282
Gross profit	$ 330,388	$ 323,482	$ 299,759	$ 262,057	$ 244,547
Gross margin	24.1%	22.8%	22.5%	21.7%	21.3%
Operating income margin	5.8%	5.9%	6.4%	6.3%	6.2%
Net earnings	$ 63,192	$ 55,122	$ 50,556	$ 44,747	$ 45,840
Net earnings margin	4.6%	3.9%	3.8%	3.7%	4.0%
Net earnings per common share - diluted	$ 4.65	$ 3.95	$ 3.60	$ 3.05	$ 3.10
Non-GAAP: Net earnings[1]	$ 69,580	$ 70,413	$ 68,997	$ 61,520	$ 55,378
Non-GAAP: Net earnings per common share - diluted[1]	$ 5.12	$ 5.04	$ 4.92	$ 4.19	$ 3.75
Adjusted EBITDA[2]	$ 100,415	$ 102,774	$ 99,287	$ 87,691	$ 79,514
Adjusted EBITDA margin	7.3%	7.2%	7.5%	7.3%	6.9%
Purchases of property and equipment used internally	$ 6,042	$ 5,353	$ 3,356	$ 2,442	$ 3,610
Purchases of equipment under operating leases	5,587	2,237	6,202	12,026	8,163
Total capital expenditures	$ 11,629	$ 7,590	$ 9,558	$ 14,468	$ 11,773
Technology Segment					
Net sales	$1,329,520	$1,372,765	$1,294,937	$1,169,065	$1,108,449
Adjusted gross billings[3]	$1,918,995	$1,899,685	$1,780,417	$1,562,191	$1,442,604
Gross profit	$ 294,662	$ 287,287	$ 269,749	$ 237,283	$ 220,776
Gross margin	22.2%	20.9%	20.8%	20.3%	19.9%
Operating income	$ 56,738	$ 62,389	$ 68,912	$ 63,689	$ 60,958
Adjusted EBITDA[2]	$ 77,202	$ 80,555	$ 82,117	$ 75,223	$ 69,309
Financing Segment					
Net sales	$ 43,153	$ 46,037	$ 36,841	$ 35,134	$ 34,833
Gross profit	$ 35,726	$ 36,195	$ 30,010	$ 24,774	$ 23,771
Operating Income	$ 22,796	$ 21,850	$ 16,820	$ 12,062	$ 9,752
Adjusted EBITDA[2]	$ 23,213	$ 22,219	$ 17,170	$ 12,468	$ 10,205

Note (a) Amounts for 2018 and 2017 have been adjusted to reflect the adoption of Topic 606.

(1) Non-GAAP net earnings and non-GAAP net earnings per common share – diluted is based on net earnings calculated in accordance with GAAP, adjusted to exclude other income (expense), share-based compensation, and acquisition and integration expenses, and the related tax effects, the tax (benefit) expense due to the re-measurement of deferred tax assets and liabilities at the new US tax rates, and an adjustment to our tax expense in the prior year assuming a 31.5% effective annual income tax rate for US operations. The presentation of non-GAAP net earnings and non-GAAP net earnings per common share – diluted have been changed from prior period presentations to include adjustments for expenses related to acquisitions such as legal, accounting, tax, and adjustments to the fair value of contingent purchase price consideration as well as stock compensation.

We use non-GAAP net earnings per common share as a supplemental measure of our performance to gain insight into our operating performance. We believe that the exclusion of other income and acquisition related amortization expense in calculating non-GAAP net earnings per common share 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. Accordingly, we believe that non-GAAP net earnings per common share provide useful information to investors and others in understanding and evaluating our operating results. However, our use of non-GAAP information as analytical tools has limitations, and you should not consider them in isolation or as substitutes for analysis of our financial results as reported under GAAP. In addition, other companies, including companies in our industry, might calculate similar non-GAAP net earnings and non-GAAP net earnings per common share or similarly titled measures differently, which may reduce their usefulness as comparative measures.

	For the years ended March 31,				
	2019	2018	2017	2016	2015
GAAP: Earnings before tax	$86,230	$83,891	$ 86,112	$ 75,751	$ 78,313
Share based compensation	7,244	6,464	6,025	5,711	4,585
Acquisition and integration expense	1,813	2,150	278	681	(114)
Acquisition related amortization expense	7,423	5,978	4,000	2,917	1,888
Other (income) expense	(6,696)	348	(380)	—	(7,603)
Non-GAAP: Earnings before provision for income taxes	96,014	98,831	96,035	85,060	77,069
GAAP: Provision for income taxes	23,038	28,769	35,556	31,004	32,473
Share based compensation	1,988	1,866	1,709	1,581	1,290
Acquisition and integration expense	522	621	79	188	(32)
Acquisition related amortization expense	1,916	1,598	938	807	531
Other (income) expense	(1,702)	101	(108)	—	(2,140)
Remeasurement of deferred taxes	—	1,654	—	—	—
Adjustment to U.S. Federal Income Tax rate to 21%	—	(7,635)	(11,650)	(10,040)	(10,431)
Tax benefit on restricted stock	672	1,444	514	—	—
Non-GAAP: Provision for income taxes	26,434	28,418	27,038	23,540	21,691
Non-GAAP: Net earnings	$69,580	$70,413	$ 68,997	$ 61,520	$ 55,378

	For the years ended March 31,				
	2019	2018	2017	2016	2015
GAAP: Net earnings per common share - diluted	$ 4.65	$ 3.95	$ 3.60	$3.05	$ 3.10
Share based compensation	0.38	0.33	0.31	0.28	0.22
Acquisition and integration expense	0.09	0.11	0.01	0.03	(0.01)
Acquisition related amortization expense	0.40	0.32	0.22	0.14	0.09
Other (income) expense	(0.35)	0.01	(0.02)	—	(0.37)
Remeasurement of deferred taxes	—	(0.12)	—	—	—
Adjustment to U.S. Federal Income Tax rate to 21%	—	0.54	0.84	0.69	0.72
Tax benefit on restricted stock	(0.05)	(0.10)	(0.04)	—	—
Total non-GAAP adjustments - net of tax	$ 0.47	$ 1.09	$ 1.32	$1.14	$ 0.65
Non-GAAP: Net earnings per common share - diluted	$ 5.12	$ 5.04	$ 4.92	$4.19	$ 3.75

(2) We define Adjusted EBITDA as net earnings calculated in accordance with GAAP, adjusted for the following: interest expense, depreciation and amortization, share-based compensation, acquisition and integration expenses, provision for income taxes, and other income. Segment Adjusted EBITDA is defined as operating income calculated in accordance with GAAP, adjusted for interest expense, share-based compensation, acquisition and integration expenses, and depreciation and amortization. We consider the interest on notes payable from our financing segment and depreciation expense presented within cost of sales, which includes depreciation on assets financed as operating leases, to be operating expenses. As such, they are not included in the amounts added back to net earnings in the Adjusted EBITDA calculation. We provide below a reconciliation of Adjusted EBITDA to net earnings, 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. The presentation of Adjusted EBITDA has been changed from prior period presentations to include adjustments for expenses related to acquisitions such as legal, accounting, tax, and adjustments to the fair value of contingent purchase price consideration as well as stock compensation.

We use Adjusted EBITDA as a supplemental measure of our performance to gain insight into our operating performance. We believe that the exclusion of other income in calculating Adjusted EBITDA and Adjusted EBITDA margin 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. Accordingly, we believe that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating our operating results. However, our use of Adjusted EBITDA and Adjusted EBITDA margin as analytical tools has limitations, and you should not consider them in isolation or as substitutes for analysis of our financial results as reported under 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.

Consolidated	2019	2018	2017	2016	2015
	For the years ended March 31,				
Net earnings	$ 63,192	$ 55,122	$50,556	$44,747	$45,840
Provision for income taxes	23,038	28,769	35,556	31,004	32,473
Share based compensation	7,244	6,464	6,025	5,711	4,585
Acquisition and integration expense	1,813	2,150	278	681	(114)
Depreciation and amortization	11,824	9,921	7,252	5,548	4,333
Other (income) expense	(6,696)	348	(380)	—	(7,603)
Adjusted EBITDA	$100,415	$102,774	$99,287	$87,691	$79,514

Technology Segment					
Operating income	$ 56,738	$ 62,389	$68,912	$63,689	$60,958
Depreciation and amortization	11,812	9,918	7,243	5,532	4,310
Share based compensation	6,839	6,098	5,684	5,321	4,155
Acquisition and integration expense	1,813	2,150	278	681	(114)
Adjusted EBITDA	$ 77,202	$ 80,555	$82,117	$75,223	$69,309

Financing Segment					
Operating income	$ 22,796	$ 21,850	$16,820	$12,062	$ 9,752
Depreciation and amortization	12	3	9	16	23
Share based compensation	405	366	341	390	430
Adjusted EBITDA	$ 23,213	$ 22,219	$17,170	$12,468	$10,205

(3) We define Adjusted gross billings as our Technology segment net sales calculated in accordance with GAAP, adjusted to exclude the costs incurred related to sales of third-party software assurance, subscription licenses, maintenance and services. We have provided below a reconciliation of Adjusted gross billings to Technology segment net sales, which is the most directly comparable financial measures to this non-GAAP financial measure.

We use Adjusted gross billings as a supplemental measure of our performance to gain insight into the volume of business generated by our technology segment, and to analyze the changes to our accounts receivable and accounts payable. Our use of Adjusted gross billings as analytical tools has limitations, and you should not consider them in isolation or as substitutes for analysis of our financial results as reported under GAAP. In addition, other companies, including companies in our industry, might calculate Adjusted gross billings or similarly titled measures differently, which may reduce their usefulness as comparative measures.

	For the years ended March 31,				
	2019	2018	2017	2016	2015
Technology segment net sales	$1,329,520	$1,372,765	$1,294,937	$1,169,065	$1,108,449
Costs incurred related to sales of third-party maintenance, software assurance and subscription/SaaS licenses, and services	589,475	$ 526,920	$ 485,480	$ 393,126	$ 334,155
Adjusted gross billings	$1,918,995	$1,899,685	$1,780,417	$1,562,191	$1,442,604

Note (a) Amounts for 2018 and 2017 have been adjusted to reflect the adoption of Topic 606.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations (''financial review'') of *e*Plus is intended to help investors understand our company and our operations. The financial review is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and the related notes included elsewhere in this report.

EXECUTIVE OVERVIEW

Business Description

*e*Plus and its consolidated subsidiaries provide leading IT products and services, flexible leasing and financing solutions, and enterprise supply management to enable our customers to optimize their IT infrastructure and supply chain processes.

We design, implement and provide IT solutions for our customers. We are focused primarily on specialized IT segments including data center infrastructure, networking, security, cloud and collaboration. Our solutions incorporate hardware and software products from multiple leading IT vendors. As our customers' IT requirements have grown increasingly complex, we have evolved our offerings by investing in our professional and managed services capabilities and by expanding our relationships with existing and emerging key vendors.

We continue to strengthen our relationships with vendors focused on emerging technologies, which have enabled us to provide our customers with new and evolving IT solutions. We are an authorized reseller of over 1,000 vendors, but primarily of approximately 100 vendors, including Check Point, Cisco Systems, Dell EMC, FireEye, F5 Networks, Gigamon, Hewlett Packard Enterprise, Juniper, McAfee, NetApp, Nimble, Oracle, Palo Alto Networks, Pure Storage, Splunk, VMware, and among many others. We possess top-level 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. Our proprietary software solutions allow our customers to procure, control and automate their IT solutions environment.

Financial Summary

During the year ended March 31, 2019, net sales decreased 3.3% to $1,372.7 million, or a decrease of $46.1 million over the prior fiscal year. Product sales for the year ended March 31, 2019 decreased 5.1% to 1,223.2 million, or a decrease of $66.1 million from $1,289.3 million in the prior year. Services sales during the year ended March 31, 2019 increased 15.4% to $149.5 million, or an increase of $20.0 million over prior year services sales of $129.5 million. There was a decrease in demand for products due mostly from our customers in the technology, and telecom, media and entertainment industries, offset by increase in demand from healthcare, and all other category of customers.

Consolidated gross profit increased 2.1%, to $330.4 million, compared to $323.5 million in the prior fiscal year due to higher margins. Consolidated gross margin increased 130 basis points to 24.1% for the year ended March 31, 2019, compared to 22.8% for the year ended March 31, 2018. The increase in gross margin was due to shifts in our revenue mix resulting from our continued focus on value added services for our customers, including the increase in sales of our advanced professional and managed services, sales of third-party maintenance agreements, and expanded gross profit and margins of our financing segment.

Operating income decreased $4.7 million, or 5.6%, to $79.5 million and operating margin decreased by 10 basis points to 5.8%, as compared to the year ended March 31, 2018. The decrease in operating earnings was due to a year over year increase in selling, general, and administrative expense of 3.9% or $9.0 million, due, in part to increases in variable compensation, healthcare costs and software license and maintenance, as well as the expenses associated with the acquisition of IDS in September 2017 and SLAIT in January 2019. As of March 31, 2019, we had 1,537 employees, an increase of 22.0% from 1,260 last year, of which 256 related to the acquisition of SLAIT. Depreciation and amortization expense increased $1.9 million, due to the acquisitions, and interest and financing costs increased $0.8 million, due to an increase in the average balance of non-recourse notes payable outstanding during the year, as well as higher interest rates.

Our effective tax rate for the year ended March 31, 2019 was 26.7%, compared to 34.3% for the same period in the prior year, as our tax rate for fiscal year 2018 included a partial year impact of the change in the US statutory rate under the Tax Reform Act. The lower tax rate had a positive effect on net earnings for the year ended March 31, 2019 of $6.5 million compared to the prior year tax rate.

Net earnings for the year ended March 31, 2019 increased 14.6% to $63.2 million, as compared to the year ended March 31, 2018. Net earnings for the year ended March 31, 2019 included other income of $6.3 million from payments received from distributions from various claims we owned in customer bankruptcies.

Adjusted EBITDA for the year ended March 31, 2019 was $100.4 million, a decrease of $2.4 million, or 2.3%, from the prior year.

For the year ended March 31, 2019 diluted earnings per share were $4.65, and increase of $0.70, or 17.7%, compared with the prior year of $3.95 per diluted share. Non-GAAP diluted earnings per share was $5.12 for fiscal year 2019, an increase of $0.08, or 1.6%, from the prior year of $5.04 per diluted share.

Cash and cash equivalents decreased $38.4 million, or 32.5%, to $79.8 million at March 31, 2019 compared to March 31, 2018. The decrease is primarily the result of $50.7 million paid in cash at closing of our acquisition of SLAIT, the repurchase of 410,144 shares of our common stock for $32.1 million under our stock repurchase authorization in the year ended March 31, 2019, investments in our financing portfolio, working capital required for the growth in our technology segment, and an increase in our cash conversion cycle, partially offset by cash flows from operations. Our cash on hand, funds generated from operations, amounts available under our credit facility and the possible monetization of our investment portfolio have provided sufficient liquidity for our business.

Segment Overview

Our operations are conducted through two segments: technology and financing.

Technology Segment

The technology segment derives revenue from sales of product, project related advanced professional services, managed services and staff augmentation. The technology segment sells primarily to corporate customers, state and local governments, and higher education institutions on a nationwide basis, with geographic concentrations relating to our physical locations. The technology segment also provides Internet-based business-to-business supply chain management solutions for information technology products.

Customers who purchase IT equipment and services from us may have customer master agreements, or CMAs, with our company, which stipulate the terms and conditions of the relationship. Some CMAs contain pricing arrangements, and most contain mutual voluntary termination clauses. Our other customers place orders using purchase orders without a CMA in place or with other documentation customary for the business. Often, our work with state and local governments is based on public bids and our written bid responses. Our service engagements are generally governed by statements of work and are primarily fixed price (with allowance for changes); however, some service agreements are based on time and materials.

We endeavor to minimize the cost of sales through incentive programs provided by vendors and distributors. The programs we qualify for are generally set by our reseller authorization level with the vendor. The authorization level we achieve and maintain governs the types of products we can resell as well as such items as pricing received, funds provided for the marketing of these products and other special promotions. These authorization levels are achieved by us through purchase volume, certifications held by sales executives or engineers and/or contractual commitments by us. The authorization levels are costly to maintain, and these programs continually change and, therefore, there is no guarantee of future reductions of costs provided by these vendor consideration programs.

Financing Segment

Our financing segment offers financing solutions to corporations, governmental entities, and educational institutions nationwide and in the UK, Canada, Iceland, Spain, and the Netherlands. The financing segment derives revenue from leasing IT and medical equipment and the disposition of that equipment at the end of the lease. The financing segment also derives revenues from the financing of third-party software licenses, software assurance, maintenance and other services.

Financing revenue generally falls into the following three categories:

- Portfolio income: Interest income from financing receivables and rents due under operating leases;

- Transactional gains: Net gains or losses on the sale of financial assets; and
- Post-contract earnings: Month-to-month rents; early termination, prepayment, make-whole, or buyout fees; and net gains on the sale of off-lease (used) equipment.

We also recognize revenue from events that occur after the initial sale of a financial asset and remarketing fees from certain residual value investments.

Fluctuations in Operating Results

Our results of operations are susceptible to fluctuations for a number of reasons, including, without limitation, customer demand for our products and services, supplier costs, changes in vendor incentive programs, interest rate fluctuations, decision to sell financial assets, general economic conditions, and differences between estimated residual values and actual amounts realized related to the equipment we lease. Operating results could also fluctuate as a result of a sale prior to the expiration of the lease term to the lessee or to a third-party or from other post-term events.

We expect to continue to expand by opening new sales locations and hiring additional staff for specific targeted market areas in the near future whenever we can find both experienced personnel and desirable geographic areas. These investments may reduce our results from operations in the short term.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements have been prepared in accordance with US GAAP. Our significant accounting policies are described in Note 1 of the Notes to the Consolidated Financial Statements under ''Organization and Summary of Significant Accounting Policies.'' The accounting policies described below are significantly affected by critical accounting estimates. Such accounting policies require significant judgments, assumptions, and estimates, and actual results could differ materially from the amounts reported based on these policies.

REVENUE RECOGNITION. The majority of our revenues are derived from the following sources: sales of third-party products, software, software assurance, maintenance and services; sales of our advanced professional and managed services; sales of licenses of our software, and financing revenues. For all these revenue sources, we determine whether we are the principal or agent. Our revenue recognition policies vary based upon these revenue sources and the mischaracterization of these products and services could result in misapplication of revenue recognition polices.

For arrangements with multiple elements, we allocate the total consideration to the deliverables based on an estimated selling price. We determine the estimated selling price using cost plus a reasonable margin for each deliverable, which is based on our established policies and procedures for providing customers with quotes, as well as on historical data.

Generally, sales of third-party products and software are recognized on a gross basis with the selling price to the customer recorded as sales and the acquisition cost of the product or software recorded as cost of sales. Revenue is recognized when the title and risk of loss are passed to the customer, there is persuasive evidence of an arrangement for sale, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Delivery for products is typically performed via drop-shipment by the vendor or distributor to our customers' location, and for software via electronic delivery. Using these tests, the vast majority of our sales are recognized upon delivery due to our sales terms with our customers. We estimate the product delivered to our customers at the end of each quarter based upon an analysis of current quarter and historical delivery dates.

We sell software assurance, subscription licenses, maintenance and service contracts where the services are performed by a third-party. Software assurance is a service that allows customers to upgrade at no additional cost to the latest technology, if new applications are introduced during the period for which the software assurance is in effect. As we enter into contracts with third-party service providers, we evaluate whether we are acting as a principal or agent in the transaction. We conclude that we are acting as an agent and recognize revenue on a net basis at the date of sale when we are not responsible for the day-to-day provision of services in these arrangements and our customers are aware that the third-party service provider will provide the services to them.

We provide *e*Plus advanced professional services under both time and materials and fixed price contracts. Under time and materials contracts, we recognize revenue at agreed-upon billing rates at the time services are performed. Under certain fixed price contracts, we recognize revenue based on the proportion of the services delivered to date as a percentage of the total services to deliver over the contract term. Using this method requires a determination of the appropriate input or output method to measure progress. When using an input method such as costs, we must estimate the inputs required over the entire term. Under other fixed price contracts, we recognize revenue upon completion. Revenues from other *e*Plus services, such as maintenance, managed services and hosting services are recognized on a straight-line basis over the term of the arrangement.

Financing revenues include income earned from investments in leases, leased equipment, and financed third-party software and services. We classify our investments in leases and leased equipment as either direct financing lease, sales-type lease, or operating lease, as appropriate. Revenue on direct financing and sales-type leases is deferred at the inception of the leases and is recognized over the term of the lease using the interest method. Revenue on operating leases is recorded on a straight-line basis over the lease term. We classify third-party software, maintenances, and services that we finance for our customers as notes receivable and recognize interest income over the term of the arrangement using the effective interest method.

We account for the transfer of financial assets as sales or secured borrowings in accordance with Codification Topic 860, *Transfers and Servicing*. For transfers that qualify for sale treatment, we recognize a net gain on the later of the effective date of the transfer or the date that the transfer meets all the criteria for a sale.

RESIDUAL VALUES. Residual values represent our estimated value of the equipment at the end of the initial lease term. Our estimated residual values will vary, both in amount and as a percentage of the original equipment cost, and depend upon several factors, including the equipment type, vendor's discount, market conditions, lease term, equipment supply and demand, and new product announcements by vendors.

We evaluate residual values on a quarterly basis and record any required impairments of residual value, in the period in which the impairment is determined. No upward adjustment to residual values is made subsequent to lease inception.

GOODWILL. We test goodwill for impairment on an annual basis, as of October 1, 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 amount. Goodwill is tested for impairment at a level of reporting referred to as a reporting unit.

In a qualitative assessment, we assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. A significant amount of judgment is involved in determining if an event representing an indicator of impairment has occurred between annual test dates. Such indicators may include: a significant decline in expected future cash flows; a sustained, significant decline in stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and reductions in revenue or profitability growth rates.

In the quantitative impairment test, we compare the fair value of a reporting unit with its carrying amount, including goodwill. We estimate the fair value of each reporting unit using a combination of the income approach and market approaches.

The income approach incorporates the use of a discounted cash flow method in which the estimated future cash flows and terminal values for each reporting unit are discounted to a present value using a discount rate. Cash flow projections are based on management's estimates of economic and market conditions which drive key assumptions of revenue growth rates, operating margins, capital expenditures and working capital requirements. The discount rate in turn is based on the specific risk characteristics of each reporting unit, the weighted average cost of capital and its underlying forecast.

The market approach estimates fair value by applying performance metric multiples to the reporting unit's prior and expected operating performance. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit.

The fair values determined by the market approach and income approach, as described above, are weighted to determine the fair value for each reporting unit. Although we have consistently used the same methods in developing the assumptions and estimates underlying the fair value calculations, such estimates are uncertain and may vary from actual results.

VENDOR CONSIDERATION. We receive payments and credits from vendors and distributors, including consideration pursuant to volume incentive programs, and shared marketing expense programs. Many of these programs extend over one or more quarters' sales activities. Different programs have different vendor/program specific goals to achieve. We recognize the rebate based on a systematic and rational allocation of the cash consideration offered to each of the underlying transactions that results in our progress towards earning the rebate provided the amounts are probable and reasonably estimable. If actual performance does not match our estimates, we may be required to adjust our receivables.

RESERVES FOR CREDIT LOSSES. We maintain our reserves for credit losses at a level believed to be adequate to absorb potential losses inherent in the respective balances. We assign an internal credit quality rating to all new customers and update these ratings regularly, but no less than annually. Management's determination of the adequacy of the reserve for credit losses for our accounts receivable is based on the age of the receivable balance, the customer's credit quality rating, an evaluation of historical credit losses, current economic conditions, and other relevant factors.

Management's determination of the adequacy of the reserve for credit losses for financing receivables may be based on the following factors: an internally assigned credit quality rating, historical credit loss experience, current economic conditions, volume, growth, the composition of the lease portfolio, the fair value of the underlying collateral, and the funding status (i.e. not funded, funded on a recourse or partial recourse basis, or funded on non-recourse basis), and other relevant factors. Our ongoing consideration of all these factors could result in an increase in our allowance for credit losses in the future, which could adversely affect our operating results.

INCOME TAXES. We make certain estimates and judgments in determining income tax expense for financial statement reporting purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which principally arise from differences in the timing of recognition of revenue and expense for tax and financial statement reporting purposes. We also must analyze income tax reserves, as well as determine the likelihood of recoverability of deferred tax assets and adjust any valuation allowances accordingly.

Considerations with respect to the recoverability of deferred tax assets include the period of expiration of the tax asset, planned use of the tax asset, and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. Valuation allowances are evaluated periodically and will be subject to change in each future reporting period as a result of changes in one or more of these factors. The calculation of our tax liabilities also involves considering uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain income tax positions based on our estimate of whether, and the extent to which, additional taxes will be required.

BUSINESS COMBINATIONS. We account for business combinations using the acquisition method, which requires us to allocate the purchase price for each acquisition to the assets acquired and liabilities assumed based on their fair values at the acquisition date. Our determination of the purchase price for the acquired business may include an estimate of the fair value of contingent consideration. The allocation process requires an analysis of intangible assets, customer relationships, trade names, acquired contractual rights and assumed contractual commitments and legal contingencies to identify and record all assets acquired and liabilities assumed at their fair value. Independent appraisals may be used to assist in the determination of the fair value of certain assets and liabilities. Such appraisals are based on significant estimates, such as forecasted revenues or profits utilized in determining the fair value of contract-related acquired intangible assets or liabilities.

Any excess of consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recorded as goodwill. Significant changes in assumptions and estimates subsequent to completing the allocation of the purchase price to the assets and liabilities acquired, as well as differences in actual and estimated results, could result in material impacts to our results of operations.

RECENT ACCOUNTING PRONOUNCEMENTS

The information set forth in Note 2, ''Recent Accounting Pronouncements'' to the accompanying Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K is incorporated herein by reference.

RESULTS OF OPERATIONS

The Year Ended March 31, 2019 Compared to the Year Ended March 31, 2018

Technology Segment

The results of operations for our technology segment for the years ended March 31, 2019 and 2018 were as follows (in thousands):

	Year Ended March 31,			
	2019	2018	Change	
Net sales				
Product	$1,180,042	$1,243,270	$(63,228)	(5.1%)
Services	149,478	129,495	19,983	15.4%
Total	1,329,520	1,372,765	(43,245)	(3.2%)
Cost of sales				
Product	945,037	1,013,748	(68,711)	(6.8%)
Services	89,821	71,730	18,091	25.2%
Total	1,034,858	1,085,478	(50,620)	(4.7%)
Gross profit	294,662	287,287	7,375	2.6%
Selling, general, and administrative	226,112	214,980	11,132	5.2%
Depreciation and amortization	11,812	9,918	1,894	19.1%
Operating expenses	237,924	224,898	13,026	5.8%
Operating income	$ 56,738	$ 62,389	$ (5,651)	(9.1%)
Adjusted gross billings	$1,918,995	$1,899,685	$ 19,310	1.0%
Adjusted EBITDA	$ 77,202	$ 80,555	$ (3,353)	(4.2%)

Net sales: Net sales for the year ended March 31, 2019 decreased by $43.2 million or 3.2% to $1,329.5 million due to a decreases from our technology, and telecom, media and entertainment industries, which was partial offset by an increase in demand from healthcare, and all other category of customers. Product sales decreased 5.1% due to a shift in product mix. Services revenues increased 15.4%, or $20.0 million due to an increase in staff augmentation and managed services.

Adjusted gross billings increased to $1,919.0 million, or 1.0%, from $1,899.7 million in the prior year. The increase in adjusted gross billings was due to acquisitions. This increase was offset by a shift in mix to third party maintenance, software assurance, subscriptions/SaaS licenses, and services where we recognize revenue on a net basis. As a result, net sales decreased year over year.

We rely on our vendors or distributors to fulfill a large majority of our shipments to our customers. As of March 31, 2019, we had open orders of $161.4 million and deferred revenue of $59.9 million. As of March 31, 2018, we had open orders of $148.2 million and deferred revenues of $47.3 million. The increase of $12.6 million in deferred revenues as of March 31, 2019 as compared to the prior year is due increases from advanced professional and managed services.

We analyze sales by customer end market and by manufacturer. The percentage of net sales by industry and vendor are summarized below:

	Twelve Months Ended March 31,		
	2019	2018	Change
Revenue by customer end market:			
Technology	22%	24%	(2%)
SLED	17%	17%	0%
Financial Services	15%	15%	0%
Healthcare	15%	14%	1%
Telecom, Media & Entertainment	13%	14%	(1%)
All others	18%	16%	2%
Total	100%	100%	
Revenue by vendor:			
Cisco Systems	42%	42%	0%
HP Inc. & HPE	6%	6%	0%
Dell / EMC	5%	4%	1%
All others	47%	48%	(1%)
Total	100%	100%	

Our revenues by customer end market have remained consistent over the prior year, with over 80% of our sales being generated from customers within the five end markets specified above. In fiscal year 2019, we had an increase in revenues from customers in the healthcare, and all others category of customer end markets, offset by decreases in revenues to technology, and telecommunications, media and entertainment customers. These changes were driven by changes in customer buying cycles and specific IT related initiatives, rather than the acquisition or loss of a customer or set of customers.

The majority of our revenues by vendor are derived from Cisco Systems and Hewlett Packard companies, which remained at a constant percentage of 48% of total revenues for both fiscal year 2019 and 2018. None of the vendors included within the ''other'' category exceeded 5% of total revenues.

Cost of sales: The 4.7% decrease in cost of sales was due to the decrease in product sales, an improvement in gross margin on product sales, and a higher amount of services revenues. Gross margin increased 130 basis points to 22.2% for the year ended March 31, 2019, from 20.9% in the prior year due to an increase in sales of third-party maintenance, software assurance, subscription/SaaS licenses, and services, for which the revenues are presented on a net basis, as well as increases in revenues from our professional and managed service. The change in revenue mix added 140 basis points to the gross margin, partially offset by a 10 basis points due to a reduction in vendor incentives earned as a percentage of sales for the year ended March 31, 2019 compared to the prior year.

Selling, general, and administrative expenses: Selling, general, and administrative expenses of $226.1 million for the year ended March 31, 2019 increased by $11.1 million, or 5.2% from the prior year. Salaries and benefits increased $9.3 million or 5.3% to $186.8 million, compared to $177.5 million during the prior year. Approximately 26.5% of this increase was due to higher variable compensation due to the increase in gross profit, and the remaining increase was due to an increase in the number of employees.

Our technology segment had 1,503 employees as of March 31, 2019, an increase of 288, or 23.7%, from 1,215 at March 31, 2018, 251 of which were added in the past year and relate to sales, marketing, and professional services personnel. The acquisition of SLAIT in January 2019, accounted for 256 of our employees as of March 31, 2019. Employee benefits, including healthcare, increased $0.6 million over the prior year.

General and administrative expenses increased $1.5 million, or 4.8%, to $32.3 million during the fiscal year ended March 31, 2019 compared to $30.8 million the prior year. Contributing to the increase in costs the acquisition of SLAIT in January 2019, and IDS in September 2017. The remaining increase in general and administrative costs was due to increases in software license and maintenance.

Depreciation and amortization expense: Depreciation and amortization expense increased $1.9 million, or 19.1%, to $11.8 million during the fiscal year ended March 31, 2019 compared to $9.9 million in the prior year. The increase is related to the acquisition of SLAIT in January 2019, and IDS in September 2017.

Segment earnings: As a result of the foregoing, operating income decreased $5.7 million, or 9.1%, to $56.7 million for the year ended March 31, 2019 and Adjusted EBITDA decreased 4.2% to $77.2 million for the year ended March 31, 2019.

Financing Segment

The results of operations for our financing segment for the years ended March 31, 2019 and 2018 were as follows (in thousands):

	Year Ended March 31,		Change	
	2019	2018		
Product sales	$43,153	$46,037	$(2,884)	(6.3%)
Cost of sales	7,427	9,842	(2,415)	(24.5%)
Gross profit	35,726	36,195	(469)	(1.3%)
Selling, general, and administrative	10,970	13,147	(2,177)	(16.6%)
Depreciation and amortization	12	3	9	300.0%
Interest and financing costs	1,948	1,195	753	63.0%
Operating expenses	12,930	14,345	(1,415)	(9.9%)
Operating income	$22,796	$21,850	$ 946	4.3%
Adjusted EBITDA	$23,213	$22,219	$ 994	4.5%

Net sales: Net sales decreased by $2.9 million, or 6.3%, to $43.2 million for the year ended March 31, 2019. The decrease was due to a reduction in post-contract earnings, and other financing revenues, partially offset by higher portfolio earnings and transactional gains. Post-contract earnings decreased by $7.2 million to $19.1 million due mainly to a reduction from the prior year in early terminations of certain financing transactions, which were $5.1 million lower and a reduction in proceeds from the sale of off lease equipment of $4.7 million in the prior fiscal year, partially offset by $2.5 million in higher renewal rentals over the prior year. Other financing revenues decreased $1.0 million from $2.1 million in the prior year. Portfolio earnings increased $3.2 million to $13.3 million for the year ended March 31, 2019 compared to the prior year, due to increases in direct financing leases earnings, notes receivable earnings, and operating lease revenues. Transactional gains increased $2.3 million to $9.1 million for the year ended March 31, 2019 from $6.8 million in the prior year due to a higher volume of sales of financing receivables. Total proceeds from sales of financing receivables were $276.1 million and $267.3 million for the years ended March 31, 2019 and 2018, respectively.

Our total financing receivables and operating leases decreased as of March 31, 2019 to $122.8 million from $138.4 million in the prior year, which was due to a decrease in notes receivable of $22.4 million, partially offset by increases of $4.4 million and $2.4 million in operating leases and direct finance leases as compared to the prior year, respectively.

Direct lease costs: Direct lease costs decreased 24.5%, or $2.4 million, to $7.4 million for the year ended March 31, 2019 as compared to the prior year, due to a decrease in cost of off lease equipment sold in the current year by $3.1 million. Gross profit decreased slightly by $0.5 million or 1.3% due to primarily to lower post contract earnings and other financing revenues, partially offset by higher portfolio earnings and transactional gains compared to the prior year.

Selling, general, and administrative expenses: Selling, general, and administrative expenses were $11.0 million, a decrease of $2.2 million or 16.6%, due primarily to a decrease in salaries and benefits and a reduction in bad debt reserve expense. Salaries and benefits decreased by $2.0 million, or 18.3%, to $9.0 million primarily due to a decrease in variable compensation of $1.9 million. Our financing segment employed 34 people as of March 31, 2019 compared to 45 employees as of March 31, 2018, a decrease of 32.4%.

Interest and financing costs: Costs increased by $0.8 million or 63.0% to $1.9 million during the year ended March 31, 2019, as compared to the prior year. Our total notes payable decreased as of March 31, 2019 to $48.7 million from $52.3 for the prior year, although our average balance of notes payable outstanding during the year was higher than during the year ended March 31, 2018. Our weighted average interest rate for our notes payable was 4.68% as of March 31, 2019 compared to 4.04% for March 31, 2018.

Segment earnings: As a result of the foregoing, operating income increased $0.9 million, or 4.3%, to $22.8 million for the year ended March 31, 2019. Adjusted EBITDA increased $1.0 million, or 4.5%, to $23.2 million for the year ended March 31, 2019.

Consolidated

Other income: Other income and expense during the year ended March 31, 2019 was $6.7 million and included other non-operating income of $6.3 million from payments received from distributions from various claims we owned in customer bankruptcies.

Income taxes: Our effective income tax rates for the years ended March 31, 2019 and 2018 were 26.7% and 34.3%, respectively. In fiscal year 2018, we revised our estimated annual effective tax rate to reflect a change in the federal statutory rate from 35% to 21%, resulting from legislation that was enacted on December 22, 2017. The rate change is administratively effective at the beginning of fiscal years ending in 2018, using a blended rate for the annual period. As a result, the blended statutory tax rate for fiscal year 2018 was 31.5%. In addition, during fiscal year 2018, we recognized an estimated tax benefit in our tax provision for the period related to adjusting our deferred tax balance to reflect the new corporate tax rate.

Net earnings: Net earnings were $63.2 million for the year ended March 31, 2019, an increase of 14.6% or $8.1 million as compared to $55.1 million in the prior fiscal year. The net earnings increase was due primarily to the increase in other income and the reduction in the tax rate in the current year compared to the year ended March 31, 2018.

Basic and fully diluted earnings per common share for the year ended March 31, 2019, were $4.70 and $4.65, and increased 17.5% and 17.7% over the prior year, respectively. Basic and fully diluted earnings per common share were $4.00 and $3.95, respectively, for the year ended March 31, 2018.

Weighted average common shares outstanding used in the calculation of basic and diluted earnings per common share for the year ended March 31, 2019 were 13.4 million and 13.6 million, respectively. Weighted average common shares outstanding used in the calculation of basic and diluted earnings per common share for the year ended March 31, 2018 were 13.8 million and 14.0 million, respectively.

The Year Ended March 31, 2018 Compared to the Year Ended March 31, 2017

Technology Segment

The results of operations for our technology segment for the years ended March 31, 2018 and 2017 were as follows (in thousands):

	Year Ended March 31, 2018	Year Ended March 31, 2017	Change	
Net sales				
Product	$1,243,270	$1,197,503	$ 45,767	3.8%
Services	129,495	97,434	32,061	32.9%
Total	1,372,765	1,294,937	77,828	6.0%
Cost of sales				
Product	1,013,748	971,648	42,100	4.3%
Services	71,730	53,540	18,190	34.0%
Total	1,085,478	1,025,188	60,290	5.9%
Gross profit	287,287	269,749	17,538	6.5%
Selling, general, and administrative	214,980	193,594	21,386	11.0%
Depreciation and amortization	9,918	7,243	2,675	36.9%
Operating expenses	224,898	200,837	24,061	12.0%
Operating income	$ 62,389	$ 68,912	$ (6,523)	(9.5%)
Adjusted gross billings	$1,899,685	$1,780,417	$119,268	6.7%
Adjusted EBITDA	$ 80,555	$ 82,117	$ (1,562)	(1.9%)

Net sales: Net sales for the year ended March 31, 2018 increased by $77.8 million or 6.0% to $1,372.8 million due to an increase in demand for products and services due mostly from our technology, financial services, and healthcare customers. Product sales increased 3.8% due to increased demand from healthcare, financial services, and technology customer, which was partially offset by reductions in demand from SLED and telecom, media and entertainment customers. Sales of services increased 32.9%, or $32.1 million due to an increase in advanced professional and managed services.

Adjusted gross billings increased to $1,899.7 million, or 6.7%, from $1,780.4 million in the prior year. The growth in Adjusted gross billings was due to an increase in demand from customers. The percentage increase in net sales was lower than the increase in Adjusted gross billings due to a shift in product mix, as a higher proportion of our sales consisted of third-party maintenance, software assurance, SaaS/subscription licenses, and services, which are presented on a net basis.

We rely on our vendors or distributors to fulfill a large majority of our shipments to our customers. As of March 31, 2018, we had open orders of $148.2 million and deferred revenue of $47.3 million. As of March 31, 2017, we had open orders of $184.1 million and deferred revenues of $68.3 million. The decrease of $21.0 million in deferred revenues as of March 31, 2018 as compared to the prior year is due reduction in the level of payments received for committed inventory.

We analyze sales by customer end market and by manufacturer. The percentage of net sales by industry and vendor are summarized below.

	Twelve Months Ended March 31,		
	2018	2017	Change
Revenue by customer end market:			
Technology	24%	23%	1%
SLED	17%	21%	(4%)
Financial Services	15%	13%	2%
Healthcare	14%	11%	3%
Telecom, Media & Entertainment	14%	15%	(1%)
All others	16%	17%	(1%)
Total	100%	100%	

	Twelve Months Ended March 31,		
	2018	2017	Change
Revenue by vendor:			
Cisco Systems	42%	47%	(5%)
NetApp	4%	6%	(2%)
HP Inc. & HPE	6%	5%	1%
All others	48%	42%	6%
Total	100%	100%	

Our revenues by customer end market have remained consistent over the prior year, with over 80% of our sales being generated from customers within the five end markets specified above. In fiscal year 2018, we had an increase in revenues from customers in the healthcare, financial services and technology industries, offset by decreases in revenues to SLED, and telecommunications, media and entertainment customers. These changes were driven by changes in customer buying cycles and specific IT related initiatives, rather than the acquisition or loss of a customer or set of customers.

The majority of our revenues by vendor are derived from Cisco Systems, Hewlett Packard companies and NetApp, which in total, declined to 52% in our fiscal year 2019 from 58% in the prior year. This decrease is due to competition and developments in the IT industry. None of the vendors included within the ‘‘other’’ category exceeded 5% of total revenues.

Cost of sales: The 5.9% increase in cost of sales was due to the increase in sales of product and services, offset by an improvement in gross margins. Our gross margin increased 10 basis points to 20.9% for the year ended March 31, 2018, from 20.8% in the prior year due to an increase in increases in revenues from our advanced professional and managed services, which were offset by lower product margins. The change in product mix added 50 basis points to the gross margin, while being offset by a 40 basis points due to a decrease in vendor incentives earned as a percentage of sales of product and services for the year ended March 31, 2018 compared to the prior year.

There are ongoing changes to the incentive programs offered to us by our vendors. Accordingly, if we are unable to maintain the level of vendor incentives we are currently receiving, gross margins may decrease.

Selling, general, and administrative expenses: Selling, general, and administrative expenses of $215.0 million for the year ended March 31, 2018 increased by $21.4 million, or 11.0% from the prior year. Salaries and benefits increased $15.5 million or 9.5% to $177.5 million, compared to $162.1 million during the prior year. Approximately 18% of this increase was due to higher variable compensation due to the increase in gross profit, and the remaining increase was due to an increase in the number of employees. Our technology segment had 1,215 employees as of March 31, 2018, an increase of 89, or 7.9%, from 1,126 at March 31, 2017, of which 73 of the positions added in the past year relate to sales, marketing, and professional services personnel. The acquisitions of OneCloud and IDS personnel accounted for all of the net gain in the number of employees.

General and administrative expenses increased $4.7 million, or 18.2%, to $30.8 million during the fiscal year ended March 31, 2018 compared to $26.1 million the prior year. The additional costs are substantially due to our expanding geographical presence and the acquisition of OneCloud in May 2017 and IDS in September 2017. We also incurred additional expenses due to increases in personnel, including communications, and travel and entertainment expenses.

Depreciation and amortization expense: Depreciation and amortization expense increased $2.7 million, or 36.9%, to $9.9 million during the fiscal year ended March 31, 2018 compared to $7.2 million in the prior year. The increase in depreciation and amortization expense is, again, related to the acquisition of OneCloud in May 2017 and IDS in September 2017.

Segment earnings: As a result of the foregoing, operating income decreased $6.5 million, or 9.5%, to $62.4 million for the year ended March 31, 2018 and Adjusted EBITDA decreased 1.9% to $80.6 million for the year ended March 31, 2018.

Financing Segment

The results of operations for our financing segment for the years ended March 31, 2018 and 2017 were as follows (in thousands):

	Year Ended March 31,		Change	
	2018	2017		
Product sales	46,037	34,452	9,196	26.7%
Cost of sales	9,842	4,442	5,400	121.6%
Gross profit	36,195	30,010	3,796	12.6%
Selling, general, and administrative	13,147	11,638	1,509	13.0%
Depreciation and amortization	3	9	(6)	(66.7%)
Interest and financing costs	1,195	1,543	(348)	(22.6%)
Operating expenses	14,345	13,190	1,155	8.8%
Operating income	$21,850	$16,820	$2,641	15.7%
Adjusted EBITDA	$22,219	$17,170	$5,049	29.4%

Net sales: Net sales increased by $9.2 million, or 25.0%, to $46.1 million for the year ended March 31, 2018. The increase was due to higher post-contract earnings, portfolio earnings and other financing revenue which were partially offset by lower transactional gains. Post-contract earnings increased by $11.3 million to $26.3 million due mainly to early terminations of certain financing transactions, and higher renewal rentals over the prior year. Portfolio earnings increased $0.8 million to $10.1 million for the year ended March 31, 2018 compared to the prior year, mainly due to an increase in operating lease revenues. Other financing revenues increased $0.2 million to $2.1 million. Transactional gains decreased $1.3 million to $6.8 million for the year ended March 31, 2018 from $8.1 million in the prior year due to a lower volume of sales of financing receivables. Total proceeds from sales of financing receivables were $267.3 million and $339.4 million for the years ended March 31, 2018 and 2017, respectively.

Our total financing receivables and operating leases increased as of March 31, 2018 to $138.4 million from $123.5 million in the prior year, which was due to an increase in notes receivables of $17.5 million, partially offset by reductions of $1.3 million in both operating leases and direct finance leases as compared to the prior year.

Direct lease costs: Direct lease costs increased 44.1% or $3.0 million for the year ended March 31, 2018 as compared to the prior year, due to increases in cost of off lease equipment sold and depreciation expense related to a higher volume of operating lease revenues. Gross profit increased $6.2 million or 20.6% due to higher post contract earnings, portfolio earnings, and other financing revenues, partially offset by transactional gains compared to the prior year.

Selling, general, and administrative expenses: Selling, general, and administrative expenses were $13.1 million, an increase of $1.5 million or 13.0%, due to an increase in salaries and benefits, and software license and maintenance expense. Salaries and benefits increased by $1.7 million, or 17.6%, to $11.0 million primarily due to an increase in variable compensation due to the increase in gross profit. Our financing segment employed 45 people as of March 31, 2018 compared to 47 employees as of March 31, 2017. General and administrative expenses increased $0.1 million due to an increase reserves for credit losses expense of $0.3 million over the prior year, partially offset by cost control efforts.

Interest and financing costs: Costs decreased $0.3 million or 22.6% to $1.2 million during the year ended March 31, 2018, as compared to $1.5 million during the prior year. Our total notes payable increased as of March 31, 2018 to $52.3 million from $36.5 for the prior year, although our average balance of notes payable outstanding during the year was lower than during the year ended March 31, 2017. Our weighted average interest rate for our notes payable was 4.04% as of March 31, 2018 compared to 3.72% for March 31, 2017.

Segment earnings: As a result of the foregoing, operating income increased $5.0 million, or 29.9% to $21.9 and million for the year ended March 31, 2018, while Adjusted EBITDA increased $5.0 million, or 29.4% to $22.2 and million for the year ended March 31, 2018.

Consolidated

Other income: Other income and expense during the year ended March 31, 2018 was a net expense of $0.3 million, which consists of interest income on cash and cash equivalents, more than offset by foreign currency transaction losses. During the year ended March 31, 2017, we received $380 thousand related to the dynamic random-access memory (DRAM) class action lawsuit, which claimed that manufacturers fixed the price for DRAM, a common component in consumer electronics, which is included within other income in our consolidated statement of operations.

Income taxes: Our effective income tax rates for the years ended March 31, 2018 and 2017 were 34.3% and 41.3%, respectively. In fiscal year 2018, we revised our estimated annual effective tax rate to reflect a change in the federal statutory rate from 35% to 21%, resulting from legislation that was enacted on December 22, 2017. The rate change is administratively effective at the beginning of fiscal years ending in 2018, using a blended rate for the annual period. As a result, the blended statutory tax rate for our current fiscal year is 31.5%. In addition, we recognized an estimated tax benefit in our tax provision for the period related to adjusting our deferred tax balance to reflect the new corporate tax rate. Income tax expense for fiscal year 2018 was adjusted to reflect the effects of the change in the tax law and resulted in a decrease in income tax expense of $1.6 million.

Net earnings: Net earnings were $55.1 million for the year ended March 31, 2018, an increase of 9.0% or $4.6 million as compared to $50.6 million in the prior fiscal year.

Basic and fully diluted earnings per common share were $4.00 and $3.95, respectively, for the year ended March 31, 2018. Basic and fully diluted earnings per common share were $3.65 and $3.60, respectively, for the year ended March 31, 2017.

Weighted average common shares outstanding used in the calculation of basic and diluted earnings per common share for the year ended March 31, 2018 were 13.8 million and 14.0 million, respectively. Weighted average common shares outstanding used in the calculation of basic and diluted earnings per common share for the year ended March 31, 2017 were 13.9 million and 14.0 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Overview

Our primary sources of liquidity have historically been cash and cash equivalents, internally generated funds from operations, and borrowings, both non-recourse and recourse. We have used those funds to meet our capital requirements, which have historically consisted primarily of working capital for operational needs, capital expenditures, purchases of equipment for lease, payments of principal and interest on indebtedness outstanding, acquisitions and the repurchase of shares of our common stock.

Our subsidiary *e*Plus Technology, inc., part of our technology segment, finances its operations with funds generated from operations, and with a credit facility with Wells Fargo Commercial Distribution Finance, LLC or (''WFCDF''). *e*Plus Technology, inc.'s agreement with WFCDF has an aggregate credit limit of $250 million.

On July 27, 2017, we executed an amendment to the WFCDF credit facility that temporarily increases the aggregate limit of the two components from $250.0 million to $325.0 million from the date of the agreement through October 31, 2017, and provides us an election beginning July 1 in each subsequent year to similarly temporarily increase the aggregate limit of the two components to $325.0 million ending the earlier of 90 days following the date of election or October 31 of that same year.

There are two components of this facility: (1) a floor plan component; and (2) an accounts receivable component. After a customer places a purchase order with us and we have completed our credit review, we place an order for the equipment with one of our vendors. Generally, most purchase orders from us to our vendors are first financed under the floor plan component and reflected in ''accounts payable—floor plan'' in our consolidated balance sheets. Payments on the floor plan component are due on three specified dates each month, generally 30-60 days from the invoice date. On the due date of the invoices financed by the floor plan component, the invoices are paid by the accounts receivable component of the credit facility. The balance of the accounts receivable component is then reduced by payments from our available cash. The outstanding balance under the accounts receivable component is recorded as recourse notes payable on our consolidated balance sheets. There was no outstanding balance at March 31, 2019 or March 31, 2018, while the maximum credit limit was $50 million and $30.0 million for March 31, 2019 and 2018, respectively. The borrowings and repayments under the floor plan component are reflected as ''net borrowings on floor plan facility'' in the cash flows from financing activities section of our consolidated statements of cash flows.

Most customer payments in our technology segment are remitted to our lockboxes. Once payments are cleared, the monies in the lockbox accounts are automatically transferred to our operating account on a daily basis. On the due dates of the floor plan component, we make cash payments to WFCDF. These payments from the accounts receivable component to the floor plan component and repayments from our cash are reflected as ''net borrowings on floor plan facility'' in the cash flows from financing activities section of our consolidated statements of cash flows. We engage in this payment structure to minimize our interest expense and bank fees in connection with financing the operations of our technology segment.

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

Our ability to continue to fund our planned growth, both internally and externally, is dependent upon our ability to generate sufficient cash flow from operations or to obtain additional funds through equity or debt financing, or from 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, our cash flows from operations may be substantially affected.

Cash Flows

The following table summarizes our sources and uses of cash over the periods indicated (in thousands):

	Year Ended March 31,		
	2019	2018	2017
Net cash provided by operating activities	$ 39,411	$ 82,766	$ 33,016
Net cash used in investing activities	(96,205)	(57,677)	(26,345)
Net cash provided by (used) in financing activities	18,456	(16,765)	7,814
Effect of exchange rate changes on cash	(44)	114	509
Net Decrease in Cash and Cash Equivalents	$(38,382)	$ 8,438	$ 14,994

Cash flows from operating activities. Cash provided by operating activities totaled $39.4 million in the year ended March 31, 2019. Net earnings adjusted for the impact of non-cash items was $81.3 million. Net changes in assets and liabilities resulted in a decrease to cash of $41.9 million, primarily due to cash used for accounts receivable of $34.3 million inventories of $10.9 million, financing receivables of $7.9 million, and salaries and commissions payable, deferred revenue and other liabilities $6.6 million, which were partially offset by a decrease accounts payable of $12.4 million, and in deferred costs, other intangibles, and other assets of $5.4 million. The reduction in inventory is due to committed customer orders from the prior year invoiced in the current fiscal year.

Cash provided by operating activities totaled $82.8 million in the year ended March 31, 2018. Net earnings adjusted for the impact of non-cash items was $60.8 million. Net changes in assets and liabilities resulted in an increase to cash of $21.9 million, primarily due to cash provided from inventories of $55.0 million, accounts receivable of $6.6 million, and accounts payable of $0.3 million which were partially offset by an increase in deferred costs, other intangibles, and other assets of $19.5 million, financing receivables of $8.5 million, and salaries and commissions payable, deferred revenue and other liabilities $11.9 million. The large reduction in inventory is due to committed customer orders from the prior year invoiced in the current fiscal year. Offsetting the inventory reduction was a decrease in deferred revenues of $34.0 million which were payments received in advance of delivering this committed inventory. The change in financing receivables included within cash flows from operations consists of assets financed by our financing segment that were purchased through our technology segment.

Cash provided by operating activities totaled $33.0 million in the year ended March 31, 2017. Net earnings adjusted for the impact of non-cash items was $54.4 million. Net changes in assets and liabilities resulted in a decrease to cash of $21.4 million, primarily due to cash used for inventories of $60.0 million, accounts receivable of $17.2 million, and financing receivables of $5.8 million, which were partially offset by an increase in salaries and commissions payable, deferred revenue and other liabilities $59.0 million, and an increase in accounts payable of $3.8 million. The large increase in inventory is due to committed customer orders, which are offset by an increase in deferred revenues of $47.0 million, which includes payments received in advance of delivering this committed inventory. The change in financing receivables included within cash flows from operations consists of assets financed by our financing segment that were purchased through our technology segment.

To manage our working capital, we monitor our cash conversion cycle for our Technology segment, 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 Technology segment:

	As of March 31,		
	2019	2018	2017
(DSO) Days sales outstanding(1)	59	54	59
(DIO) Days inventory outstanding(2)	12	12	24
(DPO) Days payable outstanding(3)	(44)	(43)	(45)
Cash conversion cycle	27	23	38

(1) Represents the rolling three-month average of the balance of trade accounts receivable-trade, net for our Technology segment at the end of the period divided by Adjusted gross billings for the same three-month period.

(2) Represents the rolling three-month average of the balance of inventory, net for our Technology segment at the end of the period divided by Cost of adjusted gross billings 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 for our Technology segment at the end of the period divided by Cost of adjusted gross billings, product and services for the same three-month period.

Our standard payment term for customers is between 30-60 days; however, certain customers or orders may be approved for extended payment terms. Invoices processed through our credit facility, or the A/P-floor plan balance, are typically paid within 45-60 days from the invoice date, while A/P trade invoices are typically paid within 30 days from the invoice date.

Our cash conversion cycle increased to 27 days at March 31, 2019, compared to 23 days at March 31, 2018, primarily driven by an increase in DSO of 5 days, as a result of the average accounts receivable trade balance increasing 17.4% over the prior year's fourth quarter and Adjusted gross billings increasing 6.8% for the same period. The remaining change in our DSO was due to timing of collections.

Our cash conversion cycle decreased to 23 days at March 31, 2018, compared to 38 days at March 31, 2017, primarily driven by a decrease in DIO of 12 days. Our DIO as of March 31, 2018 was primarily impacted by a decrease in average inventory balances of 57.4%, or $53.7 million, over the prior year primarily due to a large project for one of our major customers. Our DSO decreased by 5 days as a result of the average accounts receivable trade balance decreasing 11.7% over the prior year's fourth quarter and Adjusted gross billings decreasing 3.6% for the same period. The remaining change in our DSO was due to timing of collections.

Cash flows related to investing activities. Cash used in investing activities was $96.2 million during the year ended March 31, 2019, which included cash used in acquisitions, net of cash acquired of $49.8 million, net issuance of financing receivables of $101.4 million purchases of property, equipment, and operating lease equipment, and assets to be leased or financed of $22.0 million, partially offset by proceeds from the sale of financing receivables of $73.4 million and the sale of property, equipment, and operating lease equipment of $3.6 million. The net issuance of financing receivables included within cash flows from investing activities consists of assets financed by our financing segment that were purchased from third-party vendors.

Cash used in investing activities was $57.7 million during the year ended March 31, 2018, which included cash used in acquisitions, net of cash acquired of $37.7 million, purchases of property, equipment, and operating lease equipment, and assets to be leased of $14.0 million and, and net issuance of financing receivables of $20.4 million, partially offset primarily by proceeds from sale of property, equipment, and operating lease equipment of $14.4 million. The net issuance of financing receivables included within cash flows from investing activities consists of assets financed by our financing segment that were purchased from third-party vendors.

Cash used in investing activities was $26.4 million during the year ended March 31, 2017, which included purchases of property, equipment, and operating lease equipment, and assets to be leased of $19.4 million and cash used in acquisitions, net of cash acquired of $9.1 million, and net issuance of financing receivables of $5.1 million, partially offset primarily by proceeds from sale of property, equipment, and operating lease equipment of $7.3 million. The net issuance of financing receivables included within cash flows from investing activities consists of assets financed by our financing segment that were purchased from third-party vendors.

Cash flows from financing activities. Cash provided by in financing activities was $18.5 million for the year ended March 31, 2019, driven by net borrowings of non-recourse and recourse notes payable of $40.9 million, and net borrowings on our floor plan facility of $4.0, partially offset by repurchases of common stock of $18.8 million, million, and by payments to settle financing of acquisitions of $7.6 million.

Cash used in financing activities was $16.8 million for the year ended March 31, 2018, driven by repurchases of common stock of $35.2 million, net repayments on our floor plan facility of $20.5 million, and by payments to settle financing of acquisitions of $2.1 million, partially offset by net borrowings of non-recourse and recourse notes payable of $41.1 million.

Cash provided by financing activities was $7.8 million for the year ended March 31, 2017, driven by net borrowings of non-recourse and recourse notes payable of $33.3 million and net borrowing on our floor plan facility of $6.2 million, partially offset by repurchases of common stock of $30.5 million.

Non-Cash Activities

We assign contractual payments due under lease and financing agreements to third-party financial institutions, which are accounted for as non-recourse notes payable. As a condition to the assignment agreement, certain financial institutions may request that the customer remit their contractual payments to a trust; rather than to us, and the trust pays the financial institution. Alternatively, if the structure of the agreement does not require a trustee, the customer will continue to make payments to us, and we will remit the payment to the financial institution. The economic impact to us under either assignment structure is similar, in that the assigned contractual payments are paid by the customer and remitted to the lender to pay down the corresponding non-recourse notes payable. However, these assignment structures are classified differently within our consolidated statements of cash flows. More specifically, we are required to exclude non-cash transactions from our consolidated statement of cash flows, so certain contractual payments made by the customer to the trust are excluded from our operating cash receipts and the corresponding repayment of the non-recourse notes payable from the trust to the third-party financial institution are excluded from our cash flows from financing activities. Contractual payments received by the trust and paid to the lender on our behalf are disclosed as a non-cash financing activity.

Liquidity and Capital Resources

We may utilize non-recourse notes payable to finance approximately 80% to 100% of the purchase price of the assets being leased or financed by our customers. Any balance of the purchase price remaining after non-recourse funding and any upfront payments received from the customer (our equity investment in the equipment) must generally be financed by cash flows from our operations, the sale of the equipment leased to third-parties, or other internal means. Although we expect that the credit quality of our financing arrangements and our residual return history will continue to allow us to obtain such financing, such financing may not be available on acceptable terms, or at all.

The financing necessary to support our lease and financing activities has been provided by our cash and non-recourse borrowings. We monitor our exposure closely. Historically, we have obtained mostly non-recourse borrowings from third-party banks and finance companies. We continue to be able to obtain financing through our traditional lending sources. Non-recourse financings are loans whose repayment is the responsibility of a specific customer, although we may make representations and warranties to the lender regarding the specific contract or have ongoing loan servicing obligations. Under a non-recourse loan, we borrow from a lender an amount based on the present value of the contractually committed lease payments under the lease at a fixed rate of interest, and the lender secures a lien on the financed assets. When the lender is fully repaid from the lease payments, the lien is released, and all further rental or sale proceeds are ours. We are not liable for the repayment of non-recourse loans unless we breach our representations and warranties in the loan agreements. The lender assumes the credit risk of each lease, and the lender's only recourse, upon default by the lessee, is against the lessee and the specific equipment under lease.

At March 31, 2019, our non-recourse notes payables decreased 4.5% to $48.6 million, as compared to $50.9 million at March 31, 2018. We had recourse notes payable of $28 thousand as of March 31, 2019, compared to $1.3 million as of March 31, 2018.

Whenever desirable, we arrange for equity investment financing, which includes selling lease payments, including the residual portions, to third-parties and financing the equity investment on a non-recourse basis. We generally retain customer control and operational services and have minimal residual risk. We usually reserve the right to share in remarketing proceeds of the equipment on a subordinated basis after the investor has received an agreed-to return on its investment.

Credit Facility — Technology

Our subsidiaries, *e*Plus Technology, inc., and certain of its subsidiaries, have a financing facility from WFCDF to finance their working capital requirements for inventories and accounts receivable. There are two components of this facility: (1) a floor plan component and (2) an accounts receivable component. This facility has full recourse to *e*Plus Technology, inc., and certain of its subsidiaries and is secured by a blanket lien against all their assets, such as chattel paper, receivables and inventory. As of March 31, 2019, the facility had an aggregate limit of the two components of $250.0 million with an accounts receivable sub-limit component that increased from $30.0 million to $50 million on January 15, 2019 through an amendment to the WFCDF credit facility.

On July 27, 2017, we executed an amendment to the WFCDF credit facility that temporarily increased the aggregate limit of the two components from $250.0 million to $325.0 million from the date of the agreement through October 31, 2017, that provides us an election beginning July 1 in each subsequent year to similarly temporarily increase the aggregate limit of the two components to $325.0 million ending the earlier of 90 days following the date of election or October 31 of that same year. On July 17, 2018, we elected to temporarily increase the aggregate limit to $325.0 million.

Availability under the facility may be limited by the asset value of equipment we purchase or accounts receivable and may be further limited by certain covenants and terms and conditions of the facility. These covenants include but are not limited to a minimum excess availability of the facility and *e*Plus Technology, inc.'s and certain of its subsidiaries' minimum earnings before interest, taxes, depreciation and amortization. We were in compliance with these covenants as of March 31, 2019. Interest on the facility is assessed at a rate of the One Month LIBOR plus two and one-half percent if the payments are not made on the three specified dates each month. The facility also requires that financial statements of *e*Plus Technology, inc. and certain of its subsidiaries be provided within 45 days of the end of each quarter and 90 days of each fiscal year end, and that other operational reports be provided on a regular basis. Either party may terminate the credit facility with 90 days advance written notice.

We are not, and do not believe that we are reasonably likely to be, in breach of the WFCDF credit facility. In addition, we do not believe that the covenants of the WFCDF credit facility materially limit our ability to undertake financing. In this regard, the covenants apply only to our subsidiary, *e*Plus Technology, inc. This credit facility is secured by the assets of only *e*Plus Technology, inc. and certain of its subsidiaries and the guaranty as described below.

The WFCDF credit facility requires a guaranty of $10.5 million by *e*Plus inc. The guaranty requires *e*Plus inc. to deliver its annual audited financial statements by a certain date. We have delivered the annual audited financial statements for the year ended March 31, 2018, as required. 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 technology segment, and as an operational function of our accounts payable process.

Floor Plan Component

Purchases including computer technology products, software, maintenance and services by *e*Plus Technology, inc. and certain of its subsidiaries are in part financed through a floor plan component in which interest expense for the first thirty to sixty days, in general, is not charged. The floor plan liabilities are recorded as accounts payable—floor plan on our consolidated balance sheets, as they are normally repaid within the fifteen to sixty-day time frame and represent assigned accounts payable originally generated with the manufacturer/distributor. In some cases, we can pay invoices early and receive a discount, but if the fifteen to sixty-day obligation is not paid timely, interest is then assessed at stated contractual rates.

The respective floor plan component credit limits and actual outstanding balance payables for the dates indicated were as follows (in thousands):

Maximum Credit Limit at March 31, 2019	Balance as of March 31, 2019	Maximum Credit Limit at March 31, 2018	Balance as of March 31, 2018
$250,000	$116,083	$250,000	$112,109

Accounts Receivable Component

*e*Plus Technology, inc. and certain of its subsidiaries have an accounts receivable component included within the WFCDF credit facility, which has a revolving line of credit. On the due date of the invoices financed by the floor plan component, the invoices are paid by the accounts receivable component of the credit facility. The balance of the accounts receivable component is then reduced by payments from our available cash. The outstanding balance under the accounts receivable component is recorded as recourse notes payable on our consolidated balance sheets. There was no balance outstanding for the accounts receivable component at March 31, 2019 and 2018, while the maximum credit limit was $30.0 million for both periods.

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 are in compliance 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 as defined in Item 303(a)(4)(ii) of Regulation S-K or other contractually narrow or limited purposes. As of March 31, 2019, and 2018, 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 forces. We may also start offices in new geographic areas, which may require a significant investment of cash. We may also acquire technology companies to expand and enhance the platform of bundled solutions to provide additional functionality and value-added services. As a result, we may require additional financing to fund our strategy, implementation and potential future acquisitions, which may include additional debt and equity financing.

Inflation

For the periods presented herein, inflation has been relatively low, and we believe that inflation has not had a material effect on our results of operations.

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 public equipment leasing and financing companies, IT resellers, software competitors, 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, any reduction of expected residual values related to the equipment under our leases, the timing and mix of specific transactions, the reduction of manufacturer incentive programs, pricing discounts offered by manufacturers at their year ends, and other factors. Quarterly operating results could also fluctuate as a result of our sale of equipment in our lease portfolio at the expiration of a lease term or prior to such expiration, to a lessee or to a third-party and the transfer of financial assets. Sales of equipment and transfers of financial assets may have the effect of increasing revenues and net income during the quarter in which the sale occurs and reducing revenues and net income otherwise expected in subsequent quarters. See Part I, Item 1A, ‘‘Risk Factors’’ herein.

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.

Contractual Obligations

The impact that our contractual obligations as of March 31, 2019 are expected to have on our liquidity and cash flow in future periods is as follows (in thousands):

		Payments Due by Period			
	Total	1 year	Years 2 & 3	Years 4 & 5	More than 5 years
Recourse & non-recourse notes payable[1]	$48,647	$38,146	$ 9,193	$1,308	$—
Interest payments on recourse and non-recourse notes payable	1,133	678	380	75	—
Operating lease obligations	13,601	4,530	6,753	2,318	—
Total	$63,381	$43,354	$16,326	$3,701	$—

(1) Payments reflected principal amounts related to the recourse and non-recourse notes payable.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Although a substantial portion of our liabilities are non-recourse, fixed-interest-rate instruments, we utilize our lines of credit and other financing facilities which are subject to fluctuations in short-term interest rates. These non-recourse instruments, which are denominated in US dollars, were entered for other than trading purposes and, except for amounts drawn under the WFCDF facility, bear interest at a fixed rate. Because the interest rate on these instruments is fixed, changes in interest rates will not directly impact our cash flows. Our financing transactions funded with our cash flows, not debt, may be subject to interest rate risk. If the market interest rate exceeds our internal rate of return, we may not fund the transaction to obtain the proceeds. Borrowings under the WFCDF facility bear interest at a market-based variable rate. As of March 31, 2019, the aggregate fair value of our recourse and non-recourse borrowings approximated their carrying value.

We have transactions in foreign currencies, primarily in British Pounds (‘‘GBP’’), Euros, and Indian Rupees. There is a potential for exposure to fluctuations in foreign currency rates resulting primarily from the translation exposure associated with the preparation of our consolidated financial statements. In addition, we have foreign currency exposure when transactions are not denominated in the subsidiary’s functional currency. To date, our foreign operations are insignificant in relation to total consolidated operations and we believe that potential fluctuations in currency exchange rates will not have a material effect on our financial position.

The UK referendum (‘‘Brexit’’) to leave the European Union could impact revenue items, cost items, tax, goodwill impairments and liquidity, among others. The most obvious immediate impact is the effect of foreign exchange fluctuations on revenue and cost items. We have determined that our foreign currency exposure for our UK operations is insignificant in relation to total consolidated operations and we believe those potential fluctuations in currency exchange rates and other Brexit-related economic and operational risks will not have a material effect on our results of operations and financial position.

We evaluate Brexit-related developments on a regular basis to determine if such developments are anticipated to have a material impact on the Company’s results on operations and financial position.

We have assets in UK, Canada and Iceland. As a lessor, we have entered into lease contracts and non-recourse, fixed-interest-rate financing denominated in GBP, Canadian dollars and in Icelandic krona. In our fiscal year beginning April 1, 2016, we began entering in financing transactions and non-recourse, fixed-interest-rate financing denominated in GBP in the UK. To date, our foreign operations have been insignificant, and we believe that potential fluctuations in currency exchange rates will not have a material effect on our financial position.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the consolidated financial statements and schedules listed in the accompanying ‘‘Index to Financial Statements and Schedules.’’

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer (''CEO'') and the Chief Financial Officer (''CFO''), has evaluated the effectiveness of the Company's disclosure controls and procedures, or ''disclosure controls'', as of the end of the period covered by this report. as defined in 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 Form 10-K annual report, is recorded, processed, summarized and reported within the time periods specified in the US Securities and Exchange Commission'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 on the evaluation described above, the CEO and CFO concluded that disclosure controls and procedures as of March 31, 2019 were effective in ensuring information required to be disclosed in our SEC reports was recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information was accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2019, utilizing the criteria described in the ''Internal Control — Integrated Framework (2013)'' issued by the Committee of Sponsoring Organizations of the Treadway Commission (''COSO''). The objective of this assessment was to determine whether our internal control over financial reporting was effective as of March 31, 2019.

Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment. Based on this assessment, management determined that, as of March 31, 2019, the Company maintained effective internal control over financial reporting.

Deloitte & Touche LLP, an independent registered public accounting firm, who audited the consolidated financial statements of the Company included in this Annual Report on Form 10-K, has also audited the effectiveness of the Company's internal control over financial reporting as stated in its report appearing on page F-3.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended March 31, 2019, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does 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.

ITEM 9B. OTHER INFORMATION

None.

PART III

Except as set forth below, the information required by Items 10, 11, 12, 13 and 14 is incorporated by reference from our definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of our fiscal year.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about our directors may be found under the caption ''Proposal 1 – Election of Directors'' in our Proxy Statement for the 2019 Annual Meeting of Stockholders (the ''Proxy Statement''). The information in the Proxy Statement set forth under the captions of ''Stock Ownership – Section 16 (a) Beneficial Ownership Reporting Compliance, and ''Corporate Governance – Code of Conduct'' and ''– Board Committees'' is incorporated herein by reference.

The information under the heading ''Executive Officers'' in Item 1 of this report is incorporated in this section by reference.

Code of Ethics

We have a code of ethics that applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer and our Board. The Code of Conduct is available on our website at www.eplus.com/investors/corporate-governance-legal/code-of-conduct. We will disclose on our website any amendments to or waivers from any provision of the Code of Conduct that applies to any of the directors or executive officers.

ITEM 11. EXECUTIVE COMPENSATION

The information in the Proxy Statement set forth under the captions ''Director Compensation,'' ''Compensation Discussion and Analysis,'' ''2018 Executive Compensation,'' and ''Corporate Governance – Compensation Committee Interlocks and Insider Participation'' is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in the Proxy Statement set forth under the captions ''Equity Compensation Plan Information,'' Stock Ownership – Ownership of our Common Stock'' and ''Certain Beneficial Owners, Directors and Executive Officers'' is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in the Proxy Statement set forth under the caption ''Corporate Governance - Related Person Transactions'' and ''Independence of Our Board of Directors'' is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information in the Proxy Statement set forth under the caption ''Proposal 3 – Ratification of the Selection of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for our Fiscal Year Ending March 31, 2020'' is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The consolidated financial statements listed in the accompanying Index to Financial Statements and Schedules are filed as a part of this report and incorporated herein by reference.

(a)(2) Financial Statement Schedule

See "Financial Statement Schedule II - Valuation and Qualifying Accounts" on page S-1.

(a)(3) Exhibit List

Exhibits 10.2 through 10.9 and 10.29 through 10.31 are management contracts or compensatory plans or arrangements.

Exhibit No.	Exhibit Description
3.1	*e*Plus inc. Amended and Restated Certificate of Incorporation, filed on September 19, 2008 (Incorporated herein by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the period ended September 30, 2008).
3.2	Amended and Restated Bylaws of *e*Plus inc. as amended February 15, 2018 (Incorporated herein by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on February 20, 2018).
4.1	Specimen Certificate of Common Stock (Incorporated herein by reference to Exhibit 4.1 to our Registration Statement on Form S-1 (File No. 333-11737) originally filed on September 11, 1996).
4.2	Description of *e*Plus inc.'s Capital Stock
10.1	Form of Indemnification Agreement entered into by and between *e*Plus and its directors and officers (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on August 23, 2016).
10.2	Amended and Restated Employment Agreement effective September 6, 2017, by and between *e*Plus inc. and Mark P. Marron (Incorporated herein by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended December 31, 2017).
10.3	Amended and Restated Employment Agreement effective September 6, 2017, by and between *e*Plus inc. and Elaine D. Marion (Incorporated herein by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended December 31, 2017).
10.4	2008 Non-Employee Director Long-Term Incentive Plan (updated to reflect stock split effected March 31, 2017) as amended (Incorporated herein by reference to Exhibit 10.6 to our Annual Report on Form 10-K for the fiscal year ended March 31, 2017).
10.5	2017 Non-Employee Director Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on September 14, 2017).
10.6	*e*Plus inc. Executive Incentive Plan effective April 1, 2011 (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on March 3, 2011).
10.7	*e*Plus inc. 2012 Employee Long-term Incentive Plan (updated to reflect stock split effected March 31, 2017) (Incorporated herein by reference to Exhibit 10.8 to our Annual Report on Form 10-K for the fiscal year ended March 31, 2017).

Exhibit No.	Exhibit Description
10.8	Form of Award Agreement – Restricted Stock Agreement (for awards granted under and subject to the provisions of the *e*Plus inc. 2012 Employee Long-Term Incentive Plan) (Incorporated herein by reference to Exhibit 10.24 to our Annual Report on Form 10-K for the fiscal year ended March 31, 2013).
10.9	Form of Award Agreement – Restricted Stock Unit Award Agreement (for awards granted under and subject to the provisions of the *e*Plus inc. 2012 Employee Long-Term Incentive Plan) (Incorporated herein by reference to Exhibit 10.25 to our Annual Report on Form 10-K for the fiscal year ended March 31, 2013).
10.10	Limited Guaranty dated June 24, 2004 by and between GE Commercial Distribution Finance Corporation and *e*Plus inc. (Incorporated herein by reference to Exhibit 10.10 to our Current Report on Form 8-K filed on November 17, 2005).
10.11	Collateralized Guaranty dated March 30, 2004, by and between GE Commercial Distribution Finance Corporation and *e*Plus Group, inc. (Incorporated herein by reference to Exhibit 10.11 to our Current Report on Form 8-K filed on November 17, 2005).
10.12	Amendment to Collateralized Guaranty, dated November 14, 2005, by and between GE Commercial Distribution Finance Corporation and *e*Plus Group, inc. (Incorporated herein by reference to Exhibit 10.12 to our Current Report on Form 8-K filed on November 17, 2005).
10.13	Amended and Restated Business Financing Agreement dated July 23, 2012, by and between General Electric Commercial Distribution Finance and *e*Plus Technology, inc. (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on July 26, 2012).
10.14	Amendment No. 1, dated July 31, 2014, to Amended and Restated Business Financing Agreement by and between General Electric Commercial Distribution Finance and *e*Plus Technology, inc. (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended September 30, 2014).
10.15	Amendment No. 2, dated July 24, 2015, to Amended and Restated Business Financing Agreement by and between General Electric Commercial Distribution Finance and *e*Plus Technology, inc. (Incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on July 30, 2015).
10.16	Amendment No. 3, dated October 20, 2015, to Amended and Restated Business Financing Agreement by and among *e*Plus Technology, inc. and its subsidiary *e*Plus Technology Services, inc. and GE Commercial Distribution Finance Corporation (Incorporated herein by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended September 30, 2015).
10.17	Amendment No. 4, dated July 28, 2016, to Amended and Restated Business Financing Agreement by and among *e*Plus Technology, inc. and its subsidiary *e*Plus Technology Services, inc. and Wells Fargo Commercial Distribution Finance, LLC (f/k/a GE Commercial Distribution Finance Corporation) (Incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on August 1, 2016).
10.18	Amendment No. 5, dated July 27, 2017, to Amended and Restated Business Financing Agreement by and between *e*Plus Technology, inc. and Wells Fargo Commercial Distribution Finance, LLC (f/k/a GE Commercial Distribution Finance Corporation) (Incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on August 3, 2017).

Exhibit No.	Exhibit Description
10.19	Amendment No. 6, dated February 15, 2018, to Amended and Restated Business Financing Agreement by and between *e*Plus Technology, inc. and Wells Fargo Commercial Distribution Finance, LLC (f/k/a GE Commercial Distribution Finance Corporation)
10.20	Amendment No. 7, dated January 15, 2019, to Amended and Restated Business Financing Agreement between *e*Plus Technology, inc. and Wells Fargo Commercial Distribution Finance, LLC (Incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 18, 2019)
10.21	Amended and Restated Agreement for Wholesale Financing dated July 23, 2012, by and between General Electric Commercial Distribution Finance and *e*Plus Technology, inc. (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 26, 2012).
10.22	Amendment No. 1, dated July 31, 2014, to Amended and Restated Agreement for Wholesale Financing by and between General Electric Commercial Distribution Finance and *e*Plus Technology, inc. (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended September 30, 2014).
10.23	Amendment No. 2, dated July 24, 2015, to Amended and Restated Agreement for Wholesale Financing by and between General Electric Commercial Distribution Finance and *e*Plus Technology, inc. (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 30, 2015).
10.24	Amendment No. 3, dated October 20, 2015, to Amended and Restated Agreement for Wholesale Financing by and among *e*Plus Technology, inc. and its subsidiary *e*Plus Technology Services, inc. and GE Commercial Distribution Finance Corporation (Incorporated herein by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended September 30, 2015).
10.25	Amendment No. 4, dated July 28, 2016, to Amended and Restated Agreement for Wholesale Financing by and among *e*Plus Technology, inc. and its subsidiary *e*Plus Technology Services, inc. and Wells Fargo Commercial Distribution Finance, LLC (f/k/a GE Commercial Distribution Finance Corporation) (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on August 1, 2016).
10.26	Amendment No. 5, dated July 27, 2017, to Amended and Restated Agreement for Wholesale Financing by and between *e*Plus Technology, inc. and Wells Fargo Commercial Distribution Finance, LLC (f/k/a GE Commercial Distribution Finance Corporation) (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on August 3, 2017).
10.27	Amendment No. 6, dated February 15, 2018, to Amended and Restated Agreement for Wholesale Financing by and between *e*Plus Technology, inc. and Wells Fargo Commercial Distribution Finance, LLC (f/k/a GE Commercial Distribution Finance Corporation)
10.28	Amendment No. 7, dated January 15, 2019, to Amended and Restated Agreement for Wholesale Financing between *e*Plus Technology, inc. and Wells Fargo Commercial Distribution Finance, LLC (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 18, 2019).
10.29	Employment Agreement effective May 7, 2018, by and between *e*Plus inc. and Darren S. Raiguel (Incorporated herein by reference to Exhibit 10.1 on Form 8-K filed on May 9, 2018).

Exhibit No.	Exhibit Description
10.30	Amendment No. 1, effective July 16, 2018, to Amended and Restated Employment Agreement effective September 6, 2017, by and between *e*Plus inc. and Mark P. Marron, (Incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on July 18, 2018).
10.31	*e*Plus inc. Cash Incentive Plan, effective April 1, 2018, (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 18, 2018).
21	Subsidiaries of *e*Plus inc.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer of *e*Plus inc. pursuant to the Securities Exchange Act Rules 13a-14(a) and 15d-14(a).
31.2	Certification of the Chief Financial Officer of *e*Plus 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 *e*Plus inc. pursuant to 18 U.S.C. § 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(b) See item 15(a)(3) above.

(c) See Item 15(a)(1) and 15(a)(2) above.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

*e*Plus inc.

/s/ MARK P. MARRON

By: Mark P. Marron
Chief Executive Officer and President
Date: May 22, 2019

SIGNATURES

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

/s/ MARK P. MARRON

By: Mark P. Marron
Chief Executive Officer and President
(Principal Executive Officer)
Date: May 22, 2019

/s/ ELAINE D. MARION

By: Elaine D. Marion, Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: May 22, 2019

/s/ PHILLIP G. NORTON

By: Phillip G. Norton
Executive Chairman
Date: May 22, 2019

/s/ BRUCE M. BOWEN

By: Bruce M. Bowen, Director
Date: May 22, 2019

/s/ JOHN E. CALLIES

By: John E. Callies, Director
Date: May 22, 2019

/s/ C. THOMAS FAULDERS, III

By: C. Thomas Faulders, III, Director
Date: May 22, 2019

/s/ LAWRENCE S. HERMAN

By: Lawrence S. Herman, Director
Date: May 22, 2019

/s/ ERIC D. HOVDE

By: Eric D. Hovde, Director
Date: May 22, 2019

/s/ IRA A. HUNT

By: Ira A. Hunt, Director
Date: May 22, 2019

/s/ MAUREEN F. MORRISON

By: Maureen F. Morrison
Date: May 22, 2019

/s/ TERRENCE O'DONNELL

By: Terrence O'Donnell, Director
Date: May 22, 2019

*e*Plus inc. AND SUBSIDIARIES
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
*e*Plus inc.
Herndon, Virginia

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ePlus inc. and subsidiaries (the "Company") as of March 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 22, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting revenue from contracts with customers in 2018 due to the adoption of the new revenue standard. The Company adopted this change using the full retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

McLean, Virginia

May 22, 2019

We have served as the Company's auditor since 1990.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
*e*Plus inc.
Herndon, Virginia

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of *e*Plus inc. and subsidiaries (the ''Company'') as of March 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended March 31, 2019, of the Company and our report dated May 22, 2019 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

McLean, Virginia

May 22, 2019

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

*e*Plus inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts)

	March 31, 2019	March 31, 2018 (as adjusted)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 79,816	$118,198
Accounts receivable—trade, net	299,899	268,287
Accounts receivable—other, net	41,328	28,401
Inventories	50,493	39,855
Financing receivables—net, current	63,767	69,936
Deferred costs	17,301	16,589
Other current assets	7,499	23,625
Total current assets	560,103	564,891
Financing receivables and operating leases—net	59,032	68,511
Property, equipment and other assets	17,328	19,143
Goodwill	110,807	76,624
Other intangible assets—net	38,928	26,302
TOTAL ASSETS	$786,198	$755,471
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current liabilities:		
Accounts payable	$ 86,801	$106,933
Accounts payable—floor plan	116,083	112,109
Salaries and commissions payable	21,286	19,801
Deferred revenue	47,251	35,648
Recourse notes payable—current	28	1,343
Non-recourse notes payable—current	38,117	40,863
Other current liabilities	19,285	33,370
Total current liabilities	328,851	350,067
Non-recourse notes payable—long term	10,502	10,072
Deferred tax liability—net	4,915	1,662
Other liabilities	17,677	21,067
TOTAL LIABILITIES	361,945	382,868
COMMITMENTS AND CONTINGENCIES (Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 per share par value; 2,000 shares authorized; none outstanding	—	—
Common stock, $.01 per share par value; 25,000 shares authorized; 13,611 outstanding at March 31, 2019 and 13,761 outstanding at March 31, 2018	143	142
Additional paid-in capital	137,243	130,000
Treasury stock, at cost, 693 shares at March 31, 2019 and 467 shares at March 31, 2018	(53,999)	(36,016)
Retained earnings	341,137	277,945
Accumulated other comprehensive income—foreign currency translation adjustment	(271)	532
Total Stockholders' Equity	424,253	372,603
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$786,198	$755,471

See Notes to Consolidated Financial Statements.

*e*Plus inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended March 31,		
	2019	2018 (as adjusted)	2017 (as adjusted)
Net sales			
Product	$1,223,195	$1,289,307	$1,234,344
Services	149,478	129,495	97,434
Total	1,372,673	1,418,802	1,331,778
Cost of sales			
Product	952,464	1,023,590	978,479
Services	89,821	71,730	53,540
Total	1,042,285	1,095,320	1,032,019
Gross profit	330,388	323,482	299,759
Selling, general, and administrative	237,082	228,127	205,232
Depreciation and amortization	11,824	9,921	7,252
Interest and financing costs	1,948	1,195	1,543
Operating expenses	250,854	239,243	214,027
Operating income	79,534	84,239	85,732
Other income (expense)	6,696	(348)	380
Earnings before tax	86,230	83,891	86,112
Provision for income taxes	23,038	28,769	35,556
Net earnings	$ 63,192	$ 55,122	$ 50,556
Net earnings per common share—basic	$ 4.70	$ 4.00	$ 3.65
Net earnings per common share—diluted	$ 4.65	$ 3.95	$ 3.60
Weighted average common shares outstanding—basic	13,448	13,790	13,867
Weighted average common shares outstanding—diluted	13,578	13,967	14,028

See Notes to Consolidated Financial Statements.

*e*Plus inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended March 31,		
	2019	2018	2017
	(amounts in thousands)		
NET EARNINGS	$63,192	$55,122	$50,556
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Foreign currency translation adjustments	(803)	1,115	(112)
Other comprehensive income (loss)	(803)	1,115	(112)
TOTAL COMPREHENSIVE INCOME	$62,389	$56,237	$50,444

See Notes to Consolidated Financial Statements.

*e*Plus inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31,		
	2019	2018	2017
		(in thousands)	
Cash Flows From Operating Activities:			
Net earnings	$ 63,192	$ 55,122	$ 50,556
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:			
Depreciation and amortization	18,639	15,827	11,731
Reserve for credit losses, inventory obsolescence, and sales returns	170	333	749
Share-based compensation expense	7,243	6,464	6,025
Deferred taxes	3,280	(44)	(1,196)
Payments from lessees directly to lenders—operating leases	(156)	(1,445)	(1,724)
Gain on disposal of property, equipment, and leased equipment	(2,027)	(8,694)	(3,977)
Gain on sale of financing receivables	(9,077)	(6,796)	(7,976)
Other	—	65	193
Changes in:			
Accounts receivable	(34,306)	6,582	(17,232)
Inventories	(10,929)	54,982	(60,022)
Financing receivables—net	(7,883)	(8,537)	(5,824)
Deferred costs, other intangible assets, and other assets	5,412	(16,241)	(1,091)
Accounts payable	12,456	258	3,845
Salaries and commissions payable, deferred revenue, and other liabilities	(6,603)	(15,110)	58,959
Net cash provided by operating activities	$ 39,411	$ 82,766	$ 33,016
Cash Flows From Investing Activities:			
Proceeds from sale of property, equipment, and leased equipment	3,619	14,403	7,339
Purchases of property, equipment, and operating lease equipment	(11,629)	(7,590)	(9,558)
Purchases of assets to be leased or financed	(10,368)	(6,378)	(9,861)
Issuance of financing receivables	(175,410)	(170,666)	(129,361)
Repayments of financing receivables	73,942	78,047	55,093
Proceeds from sale of financing receivables	73,405	72,225	69,146
Cash used in acquisitions, net of cash acquired	(49,764)	(37,718)	(9,143)
Net cash used in investing activities	$ (96,205)	$ (57,677)	$ (26,345)
Cash Flows From Financing Activities:			
Borrowings of non-recourse and recourse notes payable	$ 83,924	$ 72,389	$ 73,707
Repayments of non-recourse and recourse notes payable	(43,054)	(31,302)	(40,414)
Repurchase of common stock	(18,754)	(35,245)	(30,493)
Repayments of financing of acquisitions	(7,634)	(2,104)	(1,142)
Net borrowings (repayments) on floor plan facility	3,974	(20,503)	6,156
Net cash provided by (used) in financing activities	18,456	(16,765)	7,814
Effect of exchange rate changes on cash	(44)	114	509
Net Decrease in Cash and Cash Equivalents	(38,382)	8,438	14,994
Cash and Cash Equivalents, Beginning of Period	118,198	109,760	94,766
Cash and Cash Equivalents, End of Period	$ 79,816	$ 118,198	$ 109,760
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	$ 1,862	$ 602	$ 38
Cash paid for income taxes	$ 19,938	$ 32,134	$ 32,240
Schedule of Non-Cash Investing and Financing Activities:			
Proceeds from sale of property, equipment, and leased equipment	$ 520	$ 591	$ 135
Purchases of property, equipment, and operating lease equipment	$ (1,874)	$ (290)	$ (2,398)
Purchases of assets to be leased or financed	$ (13,663)	$ (5,089)	$ (6,702)
Issuance of financing receivables	$(119,024)	$(132,982)	$(217,244)
Repayments of financing receivables	$ —	$ 13,018	$ 19,421
Proceeds from sale of financing receivables	$ 142,418	$ 143,956	$ 215,227
Financing of acquisitions	$ (257)	$ (12,050)	$ (3,924)
Borrowing of non-recourse and recourse notes payable	$ 75,164	$ 16,066	$ 35,533
Repayments of non-recourse and recourse notes payable	$ (156)	$ (19,372)	$ (29,217)
Vesting of share-based compensation	$ 12,816	$ 12,037	$ 8,013
Repurchase of common stock included in accounts payable	$ —	$ (771)	$ —

See Notes to Consolidated Financial Statements.

*e*Plus inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Par Value					
Balance, April 1, 2016	14,731	$132	$117,511	$(129,518)	$ 331,224	$ (471)	$318,878
Issuance of restricted stock awards	146	1	—	—	—	—	1
Share-based compensation	—	—	6,025	—	—	—	6,025
Repurchase of common stock	(716)	—	—	(29,430)	—	—	(29,430)
Stock split effected in the form of a dividend	—	71	—	—	(71)	—	—
Retirement of treasury stock		(62)	—	158,948	(158,886)		—
Net earnings	—	—	—	—	50,556	—	50,556
Foreign currency translation adjustment	—	—	—	—	—	(112)	(112)
Balance, March 31, 2017	14,161	$142	$123,536	$ -	$ 222,823	$ (583)	$345,918
Issuance of restricted stock awards	67	—	—	—	—	—	—
Share-based compensation	—	—	6,464	—	—	—	6,464
Repurchase of common stock	(467)	—	—	(36,016)	—	—	(36,016)
Net earnings	—	—	—	—	55,122	—	55,122
Foreign currency translation adjustment	—	—	—	—	—	1,115	1,115
Balance, March 31, 2018	13,761	$142	$130,000	$ (36,016)	$ 277,945	$ 532	$372,603
Issuance of restricted stock awards	75	1	—	—	—	—	1
Share-based compensation	—	—	7,243	—	—	—	7,243
Repurchase of common stock	(225)	—	—	(17,983)	—	—	(17,983)
Net earnings	—	—	—	—	63,192	—	63,192
Foreign currency translation adjustment	—	—	—	—	—	(803)	(803)
Balance, March 31, 2019	13,611	$143	$137,243	$ (53,999)	$ 341,137	$ (271)	$424,253

See Notes to 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. *e*Plus inc. is sometimes referred to in this Annual Report on Form 10-K as ''we,'' ''our,'' ''us,'' ''ourselves,'' or ''*e*Plus.'' *e*Plus inc. is a holding company that through its subsidiaries provides information technology 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 including flexible financing solutions. We focus on middle market and large enterprise customers in North America and the UK.

BASIS OF PRESENTATION — The consolidated financial statements include the accounts of *e*Plus inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The accounts of businesses acquired during fiscal year 2019, 2018 and 2017 are included in the consolidated financial statements from the dates of acquisition.

USE OF ESTIMATES — The preparation of financial statements in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at 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, lease classification, goodwill and intangibles, reserves 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.

REVENUE RECOGNITION — We recognize our revenues from the sales of third-party products, third-party software, third-party services such as maintenance and software support, *e*Plus professional and managed services, and hosting *e*Plus proprietary software. We recognize revenue from these sales under the guidance in Accounting Standards Codification (''Codification'') Topic 606, *Revenue from Contracts with Customers* (''Codification Topic 606'').

The core principle of Codification Topic 606 is that an entity should recognize revenue for the transfer of goods and services equal to an amount it expects to be entitled to receive for those goods and services. We account for a contract under Codification Topic 606 when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are established, the contract has commercial substance, and collectability of consideration is probable.

Revenues are reported net of sales refunds, including an estimate of future returns based on an evaluation of historical sales returns, current economic conditions, volume, and other relevant factors.

Our contracts with customers may include multiple promises that are distinct performance obligations. For such arrangements, we allocate the transaction price to each performance obligation based on its relative standalone selling price. We determine standalone selling prices using expected cost-plus margin.

We recognize revenue when (or as) we satisfy a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when (or as) the customer obtains control of that good or service. Depending on the nature of each performance obligation, this may be at a point in time or over time, as further described below.

We typically invoice our customers for third-party products upon shipment, unless our customers lease the equipment through our financing segment, in which case the arrangement is accounted for as a lease in accordance with Codification Topic 840, *Leases* (''Codification Topic 840''). We typically invoice our customers for third-party software upon delivery and third-party services at the point of sale, unless our customers finance these assets equipment through our financing segment, in which case we record a financing receivable based on the terms of the arrangement.

Product Revenue

Sales of third-party products

We are the principal in sales of third-party products. As such, we recognize sales on a gross basis with the selling price to the customer recorded as sales and the acquisition cost of the product recognized as cost of sales. We recognize revenue from these sales at the point in time that control passes to the customer, which is typically upon delivery of the product to the customer.

In some instances, our customers may request that we bill them for a product but retain physical possession of the product until later delivery, commonly known as "bill-and-hold" arrangements. In these transactions, we recognize revenue when the customer has signed a bill-and-hold agreement with us, the product is identified separately as belonging to the customer and, when orders include configuration, such configuration is complete, and the product is ready for delivery to the customer.

We recognize sales of leased equipment within our financing segment when control passes to the customer, which is typically the date of sale.

Sales of third-party software

We are typically the principal in sales of third-party software. Sales are recognized on a gross basis with the selling price to the customer recorded as sales and the acquisition cost of the product recognized as cost of sales. We recognize revenue from these sales at the point in time that control passes to the customer, which is typically upon delivery of the software to the customer.

We often sell third-party support accompanying third-party software. When the third-party software benefits the customer only in conjunction with the accompanying support, such as in sales of anti-virus software and support, we consider the third-party software and support as inputs to a single performance obligation. The third-party controls the service as it is transferred to the customer and therefore we are acting as an agent in these transactions. We recognize revenue from these sales on a net basis when our customer and vendor accept the terms and conditions of the arrangement.

Sales of third-party maintenance, software support, and services

We are the agent in sales of third-party maintenance, software support, and services as the third-party controls the service until it is transferred to the customer. We recognize sales on a net basis equal to the selling price to the customer less the acquisition cost. We recognize revenue from these sales when our customer and vendor accept the terms and conditions of the arrangement.

Freight and sales tax

We present freight billed to our customers within sales and the related freight charged to us within cost of sales. We present sales tax collected from customers and remittances to governmental authorities on a net basis.

Financing revenue and other

We account for leases to customers in accordance with Codification Topic 840. Our accounting for leases is different depending on the type of lease. Each lease is classified as either a direct financing lease, sales-type lease, or operating lease, as appropriate.

We consider whether a lease meets any of the following four criteria as part of classifying the lease at its inception:

- the lease transfers ownership of the property to the lessee by the end of the lease term;
- the lease contains a bargain purchase option;
- the lease term is equal to 75 percent or more of the estimated economic life of the leased property; or
- the present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the fair value of the leased property at the inception of the lease.

If a lease meets any of the four lease classification criteria and gives rise to dealer's profit, we classify the lease as a sales-type lease. For sales-type leases, we recognize sales equal to the present value of the minimum lease payments discounted using the implicit interest rate in the lease and cost of sales equal to carrying amount of the asset being leased and any initial direct costs incurred, less the present value of the unguaranteed residual. Interest income from the lease is recognized in sales over the lease term in our financing segment.

If a lease meets any of the four lease classification criteria, and does not give rise to dealer's profit, we classify the lease as a direct financing lease. For direct financing leases, the difference between our gross investment in the lease and the cost of the leased property is deferred as unearned income and recognized as sales over the lease term.

If a lease meets none of the four lease classification criteria, we classify the lease as an operating lease. For operating leases, we recognize the rent charged on the lease as sales on a straight-line basis ratably over the term of the lease agreement.

We may also finance third-party software and third-party services for our customers, which are classified as notes receivable. We recognize interest on notes receivable in net sales.

Codification Topic 860, *Transfers and Servicing* establishes criteria for determining whether a transfer of financial assets in exchange for cash or other consideration should be accounted for as a sale or as secured borrowing. Certain assignments of notes receivable and direct finance and sales-type leases we make on a non-recourse basis meet the requirements for sale accounting set forth by this topic and have therefore been treated in our financial results as sales, where we recognize a net gain or loss on these transactions in sales.

Service Revenue

Sales of *e*Plus professional and managed services

Our *e*Plus professional services offerings include assessments, project management, and staging, configuration, and integration. Our *e*Plus managed service offerings range from monitoring and notification to a fully outsourced network management solution. In these arrangements, we satisfy our performance obligation and recognize revenue over time.

We provide *e*Plus professional services under both time and materials and fixed price contracts. When services are provided on a time and materials basis, we recognize sales at agreed-upon billing rates as services are performed. When services are provided on a fixed fee basis, we recognize sales over time in proportion to our progress toward complete satisfaction of the performance obligation. We measure progress based on costs incurred in proportion to total estimated costs, commonly referred to as the "cost-to-cost" method.

In arrangements for *e*Plus managed services, our arrangement is typically a single performance obligation comprised of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service). We typically recognize sales from these services on a straight-line basis over the period services are provided.

CONTRACT BALANCES — We recognize contract liabilities when cash payments are received or due in advance of our performance.

COSTS OF OBTAINING A CONTRACT — We capitalize costs that are incremental to obtaining customer contracts, predominately sales commissions, and expense them in proportion to each completed contract performance obligation.

CASH AND CASH EQUIVALENTS — We consider all highly liquid investments, including those with an original maturity of three months or less at the date of acquisition, to be cash equivalents. Cash and cash equivalents consist primarily of interest-bearing accounts and money market funds that consist of short-term US treasury securities. There were no restrictions on the withdrawal of funds from our money market funds as of March 31, 2019 and March 31, 2018.

FINANCING RECEIVABLES AND OPERATING LEASES — Financing receivables and operating leases consists of notes receivable, direct financing, sales-type leases and operating leases. The terms of lease and financing arrangements are typically between 3 to 7 years, with most terms ranging between 42 to 48 months.

Notes receivables consist of software and services that we finance for our customers. Interest income is recognized using the effective interest method and reported within net sales in our consolidated statement of operations.

At the inception of our direct financing and sales-type leases, we record the net investment in leases, which consists of the sum of the minimum lease payments, initial direct costs (direct financing leases only), and unguaranteed residual value (gross investment) less the unearned income. For direct financing leases, unearned income equals the difference between the gross investment in the lease and the cost of the leased equipment. For sales type leases, unearned income equals the difference between the gross investment in the lease and the sum of the present values of the individual components of the gross investment in the lease. We recognize contingent rental income, if any, when the changes in the factors on which the contingent lease payments are based actually occur.

At the inception of an operating lease, equipment under operating leases is recorded at cost and depreciated on a straight-line basis over its useful life to the estimated residual value. The estimated useful lives for equipment under operating leases ranges based on the nature of the equipment. The estimated useful life for information technology equipment is 36 to 84 months, while that of medical equipment is between 48 and 60 months.

RESIDUAL VALUES — Residual values, representing the unguaranteed estimated value of equipment at the termination of a lease, are recorded at the inception of each lease. The estimated residual values vary, both in amount and as a percentage of the original equipment cost, and depend upon several factors, including the equipment type, vendor's discount, market conditions, term of the lease, equipment supply and demand and by new product announcements by vendors.

Unguaranteed residual values for direct financing and sales-type leases are recorded at their net present value and the unearned income is amortized over the life of the lease using the interest method. The residual values for operating leases are included in the leased equipment's net book value.

Residual values are evaluated on a quarterly basis and any impairment, other than temporary, is recorded in the period in which the impairment is determined. No upward revision of residual values is made subsequent to lease inception.

RESERVES FOR CREDIT LOSSES — Our receivables consist of trade and other accounts receivable and financing receivables. We maintain our reserves for credit losses at a level believed to be adequate to absorb potential losses inherent in the respective balances. The reserve for credit losses is increased by provisions for potential credit losses, which increases expenses, and decreased by subsequent recoveries. The reserve for credit losses is decreased by write-offs and reductions to the provision for potential credit losses. Accounts are either written off or written down when the loss is both probable and determinable.

Management's determination of the adequacy of the reserves for credit losses for accounts receivable is based on the age of the receivable balance, the customer's credit quality rating, an evaluation of historical credit losses, current economic conditions, and other relevant factors. Management's determination of the adequacy of the reserve for credit losses for financing receivables may be based on the following factors: an internally assigned credit quality rating, historical credit loss experience, current economic conditions, volume, growth, the composition of the lease portfolio, the fair value of the underlying collateral, and the funding status (i.e. not funded, funded on a recourse or partial recourse basis, or funded on non-recourse basis). We assign an internal credit quality rating to each customer at the inception of the lease based on the customer's financial status, rating agency reports and other financial information. We update the internal credit quality rating at least annually or when an indicator of a change in credit quality arises, such as a delinquency or bankruptcy. Also, management regularly reviews financing receivables to assess whether any balances should be impaired or placed on nonaccrual status.

CONCENTRATIONS OF RISK — Financial instruments that potentially subject us to concentrations of credit risk include cash and cash equivalents, short-term investments, accounts receivable, notes receivable and investments in direct financing and sales-type leases. Cash and cash equivalents and short-term investments are maintained principally with financial institutions in the US, which have high credit ratings. Risk on accounts receivable, notes receivable and investments in direct financing and sales-type leases is reduced by the large number of diverse industries comprising our customer base and through the ongoing evaluation of collectability of our portfolio. Our credit risk is further mitigated through the underlying collateral and whether the lease is funded with recourse or non-recourse notes payable.

A substantial portion of our sales are products from Cisco Systems, which represented approximately 42%, 42%, and 47%, of our technology segment net sales for the years ended March 31, 2019, 2018, and 2017, respectively.

INVENTORIES — Inventories are stated at the lower of cost and net realizable value. Cost is determined using a weighted average cost method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventories are shown net of allowance for obsolescence of $259 thousand and $247 thousand as of March 31, 2019 and 2018, respectively.

DEFERRED COSTS AND DEFERRED REVENUES — Deferred costs include internal and third-party costs associated with deferred revenue arrangements. Deferred revenue relates to professional, managed and hosting services.

GOODWILL — We test goodwill for impairment on an annual basis, as of October 1, 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 amount.

In a qualitative assessment, we assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is unnecessary.

If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform the quantitative goodwill impairment test. We may also elect the unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test.

In the quantitative impairment test, we compare the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. Conversely, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

CAPITALIZATION OF COSTS OF SOFTWARE FOR INTERNAL USE — We capitalize costs for the development of internal use software under the Codification Topic 350-40 *Intangibles—Goodwill and Other Intangibles,* Subtopic *Internal-Use Software*. Software capitalized for internal use was $2.5 million and $2.1 million during the years ended March 31, 2019 and March 31, 2018, respectively, and is included in the accompanying consolidated balance sheets as a component of goodwill and other intangible assets. We had capitalized costs, net of amortization, of approximately $5.4 million and $3.3 million at March 31, 2019 and March 31, 2018, respectively.

PROPERTY AND EQUIPMENT — Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment obtained through an acquisition are stated at the fair market value as of the acquisition date. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. Information technology equipment is depreciated over three years. Perpetual software licenses are depreciated over five years. Furniture and certain fixtures are depreciated over five to ten years. Telecommunications equipment is depreciated over seven years.

TREASURY STOCK — We account for treasury stock under the cost method and include treasury stock as a component of stockholders' equity on the accompanying consolidated balance sheets.

VENDOR CONSIDERATION — We receive payments and credits from vendors pursuant to volume incentive programs and shared marketing expense programs. Many of these programs extend over one or more quarters' sales activities. Different programs have different vendor/program specific milestones to achieve. Amounts due from vendors as of March 31, 2019 and 2018 were $13.1 million and $12.8 million, respectively, which were included within accounts receivable-other, net in the accompanying balance sheets.

Vendor consideration received pursuant to volume purchase incentive programs is allocated to inventory based on the applicable incentives from each vendor and is recorded in cost of sales, as the inventory is sold. If a rebate is probable and reasonably estimable, it is recognized based on a systematic and rational allocation of the cash consideration offered to the underlying transactions that result in our progress toward earning the rebate. If a rebate is not probable and reasonably estimable, it is recognized as the milestones are achieved.

Vendor consideration received pursuant to shared marketing expense programs is recorded as a reduction of the related selling and administrative expenses in the period the program takes place only if the consideration represents a reimbursement of specific, incremental, identifiable costs. Consideration that exceeds the specific, incremental, identifiable costs is classified as a reduction of cost of sales.

SHARE-BASED COMPENSATION — We account for share-based compensation in accordance with Codification Topic 718 *Compensation—Stock Compensation*. We recognize compensation cost for awards of restricted stock with graded vesting on a straight-line basis over the requisite service period. We account for forfeitures when they occur. There are no additional conditions for vesting other than service conditions.

INCOME TAXES — Deferred income taxes are accounted for in accordance with Codification Topic 740 *Income Taxes* (''Codification Topic 740''). Under this method, deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement reporting and tax bases of assets and liabilities, using tax rates currently in effect. Future tax benefits, such as net operating loss carry-forwards, are recognized to the extent that realization of these benefits is considered to be more likely than not. We review our deferred tax assets at least annually and make necessary valuation adjustments.

In addition, we account for uncertain tax positions in accordance with Codification Topic 740. Specifically, the Topic prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on the related de-recognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax positions. In accordance with our accounting policy, we recognize accrued interest and penalties related to unrecognized tax benefits as a component of tax expense.

BUSINESS COMBINATIONS — We account for business combinations using the acquisition method in accordance with Codification Topic 805 *Business Combinations*, which requires that the total purchase price of each of the acquired entities be allocated to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The allocation process requires an analysis of intangible assets, such as customer relationships, trade names, acquired contractual rights and assumed contractual commitments and legal contingencies to identify and record all assets acquired and liabilities assumed at their fair value.

Any premium paid over the fair value of the net tangible and intangible assets of the acquired business is recorded as goodwill. We recognize a gain in our income statement to the extent the purchase price is less than the fair value of assets acquired, and liabilities assumed. The results of operations for an acquired company are included in our financial statements from the date of acquisition.

FAIR VALUE MEASUREMENT — We follow the guidance in Codification Topic 820 *Fair Value Measurements* (''Codification Topic 820'') which governs fair value accounting for financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. When determining the fair value measurements for assets and liabilities, which are required to be disclosed at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risk inherent in valuation techniques, transfer restrictions and credit risk.

Codification Topic 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement as follows:

- Level 1 – Observable inputs such as quoted prices for identical assets and liabilities in active markets;
- Level 2 – Inputs other than quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants.

This hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. As of March 31, 2019, we measure money market funds and contingent consideration at fair value on a recurring basis, which is based on quoted net asset values.

FINANCIAL INSTRUMENTS — For financial instruments such as cash, short-term investments, accounts receivables, accounts payable and other current liabilities, we consider the recorded value of the financial instruments to approximate the fair value due to their short maturities.

At March 31, 2019, the carrying amount of notes receivables and non-recourse payables were $40.4 million and $48.6 million, respectively and the fair value of notes receivables and non-recourse payables were $40.5 million and $48.7 million, respectively. The carrying amount and fair value of our recourse notes payable at March 31, 2019 were insignificant. At March 31, 2018, the carrying amount of notes receivables, recourse and non-recourse payables were $62.9 million, $1.3 million and $50.9 million, respectively, and the fair value of notes receivables, recourse and non-recourse payables were $63.0 million, $1.3 million and $51.1 million.

FOREIGN CURRENCY TRANSLATION — The Company's functional currency is the US dollar. The functional currency of the Company's international operating subsidiaries is generally the same as the corresponding local currency. Assets and liabilities of the international operating subsidiaries are translated at the spot rate in effect at the applicable reporting date. Revenues and expenses of the international operating subsidiaries are translated at the average exchange rates in effect during the applicable period. The resulting foreign currency translation adjustment is recorded as accumulated other comprehensive loss, which is reflected as a separate component of stockholders' equity. All transaction gains or losses are recorded in operating expenses on our consolidated statement of operations. We recognized a gain of $0.4 million for the years ended March 31, 2019, and losses of $0.8 million and $0.7 million for the years ended March 31, 2018, and 2017, respectively.

EARNINGS PER SHARE — Basic earnings per share is calculated by dividing net earnings attributable to common stockholders by the basic weighted average number of shares of common stock outstanding during each period. Diluted earnings per share reflects the potential dilution of securities that could participate in our earnings, including incremental shares issuable upon the assumed exercise of ''in-the-money'' stock options and other common stock equivalents during each period.

2. RECENT ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS —In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which, along with amendments issued in 2015 and 2016, replaced most existing revenue recognition guidance under GAAP and eliminate industry specific guidance. The core principle of the new guidance is that an entity should recognize revenue for the transfer of goods and services equal to an amount it expects to be entitled to receive for those goods and services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year. Including the one-year deferral, these updates became effective for us in our quarter ending June 30, 2018. The new guidance permitted two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method).

We adopted the guidance in our quarter ending June 30, 2018 and used the full retrospective method. The outcome of adoption of the new standard are as follows:

- The accounting for revenue within our technology segment related to the sale of third-party products, software, services, as well as our professional and managed services remained substantially unchanged.
- The accounting for certain bill and hold transactions resulted in revenue and costs for certain of those arrangements being recognized earlier than under current prior GAAP. Additionally, we recognize revenues on the sale of off-lease equipment on a gross basis under the new revenue standard. The impact on our consolidated statement of operations for these changes was an increase in our net sales and costs of sales of $7.8 million and $2.4 million for the years ended March 31, 2018 and 2017, respectively.
- The impact on our consolidated balance sheet as of March 31, 2018, was a decrease in accounts receivable – trade of $1.9 million, an increase in accounts receivable – other of $1.9 million, a decrease in deferred costs of $3.2 million, and a decrease in deferred revenues of $3.2 million. There is no impact to our retained earnings as of March 31, 2018.The adoption of this standard did not materially impact our cash flows from operations.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED—In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This update requires adoption under a modified retrospective approach and will become effective for us in the quarter ending June 30, 2020. Early adoption is permitted beginning in our quarter ending June 30, 2019. We are currently evaluating the impact of this update on our financial statements.

In November 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The core principle of this new standard, together with several updates to the standard issued by FASB in 2018 and early 2019, is that a lessee should recognize the assets and liabilities that arise from leases. This new standard also makes some changes to lessor accounting and aligns key aspects of the lessor accounting model with the revenue recognition standard. Our adoption of the new standard will impact our financial statements through our activities as both a lessor of IT and other equipment and a lessee of facilities.

We are adopting the new standard in our quarter ending June 30, 2019 using a transition option that allows entities to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Under this transition option, we do not update the financial information and disclosures for comparative periods. Additionally, we are electing a package of practical expedients to not reassess whether any expired or existing contracts are or contain leases, not reassess the lease classification for any expired or existing leases, and not reassess initial direct costs for any existing leases.

At the beginning of our quarter ending June 30, 2019, as a lessee, there will be an approximate initial impact to our consolidated balance sheets of recognizing right to use assets of $12.7 million and lease liabilities of $12.3 million and a reduction in prepaid assets of $0.4 million.

Beginning upon adoption, as a lessor, we will recognize certain non-incremental, initial direct costs of obtaining a lease as an expense that had previously been deferred. In addition, we will recognize credit losses related to operating lease receivables as a reduction of revenue. Both these charges were not material in our year ended March 31, 2019. Further, we will recognize lessee-reimbursed property taxes as revenue with related expense whereas we previously presented these amounts net. This gross up of sales and cost of sales has no impact on gross profit; however, this will increase net sales and cost of sales by approximately $1 - $2 million during the year ending March 31, 2020.

Also beginning upon adoption, we will classify all cash flows from the issuance of, repayment of, and proceeds from the sale of financing receivables within operating activities in our consolidated statements of cash flow. Previously, we separately classified our flows for financing receivables arising from products sourced through us and those not sourced through us within operating activities and within investing activities, respectively. Additionally, as both a lessor and lessee, we will be providing new disclosures in respect to our leases.

3. REVENUES

Contract balances

Accounts receivable – trade represents amounts due from contracts with customers. In addition, we had $16.2 million and $28.1 million of receivables from contracts with customers included within financing receivables as of March 31, 2019 and March 31, 2018, respectively. The following table provides the balance of contract liabilities from contracts with customers (in thousands):

	March 31, 2019	March 31, 2018
Contract liabilities		
Current (included in deferred revenue)	$46,356	$34,643
Non-current (included in other liabilities)	$13,593	$12,699

Revenue recognized from the beginning contract liability balance was $32.0 million and $60.9 million for the fiscal year ended March 31, 2019, and 2018, respectively.

Performance obligations

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

Year ending March 31, 2020	$22,949
Fiscal 2021	9,594
Fiscal 2022	3,182
Fiscal 2023	796
Fiscal 2024 and thereafter	21
Total remaining performance obligations	$36,542

4. FINANCING RECEIVABLES AND OPERATING LEASES

FINANCING RECEIVABLES—NET

Our financing receivables, net consist of the following (in thousands):

March 31, 2019	Notes Receivables	Lease-Related Receivables	Total Financing Receivables
Minimum payments	$40,563	$64,201	$104,764
Estimated unguaranteed residual value[(1)]	—	14,639	14,639
Initial direct costs, net of amortization[(2)]	377	332	709
Unearned income	—	(7,671)	(7,671)
Reserve for credit losses[(3)]	(505)	(530)	(1,035)
Total, net	$40,435	$70,971	$111,406
Reported as:			
Current	$30,852	$32,914	$ 63,766
Long-term	9,583	38,057	47,640
Total, net	$40,435	$70,971	$111,406

(1) Includes $8,996 thousand for the estimated residual values of direct financing leases for which we sold the financing assets.

(2) Initial direct costs are shown net of amortization of $275 thousand.

(3) For details on reserve for credit losses, refer to Note 6, "Reserves for Credit Losses."

March 31, 2018	Notes Receivables	Lease-Related Receivables	Total Financing Receivables
Minimum payments	$62,992	$65,943	$128,935
Estimated unguaranteed residual value[(1)]	—	11,226	11,226
Initial direct costs, net of amortization[(2)]	375	334	709
Unearned income	—	(8,251)	(8,251)
Reserve for credit losses[(3)]	(486)	(640)	(1,126)
Total, net	$62,881	$68,612	$131,493
Reported as:			
Current	$39,993	$29,943	$ 69,936
Long-term	22,888	38,669	61,557
Total, net	$62,881	$68,612	$131,493

(1) Includes $6,004 thousand for estimated residual values of direct financing leases for which we sold the financing assets.

(2) Initial direct costs are shown net of amortization of $341 thousand.

(3) For details on reserve for credit losses, refer to Note 6, "Reserves for Credit Losses."

Future scheduled minimum lease payments for investments in direct financing and sales-type leases as of March 31, 2019 are as follows (in thousands):

Year ending March 31, 2019	$37,223
2020	17,382
2021	7,469
2022	1,960
2023 and thereafter	167
Total	$64,201

OPERATING LEASES—NET

Operating leases—net represents leases that do not qualify as direct financing leases. The components of the operating leases—net are as follows (in thousands):

	March 31, 2019	March 31, 2018
Cost of equipment under operating leases	$ 21,532	$15,683
Accumulated depreciation	(10,139)	(8,729)
Investment in operating lease equipment—net[(1)]	$ 11,393	$ 6,954

(1) Amounts include estimated unguaranteed residual values of $2,906 thousand and $1,921 thousand as of March 31, 2019 and 2018, respectively.

Future scheduled minimum lease rental payments as of March 31, 2019 are as follows (in thousands):

Year ending March 31, 2019	$ 4,490
2020	2,728
2021	1,497
2022	1,315
2023 and thereafter	443
Total	$10,473

TRANSFERS OF FINANCIAL ASSETS

We enter into arrangements to transfer the contractual payments due under financing receivables and operating lease agreements, which are accounted for as secured borrowings or sales.

For transfers accounted for as a secured borrowing, the corresponding investments serve as collateral for non-recourse notes payable. As of March 31, 2019, and 2018 we had financing receivables of $50.2 million and $52.0 million, respectively, and operating leases of $7.8 million and $5.3 million, respectively that were collateral for non-recourse notes payable. See Note 8, ''Notes Payable and Credit Facility.''

For transfers accounted for as sales, we derecognize the carrying value of the asset transferred and recognize a net gain or loss on the sale, which are presented within net sales in the consolidated statement of operations. For the years ended March 31, 2019, 2018, and 2017, we recognized net gains of $9.1 million, $6.8 million, and $8.1 million, respectively, and total proceeds from these sales were $276.1 million, $267.3 million, and $339.4 million, respectively.

When we retain servicing obligations in transfers accounted for as sales, we allocate a portion of the proceeds to deferred revenues, which is recognized as we perform the services. As of March 31, 2019, and 2018, we had deferred revenue of $0.4 million and $0.5 million, respectively, for servicing obligations.

In a limited number of transfers accounted for as sales, we indemnified the assignee in the event that the lessee elects to early terminate the lease. As of March 31, 2019, our maximum potential future payments related to such guarantees is $0.4 million. We believe the possibility of making any payments to be remote.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL

The following table summarizes the changes in the carrying amount of goodwill for the years ended March 31, 2019 and March 31, 2018, respectively (in thousands):

	Year Ended March 31, 2019			Year Ended March 31, 2018		
	Goodwill	Accumulated Impairment Loss	Net Carrying Amount	Goodwill	Accumulated Impairment Loss	Net Carrying Amount
Beginning Balance	$ 85,297	$(8,673)	$ 76,624	$57,070	$(8,673)	$48,397
Acquisitions	34,352	—	34,352	27,996	—	27,996
Foreign currency translations	(169)	—	(169)	231	—	231
Ending Balance	$119,480	$(8,673)	$110,807	$85,297	$(8,673)	$76,624

All of our goodwill as of March 31, 2019 and March 31, 2018 was assigned to our technology segment. See Note 15, ''Business Combinations'' for additional information regarding our acquisitions.

We performed our annual test for impairment for fiscal year 2019 as of October 1, 2018. We elected to bypass the qualitative assessment of goodwill and estimate the fair value of our reporting units. The fair value of our technology reporting unit substantially exceeded its carrying value as of October 1, 2018. Our conclusions would not be impacted by a ten percent change in our estimate of the fair value of the reporting unit.

We performed our annual test for impairment for fiscal year 2018 as of October 1, 2017. We performed a qualitative assessment of goodwill and concluded that the fair value of our reporting units, more likely than not, exceeded their respective carrying values as of October 1, 2017.

OTHER INTANGIBLE ASSETS

Our other intangible assets consist of the following at March 31, 2019 and March 31, 2018 (in thousands):

	March 31, 2019			March 31, 2018		
	Gross Carrying Amount	Accumulated Amortization / Impairment Loss	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization /Impairment Loss	Net Carrying Amount
Customer relationships & other intangibles	$57,407	$(23,865)	$33,542	$41,895	$(18,634)	$23,261
Capitalized software development	10,188	(4,802)	5,386	5,608	(2,567)	3,041
Total	$67,595	$(28,667)	$38,928	$47,503	$(21,201)	$26,302

Customer relationships and other intangibles are generally amortized between 5 to 10 years. Capitalized software development is generally amortized over 5 years.

Total amortization expense was $7.9 million, $6.4 million, and $4.4 million for the years ended March 31, 2019, 2018 and 2017, respectively. Amortization expense is estimated to be $9.8 million, $8.3 million, $6.9 million, $5.4 million, and $3.8 million for the years ended March 31, 2020, 2021, 2022, 2023 and 2024, respectively.

See Note 15, "Business Combinations" for additional information regarding acquired intangibles.

6. RESERVES FOR CREDIT LOSSES

Activity in our reserves for credit losses for the years ended March 31, 2019 and 2018 were as follows (in thousands):

	Accounts Receivable	Notes Receivable	Lease-Related Receivables	Total
Balance April 1, 2018	$1,538	$ 486	$ 640	$2,664
Provision for credit losses	195	250	(110)	335
Write-offs and other	(154)	(231)	—	(385)
Balance March 31, 2019	$1,579	$ 505	$ 530	$2,614

	Accounts Receivable	Notes Receivable	Lease-Related Receivables	Total
Balance April 1, 2017	$1,279	$ 3,434	$ 679	$ 5,392
Provision for credit losses	264	73	125	462
Write-offs and other	(5)	(3,021)	(164)	(3,190)
Balance March 31, 2018	$1,538	$ 486	$ 640	$ 2,664

Our reserve for credit losses and minimum lease payments associated with our investment in direct financing and sales-type lease balances disaggregated on the basis of our impairment method were as follows (in thousands):

	March 31, 2019		March 31, 2018	
	Notes Receivable	Lease-Related Receivables	Notes Receivable	Lease-Related Receivables
Reserves for credit losses:				
Ending balance: collectively evaluated for impairment	$ 443	$ 530	$ 424	$ 640
Ending balance: individually evaluated for impairment	62	—	62	—
Ending balance	$ 505	$ 530	$ 486	$ 640
Minimum payments:				
Ending balance: collectively evaluated for impairment	$40,501	$64,201	$62,930	$65,943
Ending balance: individually evaluated for impairment	62	—	62	—
Ending balance	$40,563	$64,201	$62,992	$65,943

The net credit exposure for the individually evaluated for impairment as of March 31, 2019 and March 31, 2018 was $0.1 million, which is related to one customer.

The age of the recorded minimum lease payments and net credit exposure associated with our investment in direct financing and sales-type leases that are past due disaggregated based on our internally assigned credit quality rating (''CQR'') were as follows as of March 31, 2019 and 2018 (in thousands):

	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Unbilled Minimum Lease Payments	Total Minimum Lease Payments	Unearned Income	Non-Recourse Notes Payable	Net Credit Exposure
March 31, 2019										
High CQR	$325	$41	$ 10	$376	$543	$29,503	$30,422	$(2,799)	$(11,044)	$16,579
Average CQR	22	54	15	91	125	33,563	33,779	(2,508)	(20,848)	10,423
Low CQR	—	—	—	—	—	—	—	—	—	—
Total	$347	$95	$ 25	$467	$668	$63,066	$64,201	$(5,307)	$(31,892)	$27,002
March 31, 2018										
High CQR	$143	$40	$ 43	$226	$224	$33,779	$34,229	$(3,743)	$(17,207)	$13,279
Average CQR	109	31	117	257	171	31,286	31,714	(2,749)	(16,012)	12,953
Low CQR	—	—	—	—	—	—	—	—	—	—
Total	$252	$71	$160	$483	$395	$65,065	$65,943	$(6,492)	$(33,219)	$26,232

The age of the recorded notes receivable balance disaggregated based on our internally assigned CQR were as follows as March 31, 2019 and 2018 (in thousands):

	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Unbilled Notes Receivable	Total Notes Receivable	Non-Recourse Notes Payable	Net Credit Exposure
March 31, 2019									
High CQR	$ 990	$ 40	$ 30	$1,060	$3,813	$28,113	$32,986	$(18,245)	$14,741
Average CQR	105	34	7	146	137	7,232	7,515	(1,507)	6,008
Low CQR	—	—	62	62	—	—	62	—	62
Total	$1,095	$ 74	$ 99	$1,268	$3,950	$35,345	$40,563	$(19,752)	$20,811
March 31, 2018									
High CQR	$ 175	$527	$423	$1,125	$3,262	$40,896	$45,283	$(30,345)	$14,938
Average CQR	42	409	22	473	394	16,780	17,647	(10,424)	7,223
Low CQR	—	—	62	62	—	—	62	—	62
Total	$ 217	$936	$507	$1,660	$3,656	$57,676	$62,992	$(40,769)	$22,223

We estimate losses on our net credit exposure to be between 0% - 5% for customers with high CQR, as these customers are investment grade or the equivalent of investment grade. We estimate losses on our net credit exposure to be between 2% - 15% for customers with average CQR, and between 15% - 100% for customers with low CQR, which includes customers in bankruptcy.

7. PROPERTY, EQUIPMENT, AND OTHER ASSETS AND LIABILITIES

PROPERTY AND EQUIPMENT—NET

Property and equipment—net consists of the following (in thousands):

	March 31, 2019	March 31, 2018
Furniture, fixtures and equipment	$ 23,295	$ 20,167
Vehicles	302	336
Capitalized software	3,421	4,772
Leasehold improvements	6,010	5,252
Total assets	33,028	30,527
Accumulated depreciation and amortization	(25,714)	(23,017)
Property and equipment - net	$ 7,314	$ 7,510

For the years ended March 31, 2019, 2018 and 2017, depreciation and amortization expense on property and equipment was $4.7 million, $4.1 million, and $3.0 million, respectively.

OTHER ASSETS AND LIABILITIES

Our other assets and liabilities consist of the following (in thousands):

	March 31, 2019	March 31, 2018
Other current assets:		
Deposits & funds held in escrow	$ 438	$16,202
Prepaid assets	6,425	7,031
Other	636	392
Total other current assets	$ 7,499	$23,625
Property, equipment and other assets		
Property and equipment, net	$ 7,314	$ 7,510
Deferred costs	8,856	9,302
Other	1,158	2,331
Total other assets - long term	$17,328	$19,143
Other current liabilities:		
Accrued expenses	$ 7,813	$ 8,339
Accrued income taxes payable	181	175
Contingent consideration - current	5,162	5,806
Other	6,129	19,050
Total other current liabilities	$19,285	$33,370
Other liabilities:		
Deferred revenue	$13,789	$12,910
Contingent consideration - long-term	3,780	7,707
Other	108	450
Total other liabilities - long term	$17,677	$21,067

As of March 31, 2019, and 2018 we had deposits and funds held in escrow of $0.4 million and $16.2 million, respectively. These balances relate to financial assets that were sold to third-party banks. In conjunction with those sales, a portion of the proceeds were placed in escrow and were released during the current fiscal year upon payment of outstanding invoices related to the underlying financing arrangements that were sold. The decrease in the other category within current liabilities from March 31, 2018 to March 31, 2019 was primarily due to a reduction of $10.3 million in cash owed to investors that had purchased financing receivables that we subsequently collected and owed to the investors.

8. NOTES PAYABLE AND CREDIT FACILITY

Recourse and non-recourse obligations consist of the following (in thousands):

	March 31, 2019	March 31, 2018
Recourse notes payable with interest rates of 4.00% March 31, 2019 and 4.11% at March 31, 2018.		
Current	$ 28	$ 1,343
Non-recourse notes payable secured by financing receivables and investments in operating leases with interest rates ranging from 3.23% to 8.45% as of March 31, 2019 and 2.04% to 8.45% as of March 31, 2018.		
Current	$38,117	$40,863
Long-term	10,502	10,072
Total non-recourse notes payable	$48,619	$50,935

Principal and interest payments on the non-recourse notes payable are generally due monthly in amounts that are approximately equal to the total payments due from the customer under the leases or notes receivable that collateralize the notes payable. The weighted average interest rate for our non-recourse notes payable was 4.68% and 4.04%, as of March 31, 2019 and March 31, 2018, respectively. The weighted average interest rate for our recourse notes payable was 4.00% and 4.11%, as of March 31, 2019 and March 31, 2018, respectively. Under recourse financing, in the event of a default by a customer, the lender has recourse against the customer, the assets serving as collateral, and us. Under non-recourse financing, in the event of a default by a customer, the lender generally only has recourse against the customer, and the assets serving as collateral, but not against us.

Our technology segment, through our subsidiary *e*Plus Technology, inc., finances its operations with funds generated from operations, and with a credit facility with Wells Fargo Commercial Distribution Finance, LLC or WFCDF. This facility provides short-term capital for our technology segment. There are two components of the WFCDF credit facility: (1) a floor plan component and (2) an accounts receivable component. Under the floor plan component, we had outstanding balances of $116.1 million and $112.1 million as of March 31, 2019 and 2018, respectively. Under the accounts receivable component, we had no outstanding balances as of March 31, 2019 and 2018. As of March 31, 2019, the facility agreement had an aggregate limit of the two components of $250 million, and the accounts receivable component had a sub-limit of $50 million, which bears interest assessed at a rate of the One Month LIBOR plus two and one-half percent.

On July 27, 2017, we executed an amendment to the WFCDF credit facility which temporarily increases the aggregate limit of the two components from $250.0 million to $325.0 million from the date of the agreement through October 31, 2017, that provides us an election beginning July 1 in each subsequent year to similarly temporarily increase the aggregate limit of the two components to $325.0 million ending the earlier of 90 days following the date of election or October 31 of that same year.

On January 15, 2019, we executed an amendment to the WFCDF credit facility that increases the maximum credit limit of the accounts receivable sub-limit component from $30.0 million to $50 million and modifies certain collateral terms of the credit facility.

The credit facility has full recourse to *e*Plus Technology, inc. and is secured by a blanket lien against all its assets, such as receivables and inventory. Availability under the facility may be limited by the asset value of equipment we purchase or accounts receivable and may be further limited by certain covenants and terms and conditions of the facility. These covenants include but are not limited to a minimum excess availability of the facility and minimum earnings before interest, taxes, depreciation and amortization (''EBITDA'') of *e*Plus Technology, inc. We were in compliance with these covenants as of March 31, 2019. In addition, the facility restricts the ability of *e*Plus Technology, inc. to transfer funds to its affiliates in the form of dividends, loans or advances with certain exceptions for dividends to *e*Plus inc. The facility also requires that financial statements of *e*Plus Technology, inc. be provided within 45 days of each quarter and 90 days of each fiscal year end and also includes that other operational reports be provided on a regular basis. Either party may terminate with 90 days' advance notice. We are not, and do not believe that we are reasonably likely to be, in breach of the WFCDF credit facility. In addition, we do not believe that the covenants of the WFCDF credit facility materially limit our ability to undertake financing. In this regard, the covenants apply only to our subsidiary, *e*Plus Technology, inc. This credit facility is secured by the assets of only *e*Plus Technology, inc. and the guaranty as described below.

The facility provided by WFCDF requires a guaranty of $10.5 million by *e*Plus inc. The guaranty requires *e*Plus inc. to deliver its annual audited financial statements by certain dates. We have delivered the annual audited financial statements for the year ended March 31, 2018, as required. 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 technology segment and as an operational function of our accounts payable process.

Recourse and non-recourse notes payable as of March 31, 2019, mature as follows (in thousands):

	Recourse Notes Payable	Non-Recourse Notes Payable
Year ending March 31, 2020	$28	$38,118
2021	—	7,448
2022	—	1,745
2023	—	1,003
2024 and thereafter	—	305
	$28	$48,619

9. COMMITMENTS AND CONTINGENCIES

We lease office space to conduct our business. Annual rent expense relating to these operating leases was $5.2 million, $6.7 million, and $5.6 million for the years ended March 31, 2019, 2018 and 2017, respectively. As of March 31, 2019, the future minimum lease payments are due as follows (in thousands):

	(in thousands)
Operating Lease Contractual Obligations	
Year ending March 31, 2020	$ 4,530
2021	4,026
2022	2,727
2023	2,025
2024 and thereafter	293
Operating lease obligations	$13,601

Legal Proceedings

From time to time, we may be subject to legal proceedings that arise in the ordinary course of business. In the opinion of management, there was not at least a reasonable possibility that the Company may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims. However, the outcome of legal proceedings and claims brought against us is subject to significant uncertainty. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these legal matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's consolidated financial statements for that reporting period could be materially adversely affected.

During the year ended March 31, 2019, we received distributions totaling $6.3 million from various claims we owned in customer bankruptcies, which were recognized within other income in our condensed consolidated statements of operations.

10. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings attributable to common shares by the weighted average number of common shares outstanding for the period. Diluted net earnings per share include the potential dilution of securities that could participate in our earnings, but not securities that are anti-dilutive.

The following table provides a reconciliation of the numerators and denominators used to calculate basic and diluted net earnings per common share as disclosed in our consolidated statements of operations for the fiscal years ended March 31, 2019, 2018 and 2017 (in thousands, except per share data).

	Year Ended March 31,		
	2019	2018	2017
Net earnings attributable to common shareholders - basic and diluted	$63,192	$55,122	$50,556
Basic and diluted common shares outstanding:			
Weighted average common shares outstanding — basic	13,448	13,790	13,867
Effect of dilutive shares	130	177	161
Weighted average shares common outstanding — diluted	13,578	13,967	14,028
Earnings per common share — basic	$ 4.70	$ 4.00	$ 3.65
Earnings per common share — diluted	$ 4.65	$ 3.95	$ 3.60

11. STOCKHOLDERS' EQUITY

Treasury Stock

On March 31, 2017, we retired 6.2 million shares of treasury stock. The retired stock had a carrying value of $158.9 million, which was deducted from common stock, for the par value of the retired shares, and from retained earnings, for the excess of cost over the par value.

Share Repurchase Plan

On April 26, 2018, our board of directors authorized the repurchase up to 500,000 shares of our outstanding common stock over a 12-month period beginning on May 28, 2018 through May 27, 2019. The plan authorized purchases to be made from time to time in the open market, or in privately negotiated transactions, subject to availability. Any repurchased shares will have the status of treasury shares and may be used, when needed, for general corporate purposes. The former repurchase plan expired on August 18, 2018.

During the year ended March 31, 2019, we purchased 185,026 shares of our outstanding common stock at an average cost of $76.34 per share for a total purchase price of $14.1 million under the share repurchase plan. We also acquired 40,092 shares of common stock at a value of $3.9 million to satisfy tax withholding obligations relating to the vesting of employees' restricted stock.

During the year ended March 31, 2018, we purchased 409,839 shares of our outstanding common stock at an average cost of $77.18 per share for a total purchase price of $31.6 million under the share repurchase plan. We also acquired 57,725 shares of common stock at a value of $4.4 million to satisfy tax withholding obligations relating to the vesting of employees' restricted stock.

12. SHARE-BASED COMPENSATION

Share-Based Plans

In each of the years ended March 31, 2019, 2018 and 2017, we issued share-based payment awards and had outstanding share-based payment awards under the following plans: (1) the 2008 Non-Employee Director Long-Term Incentive Plan ("2008 Director LTIP"), and (2) the 2012 Employee Long-Term Incentive Plan ("2012 Employee LTIP"). For the year ended March 31, 2019, we also we issued share-based awards and had outstanding shares under the 2017 Non-Employee Director Long-Term Incentive Plan ("2017 Director LTIP")

2008 Director LTIP

On September 15, 2008, our stockholders approved the 2008 Director LTIP that was adopted by the Board on June 25, 2008. Under the 2008 Director LTIP, 500,000 shares had been authorized for grant to non-employee directors. The purpose of the 2008 Director LTIP is to align the economic interests of the directors with the interests of stockholders by including equity as a component of pay and to attract, motivate and retain experienced and knowledgeable directors. Each director receives an annual grant of restricted stock having a grant-date fair value equal to the cash compensation earned by an outside director during our fiscal year ended immediately before the respective annual grant-date. Directors may elect to receive their cash compensation in restricted stock. These restricted shares are prohibited from being sold, transferred, assigned, pledged or otherwise encumbered or disposed of. The shares vest half on the one-year anniversary and half on the second-year anniversary from the date of the grant. Upon shareholder approval of the 2017 Director LTIP, which occurred on September 12, 2017, the 2017 Director LTIP replaced the 2008 Director LTIP, and no new awards were made under the 2008 Director LTIP. However, any outstanding awards previously granted under the 2008 Director LTIP continue in effect.

2012 Employee LTIP

On September 13, 2012, our stockholders approved the 2012 Employee LTIP that was adopted by the Board on July 10, 2012. Under the 2012 Employee LTIP, 1,500,000 shares were authorized for grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, or other share-based awards to *e*Plus employees. The purpose of the 2012 Employee LTIP is to encourage our employees to acquire a proprietary interest in the growth and performance of *e*Plus, thus enhancing the value of *e*Plus for the benefit of its stockholders, and to enhance our ability to attract and retain exceptionally qualified individuals. The 2012 Employee LTIP is administered by the Compensation Committee. Shares issuable under the 2012 Employee LTIP may consist of authorized but unissued shares or shares held in our treasury. Shares under the 2012 Employee LTIP will not be used to compensate our outside directors, who may be compensated under the separate 2008 Director LTIP, as discussed above. Under the 2012 Employee LTIP, the Compensation Committee will determine the time and method of exercise or vesting of the awards.

2017 Director LTIP

On September 12, 2017, our stockholders approved the 2017 Director LTIP that was adopted by the Board on July 24, 2017. Under the 2017 Director LTIP, 150,000 shares were authorized for grant to non-employee directors. The purpose of the 2017 Director LTIP is to align the economic interests of the directors with the interests of stockholders by including equity as a component of pay and to attract, motivate and retain experienced and knowledgeable directors. Each director receives an annual grant of restricted stock having a grant-date fair value equal to the cash compensation earned by an outside director during our fiscal year ended immediately before the respective annual grant-date. Directors may elect to receive their cash compensation in restricted stock. These restricted shares are prohibited from being sold, transferred, assigned, pledged or otherwise encumbered or disposed of. The shares vest half on the one-year anniversary and half on the second-year anniversary from the date of the grant.

Stock Option Activity

During the years ended March 31, 2019, 2018, and 2017, we did not grant any stock options, nor did we have any outstanding stock options.

Restricted Stock Activity

During the year ended March 31, 2019, we granted 8,798 restricted shares under the 2017 Director LTIP and 69,847 restricted shares under the 2012 Employee LTIP.

Cumulatively, as of March 31, 2019, we granted a total of 14,356 restricted shares under the 2017 Director LTIP and 819,423 restricted shares under the 2012 Employee LTIP

A summary of the non-vested restricted shares for year ended March 31, 2019 as follows:

	Number of Shares	Weighted Average Grant-date Fair Value
Nonvested April 1, 2018	282,235	$51.69
Granted	78,645	$94.22
Vested	(133,687)	$49.22
Forfeited	(3,193)	$79.36
Nonvested March 31, 2019	224,000	$67.70

In each of the years ended March 31, 2019, 2018 and 2017, we used the closing stock price on the grant date or, if the grant date falls on a date the stock was not traded, the previous day's closing stock price for the fair value of the award.

The weighted-average grant date fair value of restricted shares granted during the years ended March 31, 2019, 2018, and 2017 was $94.22, $80.24, and $43.15, respectively.

The aggregated fair value of restricted shares that vested during the years ended March 31, 2019, 2018, and 2017 was $6.6 million, $6.0 million, and $6.0 million, respectively.

Upon each vesting period of the restricted stock awards to employees, participants are subject to minimum tax withholding obligations. The 2012 Employee LTIP and the 2017 Director LTIP allow the Company to withhold a sufficient number of shares due to the participant to satisfy their minimum tax withholding obligations. For the year ended March 31, 2019, we withheld 40,092 shares of common stock, at a value of $3.9 million, which was included in treasury stock. For the year ended March 31, 2018, the Company had withheld 57,725 shares of common stock, retroactively adjusted, at a value of $4.4 million, which was included in treasury stock.

Compensation Expense

We recognize compensation cost for awards of restricted stock with graded vesting on a straight-line basis over the requisite service period. We account for forfeitures when they occur. There are no additional conditions for vesting other than service conditions.

During the years ended March 31, 2019, 2018 and 2017, we recognized $7.2 million, $6.5 million and $6.0 million, respectively, of total share-based compensation expense. We recognized tax benefits related to share-based compensation of $2.0 million, $1.9 million, and $2.5 million for the years ended March 31, 2019, 2018, and 2017, respectively, which were included as a reduction to our provision for income taxes. As of March 31, 2019, the total unrecognized compensation expense related to non-vested restricted stock was $9.3 million, which is expected to be recognized over a weighted-average period of 27 months.

We also provide our employees with a contributory 401(k) profit sharing plan. We may make contributions to the plan. These contributions are not required and whether or not we choose to make them is entirely within our discretion. We amended the plan effective February 16, 2017 to have employer contributions be fully vested at all times. For the years ended March 31, 2019, 2018 and 2017, our employer contributions for the plan were approximately $2.4 million, $2.1 million and $1.9 million, respectively.

13. INCOME TAXES

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the ''Tax Act''). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate, and (2) bonus depreciation that will allow for full expensing of qualified property. The Tax Act reduces the U.S. federal corporate tax rate to 21% ad our blended tax rate is based on the applicable tax rates before and after the Tax Act and the number of days in the year. For the years ended March 31, 2017, 2018 and 2019, our blended U.S. corporate federal income tax rate was 40.0%, 31.5% and 21.0%, respectively. Our accounting for the effect of the Tax Act was completed as of March 31, 2018 and recorded a net benefit to tax expense of $1.7 million.

We evaluate uncertain tax positions utilizing a two-step approach. The first step is to evaluate each uncertain tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained in an audit, including resolution of related appeals or litigation processes, if any. For tax positions that are not likely of being sustained upon audit, the second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50 percent likely of being realized upon ultimate settlement.

Our total gross unrecognized tax benefits recorded for uncertain income tax, and interest and penalties thereon, were negligible as of March 31, 2019, and March 31, 2018. We had no additions or reductions to our gross on certain income tax positions during the year ended March 31, 2019. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

We file income tax returns, including returns for our subsidiaries, with federal, state, local, and foreign jurisdictions. Tax years 2016, 2017 and 2018 are subjected to examination by federal and state taxing authorities.

Various state and local income tax returns are also under examination by taxing authorities. We do not believe that the outcome of any examination will have a material impact on our financial statements.

A reconciliation of income taxes computed at the applicable statutory federal income tax rate to the provision for income taxes included in the consolidated statements of operations is as follows (in thousands, except percentages):

	Year Ended March 31,		
	2019	2018	2017
Statutory federal income tax rate	21.0%	31.5%	35.0%
Income tax expense computed at the U.S. statutory federal rate	$18,139	$26,505	$30,134
Effect of federal reduction of statutory rate	—	(1,654)	
State income tax expense—net of federal benefit	4,795	3,842	4,193
Non-deductible executive compensation	630	658	512
Other	(526)	(582)	717
Provision for income taxes	$23,038	$28,769	$35,556
Effective income tax rate	26.7%	34.3%	41.3%

The components of the provision for income taxes are as follows (in thousands):

	Year Ended March 31,		
	2019	2018	2017
Current:			
Federal	$12,709	$23,196	$29,619
State	6,591	5,377	7,001
Foreign	454	240	132
Total current expense	19,754	28,813	36,752
Deferred:			
Federal	3,826	(611)	(622)
State	(249)	154	(432)
Foreign	(293)	413	(142)
Total deferred expense (benefit)	3,284	(44)	(1,196)
Provision for income taxes	$23,038	$28,769	$35,556

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities were as follows (in thousands):

	March 31,	
	2019	2018
Deferred Tax Assets:		
Accrued vacation	$ 2,167	$ 1,596
Deferred revenue	1,260	668
Reserve for credit losses	587	607
Restricted stock	1,455	1,270
Other accruals and reserves	1,430	1,497
Other credits and carryforwards	1,065	1,335
Gross deferred tax assets	7,964	6,973
Less: valuation allowance	(1,065)	(1,335)
Net deferred tax assets	6,899	5,638

	March 31, 2019	March 31, 2018
Deferred Tax Liabilities:		
Basis difference in fixed assets	(2,150)	(1,570)
Basis difference in operating leases	(9,197)	(4,517)
Basis difference in tax deductible goodwill	(467)	(1,213)
Total deferred tax liabilities	(11,814)	(7,300)
Net deferred tax liabilities	$ (4,915)	$(1,662)

The effective income tax rate for the year ended March 31, 2019 was 26.7%, compared to 34.3% of the previous fiscal year.

As of March 31, 2019, we have state capital loss carryforwards of approximately $1.3 million, which have been fully reserved. The valuation allowance resulted from management's determination, based on available evidence, that it was more likely than not that the state capital loss deferred tax asset balance may not be realized. If not realized, the state capital loss carryforwards will generally expire in 5 years.

As of March 31, 2019, we have a foreign net operating loss of approximately $0.2 million related to operations in the UK. No valuation allowance was recognized as a result of management's determination, based on available evidence, that it was more likely than not that foreign net operating loss deferred tax balance will be realized. The foreign net operating loss is not set to expire.

14. FAIR VALUE MEASUREMENTS

We account for the fair values of our assets and liabilities utilizing a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value.

The following tables summarize the fair value hierarchy of our financial instruments as of March 31, 2019 and 2018 (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)
March 31, 2019				
Assets:				
Money market funds	$ 50	$ 50	$—	$ —
Liabilities:				
Contingent consideration	$ 8,942	$ —	$—	$ 8,942
March 31, 2018				
Assets:				
Money market funds	$60,385	$60,385	$—	$ —
Liabilities:				
Contingent consideration	$13,513	$ —	$—	$13,513
March 31, 2017				
Assets:				
Money market funds	$50,866	$50,866	$—	$ —
Liabilities:				
Contingent consideration	$ 554	$ —	$—	$ 554

During the year ended March 31, 2019, we recorded adjustments of $1.6 million in existing contingent consideration commitments that increased the fair value of our liability. During the year ended March 31, 2018, we recorded $12.0 million in initial contingent consideration due to business acquisitions and adjustments of $1.5 million that increased the fair value of our liability for contingent consideration. These adjustments were presented within general and administrative expenses in our consolidated statement of operations.

During the years ended March 31, 2019 and 2018, we paid $6.1 million and $0.6 million, respectively, to satisfy the current obligations of the contingent consideration arrangement.

15. BUSINESS COMBINATIONS

SLAIT Consulting, LLC

On January 18, 2019, our subsidiary, *e*Plus Technology, inc., acquired 100% of the stock of SLAIT Consulting, LLC. SLAIT is an IT consulting and solutions provider with a focus on security advisory and managed services, managed help desk, specialized IT, staffing, and data center solutions. SLAIT is headquartered in Virginia Beach, Virginia and has locations in Richmond, Virginia, and Charlotte, North Carolina. SLAIT provides consultative services in governance, risk management and compliance, bespoke help desk and managed services solutions, and has relationships with fast-growing emerging vendors and related sales and engineering capabilities.

Our preliminary sum of consideration transferred is $50.0 million consisting of $50.7 million paid in cash at closing, less $1.0 million cash acquired, plus a $0.3 million liability from a working capital adjustment. Our preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed is presented below (in thousands):

	Acquisition Date Amount
Accounts receivable	$10,208
Other assets	1,050
Identified intangible assets	18,190
Accounts payable and other current liabilities	(8,669)
Performance obligation	(5,110)
Total identifiable net assets	15,669
Goodwill	34,352
Total purchase consideration	$50,021

As of our filing date the initial accounting for the business combination is incomplete in respect to determining the final consideration transferred and the amount of assets acquired, and liabilities assumed.

The identified intangible assets of $18.2 million consist of customer relationships with an estimated useful life of 10 years. The fair value of acquired receivables equals the gross contractual amounts receivable. We expect to collect all acquired receivables.

We recognized goodwill related to this transaction of $34.4 million, which was assigned to our technology reporting unit. The goodwill recognized in the 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 is expected to be deductible for tax purposes. 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, 2018, is not material.

Integrated Data Storage, LLC

On September 15, 2017, our subsidiary *e*Plus Technology, inc. acquired certain assets and assumed certain liabilities of Integrated Data Storage, LLC (“IDS”) though an asset purchase agreement. Headquartered in Oak Brook, Illinois and with offices in downtown Chicago, Illinois and Indianapolis, Indiana, IDS brought us an advanced data center solutions provider focused on cloud enablement and managed services, including its proprietary IDS Cloud, which features enterprise-class technology infrastructure coupled with consulting services to support private, hybrid, and public cloud deployments. The acquisition expanded *e*Plus’ footprint in the Midwest and enhanced its sales and engineering capabilities in cloud services, disaster recovery and backup as a service, storage, data center, and professional services.

Our sum of total consideration transferred was $38.4 million, consisting of $29.8 million paid in cash at closing, less $1.4 million paid back as a working capital adjustment, plus an additional $10.0 million equal to the acquisition date fair value of consideration that is contingent on the acquired business’ future gross profit. The contingent consideration was calculated using the Monte Carlo simulation model based on our projections of future gross profits. The maximum payout of the contingent consideration is $15.0 million paid over 3 years. Our allocation of the purchase consideration to the assets acquired and liabilities assumed is presented below (in thousands):

	Acquisition Date Amount
Accounts receivable and other assets	$ 14,353
Property and equipment	1,620
Identified intangible assets	13,650
Accounts payable and other current liabilities	(12,313)
Total identifiable net assets	17,310
Goodwill	21,088
Total purchase consideration	$ 38,398

The identified intangible assets of $13.7 million consist of customer relationships with an estimated useful life of 8 years. The fair value of acquired receivables equals the gross contractual amounts receivable. We expect to collect all acquired receivables.

We recognized goodwill related to this transaction of $21.1 million, which was assigned to our technology reporting unit. The goodwill recognized in the 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 is expected to be deductible for tax purposes. 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 year ended March 31, 2018 as though the acquisition date had been April 1, 2017, is not material.

OneCloud Consulting Inc.

On May 17, 2017, our subsidiary *e*Plus Technology, inc., acquired 100% of the stock of OneCloud Consulting, Inc. (‘‘OneCloud’’). Based in Milpitas, California, and with locations in India, OneCloud brought us a versatile team of highly trained technology consultants, architects, developers and instructors. Though OneCloud, we enable our customers’ cloud and application strategy via professional services, technical education and software development. The acquisition provides us with additional ability to address customers’ need for cloud-based solutions and infrastructure, including DevOps, OpenStack, and other emerging technologies.

Our sum of total consideration transferred was $10.0 million consisting of $7.9 million paid in cash at closing, net of cash acquired, and $2.1 million equal to the fair value of contingent consideration, calculated using the Monte Carlo simulation model. The maximum payout of the contingent consideration is $4.5 million paid over 3 years.

Our allocation of the purchase consideration to the assets acquired and liabilities assumed is presented below (in thousands):

	Acquisition Date Amount
Accounts receivable and other assets	$ 488
Identified intangible assets	4,130
Accounts payable and other current liabilities	(1,822)
Total identifiable net assets	2,796
Goodwill	7,189
Total purchase consideration	$ 9,985

The identified intangible assets of $4.1 million consist of customer relationships of $1.7 million with an estimated useful life of 8 years, and internally developed processes of $2.4 million with an estimated useful life of 5 years.

We recognized goodwill related to this transaction of $7.2 million, which was assigned to our technology reporting unit. The goodwill recognized in the 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 is expected to be deductible for tax purposes. 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 year ended March 31, 2018 as though the acquisition date had the acquisition date been April 1, 2017, is not material.

16. SEGMENT REPORTING

The Company's segment information is presented in accordance with a ''management approach,'' which designates the internal reporting used by the chief operating decision-maker (''CODM'') for deciding how to allocate resources and for assessing performance. Our CODM is our Chief Executive Officer and President. Our CODM conducts our operations through two operating segments, our technology segment and our financing segment. Our technology segment includes sales of information technology products, third-party software, third-party maintenance, advanced professional and managed services and our proprietary software to commercial, state and local governments, and government contractors. Our financing segment consists of the financing of IT equipment, software and related services to commercial, state and local governments, and government contractors. Our CODM uses several measures to allocate resources and assess performance. Our reported measure is earnings before taxes.

Our reportable segment information was as follows (in thousands):

	Fiscal Year Ended								
	March 31, 2019			March 31, 2018			March 31, 2017		
	Technology	Financing	Total	Technology	Financing	Total	Technology	Financing	Total
Sales									
Product	$1,180,042	$43,153	$1,223,195	$1,243,270	$46,037	$1,289,307	$1,197,503	$36,841	$1,234,344
Service	149,478	—	149,478	129,495	—	129,495	97,434	—	97,434
Net sales	1,329,520	43,153	1,372,673	1,372,765	46,037	1,418,802	1,294,937	36,841	$1,331,778
Cost of Sales									
Product	945,037	7,427	952,464	1,013,748	9,842	1,023,590	971,648	6,831	978,479
Service	89,821	—	89,821	71,730	—	71,730	53,540	—	53,540
Cost of sales	1,034,858	7,427	1,042,285	1,085,478	9,842	1,095,320	1,025,188	6,831	1,032,019
Gross Profit	294,662	35,726	330,388	287,288	36,195	323,482	269,749	30,010	299,759
Selling, general, and administrative	226,112	10,970	237,082	214,980	13,147	228,127	193,594	11,638	205,232
Depreciation and amortization	11,812	12	11,824	9,918	3	9,921	7,243	9	7,252
Interest and financing costs	—	1,948	1,948	—	1,195	1,195	—	1,543	1,543
Operating expenses	237,924	12,930	250,854	224,898	14,345	239,243	200,837	13,190	214,027
Operating income	56,738	22,796	79,534	62,389	21,850	84,239	68,912	16,820	85,732
Other income (expense)			6,696			(348)			380
Earnings before tax			$ 86,230			$ 83,891			$ 86,112
Net Sales									
Contracts with customers	$1,308,405	$ 3,577	$1,311,982	$1,356,225	$13,732	$1,369,957	$1,261,078	$ 7,355	$1,268,433
Financing and other	21,115	39,576	60,691	16,540	32,305	48,845	33,859	29,486	63,345
Net sales	$1,329,520	$43,153	$1,372,673	$1,372,765	$46,037	$1,418,802	$1,294,937	$36,841	$1,331,778

	Fiscal Year Ended								
	March 31, 2019			March 31, 2018			March 31, 2017		
	Technology	Financing	Total	Technology	Financing	Total	Technology	Financing	Total
<u>Selected Financial Data - Statement of Cash Flow</u>									
Depreciation and amortization	$ 12,661	$ 5,978	$ 18,639	$ 10,461	$ 5,366	$ 15,827	$ 7,365	$ 4,366	$ 11,731
Purchases of property, equipment and operating lease equipment	$ 6,042	$ 5,587	$ 11,629	$ 5,353	$ 2,237	$ 7,590	$ 3,356	$ 6,202	$ 9,558
<u>Selected Financial Data - Balance Sheet</u>									
Total assets	$607,998	$178,200	$786,198	$537,776	$217,695	$755,471	$533,560	$208,160	$741,720

Technology Segment Disaggregation of Revenue

We analyze net sales for our technology segment by customer end market and by vendor, as opposed to discrete product and service categories, which are summarized below (in thousands):

	Fiscal Year Ended March 31,		
	2019	2018	2017
<u>Customer end market:</u>			
Technology	$ 293,362	$ 330,241	$ 302,097
Telecom, Media & Entertainment	175,260	194,292	195,237
Financial Services	202,074	201,712	166,179
SLED	223,330	234,141	266,070
Healthcare	193,754	189,889	143,154
All others	241,740	222,490	220,200
Net sales	1,329,520	1,372,765	1,294,937
Financing and other	(21,115)	(16,540)	(33,859)
Revenue from contracts with customers	$1,308,405	$1,356,225	$1,261,078

	Fiscal Year Ended March 31,		
	2019	2018	2017
<u>Vendor</u>			
Cisco Systems	$ 556,182	$ 582,419	$ 604,111
NetApp	48,858	54,821	69,096
HP Inc. & HPE	74,348	86,675	77,977
Dell / EMC	61,284	54,294	56,124
Arista Networks	57,850	52,521	13,757
Juniper	48,943	44,623	67,924
All others	482,055	497,412	405,948
Net sales	1,329,520	1,372,765	1,294,937
Financing and other	(21,115)	(16,540)	(33,859)
Revenue from contracts with customers	$1,308,405	$1,356,225	$1,261,078

Financing Segment Disaggregation of Revenue

We analyze our revenues within our financing segment based on the nature of the arrangement, and our revenues from contracts with customers consist of proceeds from the sale of off-lease equipment.

The geographic information for the years ended March 31, 2019, 2018 and 2017 was as follows (in thousands):

	Year Ended March 31,		
	2019	2018	2017
Net sales:			
U.S.	$1,284,482	$1,349,254	$1,296,094
Non U.S.	88,191	69,548	35,684
Total	$1,372,673	$1,418,802	$1,331,778

	As of March 31,	
	2019	2018
Long-lived tangible assets:		
U.S.	$32,570	$24,445
Non U.S.	1,156	494
Total	$33,726	$24,939

Our long-lived tangible assets include property and equipment-net, operating leases-net, and equipment that has been returned to us at the termination of the lease.

For the year ended March 31, 2018 and 2017, sales to a large technology company were approximately 12% and 13% of net sales, respectively, all of which related to our technology segment. No single customer accounted for more than 10% of net sales for the year ended March 31, 2019.

17. QUARTERLY DATA—UNAUDITED

Condensed quarterly financial information is as follows (amounts in thousands, except per share amounts):

	Year Ended March 31, 2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Amount
Sales					
Product	$322,817	$309,475	$310,443	$280,460	$1,223,195
Service	33,715	35,568	35,221	44,974	149,478
Total net sales	356,532	345,043	345,664	325,434	1,372,673
Cost of Sales					
Product	255,812	238,134	241,856	216,662	952,464
Service	20,017	21,409	20,895	27,500	89,821
Total cost of sales	275,829	259,543	262,751	244,162	1,042,285
Gross profit	80,703	85,500	82,913	81,272	330,388
Selling, general, and administrative expenses	56,966	57,705	59,728	62,683	237,082
Depreciation and amortization	2,790	2,741	2,719	3,574	11,824
Interest and financing costs	476	484	443	545	1,948
Operating expenses	60,232	60,930	62,890	66,802	250,854
Operating income	20,471	24,570	20,023	14,470	79,534
Other income and (expense)	97	322	721	5,556	6,696
Earnings before provision for income taxes	20,568	24,892	20,744	20,026	86,230
Provision for income taxes	5,295	6,889	5,880	4,974	23,038
Net earnings	$ 15,273	$ 18,003	$ 14,864	$ 15,052	$ 63,192
Net earnings per common share—Basic(1)	$ 1.14	$ 1.33	$ 1.10	$ 1.12	$ 4.70
Net earnings per common share—Diluted(1)	$ 1.12	$ 1.33	$ 1.10	$ 1.12	$ 4.65

(1) Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

	Year Ended March 31, 2018				
	First Quarter	Second Quarter	Third Quarter (as adjusted)	Fourth Quarter	Annual Amount
Sales					
Product	$346,245	$339,710	$310,120	$293,232	$1,289,307
Service	27,111	31,653	34,106	36,625	129,495
Total net sales	373,356	371,363	344,226	329,857	1,418,802
Cost of Sales					
Product	280,755	266,732	247,891	228,212	1,023,590
Service	15,008	17,060	19,647	20,015	71,730
Total cost of sales	295,763	283,792	267,538	248,227	1,095,320
Gross profit	77,593	87,571	76,688	81,630	323,482
Selling, general, and administrative expenses	54,664	56,340	57,134	59,989	228,127
Depreciation and amortization	2,063	2,129	2,894	2,835	9,921
Interest and financing costs	359	274	270	292	1,195
Operating expenses	57,086	58,743	60,298	63,116	239,243
Operating income	20,507	28,828	16,390	18,514	84,239
Other income and (expense)	271	(141)	(131)	(347)	(348)
Earnings before provision for income taxes	20,778	28,687	16,259	18,167	83,891
Provision for income taxes	7,355	11,466	678	9,270	28,769
Net earnings	$ 13,423	$ 17,221	$ 15,581	$ 8,897	$ 55,122
Net earnings per common share—Basic(1)	$ 0.97	$ 1.24	$ 1.12	$ 0.65	$ 4.00
Net earnings per common share—Diluted(1)	$ 0.96	$ 1.23	$ 1.11	$ 0.65	$ 3.95

(1) Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

*e*Plus inc. AND SUBSIDIARIES
Schedule II - Valuation and Qualifying Accounts
(Dollars in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions/ Write-Offs	Balance at End of Period
Allowance for Sales Returns:[1]				
Year Ended March 31, 2017	653	1,530	(1,431)	752
Year Ended March 31, 2018	752	2,579	(2,432)	899
Year Ended March 31, 2019	899	1,305	(1,352)	852
Reserve for Credit Losses:				
Year Ended March 31, 2017	5,193	277	(78)	5,392
Year Ended March 31, 2018	5,392	462	(3,190)	2,664
Year Ended March 31, 2019	2,664	29	(84)	2,609
Valuation for Deferred Taxes:				
Year Ended March 31, 2017	1,270	—	—	1,270
Year Ended March 31, 2018	1,270	65	—	1,335
Year Ended March 31, 2019	1,335	(270)	—	1,065

(1) These amounts represent the gross profit effect of sales returns during the respective years. Expected merchandise returns after year-end for sales made before year-end were $5.3 million, $5.3 million, and $4.6 million as of March 31, 2019, 2018, and 2017, respectively.

Exhibit 4.2

DESCRIPTION OF EPLUS INC.'S CAPITAL STOCK

The following description of the capital stock *e*Plus inc. (the "Company" or "*e*Plus") and provisions of its Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are only summaries. These summaries do not purport to be complete and are subject to and qualified by reference to the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and by the provisions of applicable Delaware law.

General

The Company has an authorized capitalization of 27,000,000 shares of capital stock, consisting of 25,000,000 shares of common stock, par value $0.01 per share, and 2,000,000 shares of undesignated preferred stock, par value $0.01 per share.

Common Stock

Subject to the prior or special rights of holders of shares of preferred stock:

Dividends. The holders of shares of common stock are entitled to any dividends that may be declared by our board of directors out of legally available funds;

Liquidation, Dissolution or Winding Up. In the event of a liquidation, dissolution or winding up of the Company, the holders of shares of common stock are entitled upon liquidation to share ratably in all assets remaining after payment of liabilities and the satisfaction of the liquidation preferences of any outstanding shares of preferred stock;

Redemption. The holders of shares of common stock are not subject to, or entitled to the benefits of, any redemption or sinking fund provision;

Conversion. No holder of common stock has the right to convert or exchange any such shares with or into any other shares of capital stock of the Company;

Preemptive Rights. No holder of common stock has preemptive rights; and

Voting. Each share of common stock entitles the holder thereof to one vote, in person or by proxy, on all matters submitted to a vote of stockholders generally. Voting is non-cumulative. Except as specifically provided in the Delaware General Corporation Law (the "DGCL") or in the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the affirmative vote required for stockholder action shall be that of a majority of the shares present in person or represented by proxy at the meeting (as counted for purposes of determining the existence of a quorum at the meeting). Directors are elected by a plurality of the votes cast in the election. However, the Company's Corporate Governance Guidelines provide that, in an uncontested election (that is, an election where the number of director nominees does not exceed the number of directors to be elected), if any nominee for director does not receive a majority of the votes cast, he or she is expected to tender his or her resignation in writing to the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall evaluate the resignation tendered and shall make a recommendation to the Board whether to accept or reject the resignation, or whether other actions should be taken. The board of directors shall act on each such resignation, taking into account the recommendation of the Nominating and Corporate Governance Committee, within 90 days following the certification of the election results. If a director's resignation is not accepted by the board of directors, then the director who tendered that resignation will continue to serve on the board of directors until the next annual meeting of shareholders and until his or her successor is elected and qualified, or until his or her earlier death, unconditional resignation, or removal. In the event of a contested election, director nominees who receive the most votes for the number of seats up for election will be elected.

Preferred Stock

The preferred stock may be issued from time to time by the board of directors as shares of one or more classes or series. Subject to the provisions of the Amended and Restated Certificate of Incorporation and limitations prescribed by law, the board of directors is expressly authorized to adopt resolutions to issue the shares, to fix the number of shares, to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any class or series of the preferred stock, in each case without any action or vote by the holders of common stock.

The issuance of shares of preferred stock, or the issuance of rights to purchase shares of preferred stock, could be used to discourage an unsolicited acquisition proposal. For instance, the issuance of a series of preferred stock might impede a business combination by including class voting rights that would enable the holders to block such a transaction; or the issuance might facilitate a business combination by including voting rights that would provide a required percentage vote of the stockholders. In addition, under some circumstances, the issuance of preferred stock could adversely affect the voting power of the holders of the common stock. Although the board of directors is required to make any determination to issue preferred stock based on its judgment as to the best interests of the stockholders, the board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some or a majority of the stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then market price of the stock.

The rights of the holders of each series of the preferred stock will be subordinate to the rights of general creditors.

Certain Anti-Takeover Effects of Certain Provisions of the Company's Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and the Delaware General Corporation Law

The provisions of Delaware law and the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws may have the effect of delaying, deferring or discouraging another party from acquiring control of the Company in a coercive manner as described below. These provisions, summarized below, are expected to discourage and prevent coercive takeover practices and inadequate takeover bids. These provisions are designed to encourage persons seeking to acquire control of the Company to first negotiate with the board of directors. They are also intended to provide management with the flexibility to enhance the likelihood of continuity and stability if the board of directors determines that a takeover is not in the Company's best interests or the best interests of the stockholders. These provisions, however, could have the effect of discouraging attempts to acquire the Company, which could deprive stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices. The Company believes that the benefits of these provisions, including increased protection of the Company's potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of the Company. The Company is a Delaware corporation subject to Section 203 of the Delaware General Corporation Law. Under Section 203, certain ''business combinations'' between a Delaware corporation and an ''interested stockholder'' are prohibited for a three-year period following the date that such stockholder became an interested stockholder, unless:

- the business combination or the transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors of the corporation before such stockholder became an interested stockholder;
- upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (a) by directors who are also officers and (b) by employee stock plans in which the employees do not have a confidential right to tender stock held by the plan in a tender or exchange offer; or
- after such stockholder becomes an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized at a meeting, and not by written consent, by two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

The three-year prohibition also does not apply to some business combinations proposed by an interested stockholder following the announcement or notification of an extraordinary transaction involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors.

Under the Delaware General Corporation Law, the term ''business combination'' is defined generally to include mergers or consolidations between the corporation or its majority-owned subsidiary and an interested stockholder, transactions with an interested stockholder involving the assets of the corporation or its majority-owned subsidiaries, and transactions that increase an interested stockholder's percentage ownership of stock. The term ''interested stockholder'' is defined generally as those stockholders who become beneficial owners of 15% or more of the corporation's voting stock, together with the affiliates or associates of that stockholder.

The Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide for

- *Election of Directors and Vacancies.* The Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws contain provisions that establish specific procedures for appointing and removing members of the board of directors. Vacancies and newly created directorships on our board of directors may be filled only by a majority of the directors then serving on the board.
- *Requirements for Advance Notification of Stockholder Nominations and Proposals*. The Amended and Restated Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors.
- *Undesignated Preferred Stock*. The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us.
- *No Cumulative Voting*. The Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws do not provide for cumulative voting in the election of directors. Cumulative voting allows a minority stockholder to vote a portion or all of its shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder will not be able to gain as many seats on the board of directors based on the number of shares of stock the stockholder holds as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on the board of directors to influence the board of director's decision regarding a takeover.

The provisions described above are intended to promote continuity and stability in the composition of the board of directors and in the policies formulated by the board, and to discourage some types of transactions that may involve an actual or threatened change of control. The Company expects these provisions would reduce vulnerability to unsolicited acquisition attempts as well as discourage some tactics that may be used in proxy fights. Such provisions, however, could discourage others from making tender offers for the Company's shares and, as a consequence, may also inhibit increases in the market price of the Company's common stock that could result from actual or rumored takeover attempts. These provisions could also operate to prevent changes in management.

Indemnification of Directors and Officers

Delaware General Corporation Law. Consistent with Section 145(a) of the DGCL, *e*Plus may indemnify and, in certain cases, must indemnify, any person who was or is made a party to any action by reason of the fact that he or she is or was a director, officer, employee or agent of the Company, or is or was serving at the request of *e*Plus as a director, officer, employee or agent of another corporation, (1) in the case of a non-derivative action, against judgments, fines, amounts paid in settlement, and reasonable expenses (including attorneys' fees) incurred by him or her as a result of such action, and (2) in the case of a derivative action, against expenses (including attorneys' fees), if in either type of action he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

This indemnification does not apply, (1) in a derivative action, to matters as to which it is adjudged that the director, officer, employee or agent is liable to *e*Plus, unless upon court order it is determined that, in view of all the circumstances of the case and despite such adjudication of liability, he or she is fairly and reasonably entitled to indemnity for expenses, and (2) in a non-derivative action, to any criminal proceeding in which such person had reasonable cause to believe his or her conduct was unlawful.

Amended and Restated Certificate of Incorporation. The Amended and Restated Certificate of Incorporation provides that a director of *e*Plus shall not be personally liable to *e*Plus or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to *e*Plus or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the DGCL or (4) for any transaction from which the director derived an improper personal benefit. Additionally, the Amended and Restated Certificate of Incorporation provides that *e*Plus will indemnify, in the manner and to the fullest extent permitted by the Delaware General Corporation Law (and in the case of any amendment thereto, to the extent that such amendment permits the Company to provide broader indemnification rights than permitted prior thereto), any person (or the estate of any person) who is or was a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the Company, and whether civil, criminal, administrative, investigative or otherwise, by reason of the fact that such person is or was a director or officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan. The Company may, to the fullest extent permitted by the Delaware General Corporation Law, purchase and maintain insurance on behalf of any such person against any liability which may be asserted against such person. To the fullest extent permitted by the Delaware General Corporation Law, the indemnification provided herein may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement and any such expenses may be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the person seeking indemnification to repay such amounts if it is ultimately determined that he or she is not entitled to be indemnified.

Amended and Restated Bylaws. The Amended and Restated Bylaws generally provide for indemnification, to the fullest extent authorized by the DGCL, of the Company's officers and directors and persons serving at the request of *e*Plus in such capacities for other business organizations against all expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by reason of his or her position with *e*Plus or such other business organizations. In addition, the Amended and Restated Bylaws provide that *e*Plus may provide indemnification to employees and agents of *e*Plus.

Insurance; Indemnification Agreements. The Company maintains directors' and officers' liability insurance which provides for payment, on behalf of the directors and officers of the Company and its subsidiaries, of certain losses of such persons (other than matters uninsurable under law) arising from claims, including claims arising under the Securities Act of 1933, as amended (the ''Securities Act''), for acts or omissions by such persons while acting as directors or officers of the Company and/or its subsidiaries, as the case may be.

The Company has entered into indemnification agreements with its directors and certain of its officers. Generally, such agreements provide that the Company will indemnify the director or officer against any expenses or liabilities incurred in connection with any proceeding in which the director or officer may be involved as a party or otherwise, by reason of the fact that the director or officer is or was a director or officer of the Company or by any reason of any action taken by or omitted to be taken by the director or officer while acting as an officer or director of the Company provided that the director or officer was acting in good faith and in a manner the director or officer reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action, the director or officer had no reasonable cause to believe the director's or officer's conduct was unlawful. However, the Company is not obligated to provide indemnification under the indemnification agreements if: (i) the claim is covered by applicable insurance; (ii) the claim was made to recover profits by the director or officer in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any successor statute, (iii) for any reimbursement of compensation pursuant to any statutory and/or policy regarding clawbacks; or (iv) the claim was initiated by the director or officer. Each director and officer has undertaken to repay the Company for any costs or expenses paid by the Company if it is ultimately determined that the director or officer is not entitled to indemnification under the indemnification agreements.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Computershare Inc.

Exhibit 21

Subsidiaries of ePlus inc.

*e*Plus Group, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus inc.

*e*Plus Technology, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus inc.

*e*Plus Government, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus inc.

*e*Plus Capital, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus inc.

*e*Plus Jamaica, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus Group, inc.

*e*Plus Iceland, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus Group, inc.

IGX Capital UK, Ltd, an England Private Limited Company, a wholly-owned subsidiary of *e*Plus Group, inc.

*e*Plus Technology Services, inc., a Commonwealth of Virginia corporation, a wholly-owned subsidiary of *e*Plus Technology, inc.

IGXGlobal UK, Limited, an England Private Limited Company, a wholly-owned subsidiary of *e*Plus Technology, inc.

*e*Plus Software, LLC, a Commonwealth of Virginia limited liability company, a wholly-owned subsidiary of *e*Plus Technology, inc.

SLAIT Consulting, LLC, a Commonwealth of Virginia limited liability company, a wholly-owned subsidiary of *e*Plus Technology, inc.

*e*Plus Canada Company, registered in Canada, a wholly-owned subsidiary of *e*Plus Capital, inc.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos.333-186879, and 333-220601 on Forms S-8 of our reports dated May 22, 2019, relating to the consolidated financial statements and financial statement schedule of *e*Plus inc. and subsidiaries, and the effectiveness of *e*Plus inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of *e*Plus inc. for the year ended March 31, 2019.

/s/ DELOITTE & TOUCHE LLP

McLean, Virginia

May 22, 2019

Exhibit 31.1

CERTIFICATION

I, Mark P. Marron, certify that:

1. I have reviewed this annual report on Form 10-K of *e*Plus 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:May 22, 2019

/s/ MARK P. MARRON

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

Exhibit 31.2

CERTIFICATION

I, Elaine D. Marion, certify that:

1. I have reviewed this annual report on Form 10-K of *e*Plus 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:May 22, 2019

/s/ ELAINE D. MARION

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

Exhibit 32

CERTIFICATION

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

In connection with the Annual Report of *e*Plus inc. on Form 10-K for the year ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the ''Report''), the undersigned hereby certify, pursuant to 18 U.S.C. 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 *e*Plus inc.

Date:May 22, 2019

/s/ MARK P. MARRON

Mark P. Marron Chief Executive Officer
(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 *e*Plus and will be retained by us and furnished to the Securities and Exchange Commission or its staff upon request.

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Connect with ePlus >>>

Corporate Headquarters
13595 Dulles Technology Drive
Herndon, VA 20171-3413
Nasdaq NGS: PLUS
✆ | 888.482.1122
✉ | info@eplus.com
💻 | www.eplus.com

Transfer Agent:
Shareholder correspondence
should be mailed to
the Transfer Agent at:
Computershare
PO Box 505000
Louisville,KY 40233-5000

Overnight correspondence to the Transfer Agent should be sent to:
Computershare
462 South 4th Street, Suite 1600
Louisville KY 40202

Shareholder Services:
✆ | 877-581-5548

Investor Centre™ portal:
www.computershare.com/investor

More Innovation. More Progress.

Our customers benefit from our deep partnerships with leading technology providers, enabling us to create solutions that connect the dots between IT investments and business outcomes so technology means more, and does more, for them.

Mission. Vision. Values. >>>

Helping customers use technology to successfully navigate business challenges is at the center of everything we do. We bring a broader perspective, a creative approach and an ambition to identify and deliver technology services and solutions that are truly transformative to customer organizations. Our desire to give them more – more knowledge, more expertise, more service, more flexibility, more success – is guided by our collaborative culture, commitment to excellence and shared mission, vision, and values. More. It's what differentiates us.

Mission

To be a leading solutions provider that delivers actionable outcomes for organizations by utilizing information technology (IT) and consulting solutions to drive business agility and innovation.

Vision

To uphold our tradition of excellence, growth, and profitability by continuously improving our operations and solutions, and by investing in our employees. Our growth depends on having the most dedicated, innovative, and forward-thinking people in the business, which will enable us to become our customers' partner of choice for their IT services, solutions and financing needs.

Values

Our corporate values guide our organization to consistently do the right things, especially when they are not the easiest things.

- We make technology mean more. A solution that is "good enough" is not good enough.
- We are accountable. To our clients, to our colleagues, and especially to ourselves.
- We listen. Transformative solutions come from a deeper understanding of our clients' challenges.
- We are responsive. Now is always the right time to take action and make things better.
- We say thank you. We treat our clients and colleagues with respect, good humor, and courtesy. Always.
- We embrace change. Change is constant, and the source of all growth. We adapt to uphold our tradition of excellence.

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Where Technology Means More®

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