



# Investor Presentation

June 2018

# Safe Harbor Statement

All statements, other than statements of historical fact included in this presentation, are forward-looking statements. When used in this presentation, words such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, and similar expressions, as they relate to USA Technologies, Inc. (“USA Technologies”, “USAT”, or “the Company”) or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of USA Technologies’ management, as well as assumptions made by and information currently available to USA Technologies’ management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, business, financial, market and economic conditions; the incurrence of any unanticipated or unusual non-operating expenses which would require diversion of cash resources; the ability of USA Technologies to predict or estimate its future annual revenues, connections, Adjusted EBITDA or transaction volume; the ability of USA Technologies to retain key customers from whom a significant portion of its revenues is derived; the ability of a key customer to reduce or delay purchasing products from USA Technologies; whether suppliers would increase their prices, reduce output or change their terms of sale; whether, and the promptness with which, customers install new connections; whether, and the extent to which, new connections will generate revenues for USA Technologies in future quarters; whether USA Technologies’ customers continue to utilize USA Technologies’ transaction processing and related services, as customer agreements are generally cancelable by the customer on thirty to sixty days’ notice; the ability of USA Technologies to accurately estimate the size of the addressable connections market or potential connections controlled by its existing customer base and predict future market conditions and customer behavior; whether customers will increase their purchases of USA Technologies’ products and services in the future; the ability of the Company’s products and services to avoid unauthorized hacking or credit card fraud; the ability of the Company’s 2015 and 2016 Cashless Knowledge Bases to predict future market conditions, customer and consumer behavior, and average ticket prices and cashless sales across all of USAT’s customer locations; the accuracy and reliability of third party data relating to potential connections in the market; the ability of Apple Pay and Android Pay to drive demand and adoption; the Company’s ability to realize the full benefits and synergies anticipated from the Cantaloupe merger because of integration and other challenges; and the possibility that all of the expected benefits from adoption of cashless payment will not be realized by all vending operators, or will not be realized within the expected time period. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made in this presentation speaks only as of the date of this presentation. Unless required by law, USA Technologies does not undertake to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

Non-GAAP Information: This presentation includes a discussion of Adjusted EBITDA which is a non-GAAP financial measure that USA Technologies believes is useful for an understanding of the Company’s ongoing operations. Non-GAAP financial measures are supplemental to, and not a substitute for, GAAP financial measures such as net income or loss. Details of this item and a reconciliation of non-GAAP financial measures to GAAP financial measures can be found in the Appendix to this presentation and at [www.usatech.com](http://www.usatech.com) under the “Investors” tab.



# Experienced Leadership Team

*USA Technologies is led by an experienced management team with significant domain expertise*



**Stephen Herbert**



**Priyanka Singh**



**Michael Lawlor**



**Maeve Duska**



**George Harrum**



**Tom Jones**



**Anant Agrawal**

<b>Title</b>	Chairman and Chief Executive Officer	Chief Financial Officer	Chief Services Officer	SVP, Marketing	SVP, Operations	EVP, Sales	EVP, Corporate Development
<b>Years of Relevant Experience</b>	31+	15+	25+	15+	30+	25+	15+
<b>Industry Experience</b>							

# Company Overview

**Market-leading, one-stop cashless payment, telemetry and consumer engagement services specifically designed for the self-serve retail market**

## Introduction

- A leading provider of wireless networking, cashless transactions, asset monitoring, and other value-added services, principally to the small ticket, unattended Point of Sale (“POS”) market
- Offers a variety of vending solutions with strong national reputations for quality and reliability including both e-Port Connect and Seed Cloud
- Primarily serves the beverage and food vending industry with expansion opportunities in additional segments including amusement, commercial laundry, and kiosks
- Currently nearly 1 million connections to its service with customers in the US, Canada, Australia, and Mexico



3Q18 Revenue	<b>\$36M</b>
YoY 3Q18 Revenue Growth	<b>35%</b>
LTM 3Q18 Revenue	<b>\$128M</b>
YoY LTM 3Q18 Revenue Growth	<b>40%</b>
Connections 3Q18 <sup>(1)</sup>	<b>969K</b>
YoY 3Q18 Connection growth <sup>(1)</sup>	<b>92%</b>
Customers 3Q18 <sup>(2)</sup>	<b>15,600</b>
Annualized transaction volume 3Q18	<b>\$1.3B</b>
Founded	<b>1992</b>
Headquarters	<b>Malvern, PA</b>
Publicly Traded on NASDAQ Since	<b>2007</b>



(1) Includes 270,000 connections acquired in Cantaloupe acquisition on November 9, 2017.

(2) Includes 1,400 customers acquired in Cantaloupe acquisition on November 9, 2017.

# Investment Highlights

*USA Technologies is well-positioned to capitalize on the favorable trends driving cashless transactions*



## Significant Market Opportunity

Underpenetrated market, both within existing customers as well as the broader market for cashless transactions



## Comprehensive Product Offering

One point of contact through a bundled cashless payment solution



## Attractive Value Proposition for Customers

USAT's solutions allow customers to reduce costs, improve operating efficiencies, and increase purchases at their consumer machines



## Scalable Financial Model with Strong Visibility

~74% of revenue is contractually recurring<sup>(1)</sup>, with great visibility into projected periods



## Market Leader with a Trusted Brand Name

We believe we have the largest installed base of NFC-enabled unattended cashless merchant locations in the United States



## Proven Management Team

Deep domain expertise with extensive knowledge of payments and adjacent verticals



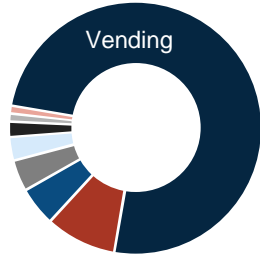
(1) During nine months ended March 31, 2018.

# Self-Serve Retail is Significantly Underserved

Significant market opportunity with favorable trends primarily driven by growth in demand for electronic payments

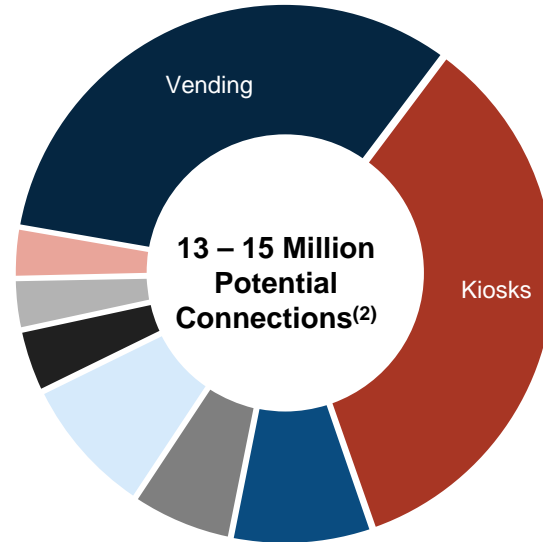
## Current USAT Connections

969,000 Connections<sup>(1)</sup>



Approximately 7% Penetrated

## Total Addressable Connections Market



- Vending
- Kiosks
- Commercial Laundry
- Tolls
- Parking
- Amusement & Arcade
- Automated Carwash
- Office Coffee

## Unattended Point of Sale Market Trends



Shift towards electronic payments and away from cash and checks



Increase in consumer demand for electronic payments



Increase in merchant / operator demand for electronic payments



Increase in demand for integrated payments solutions



Increase in demand for networked assets



POS technology and NFC equipped mobile phone payment improvements



Sources: US Department of Transportation, 2008; IHL Kiosk Study, 2010 (2011 projections) First Research, March 2011, June 2010; Vending Times Census 2012; Smart Card Alliance 2006; Automated Merchandiser State of the Coffee Industry 2009; USA Technologies estimates.

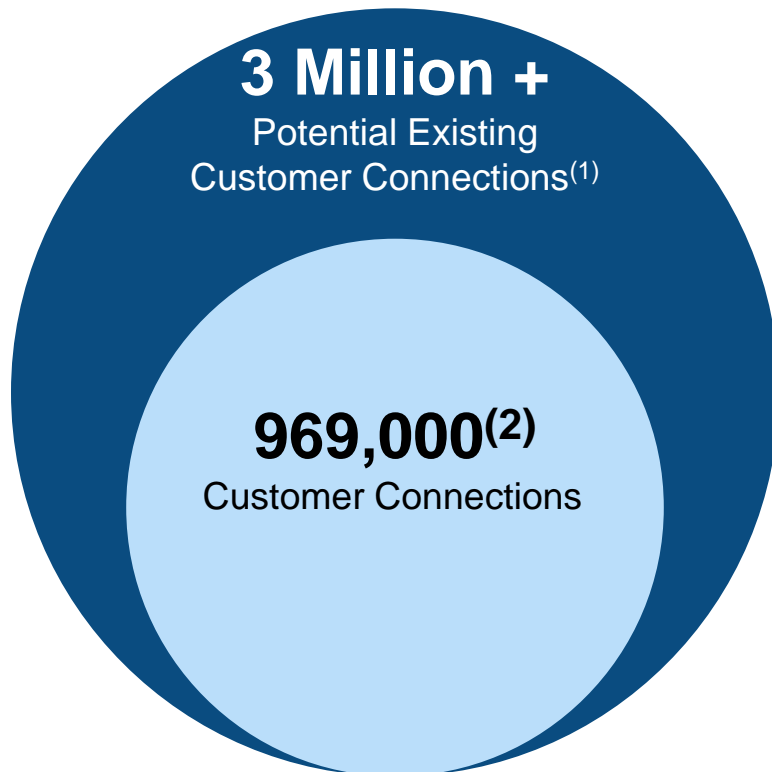
(1) Includes 270,000 connections acquired in Cantaloupe acquisition on November 9, 2017.

(2) Company Estimate.

# Significant Opportunity within Existing Network

## Current USAT Connections

*Significant whitespace opportunity within existing customer base – 2M+ connections*



## Blue-Chip Channel Partners

*USAT partners include market-leading constituents in NFC and cashless payments*

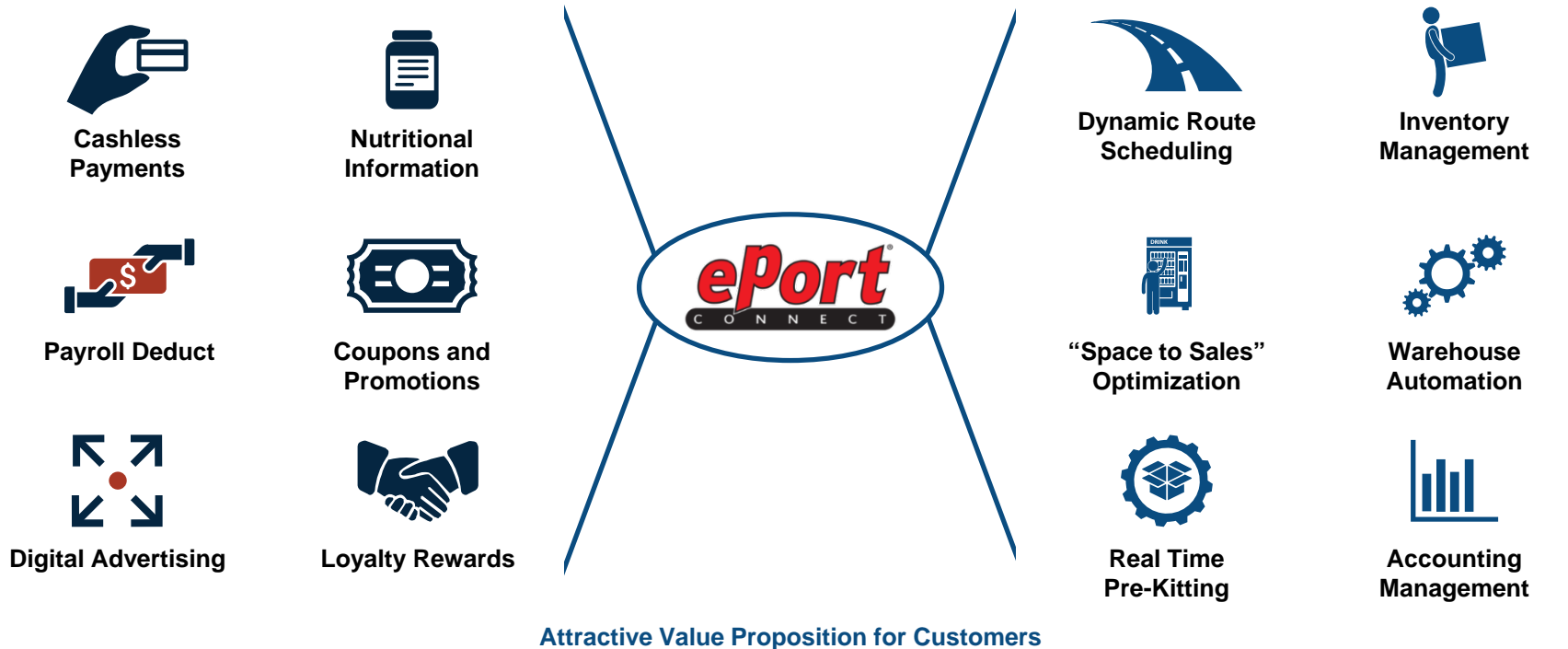


(1) Company estimate, includes new customers acquired from Cantaloupe on November 9, 2017 as well as existing USAT customers .

(2) As of March 31, 2018.

# Comprehensive Product Offerings Driving Significant Value

Turnkey end-to-end enterprise platform for unattended retail

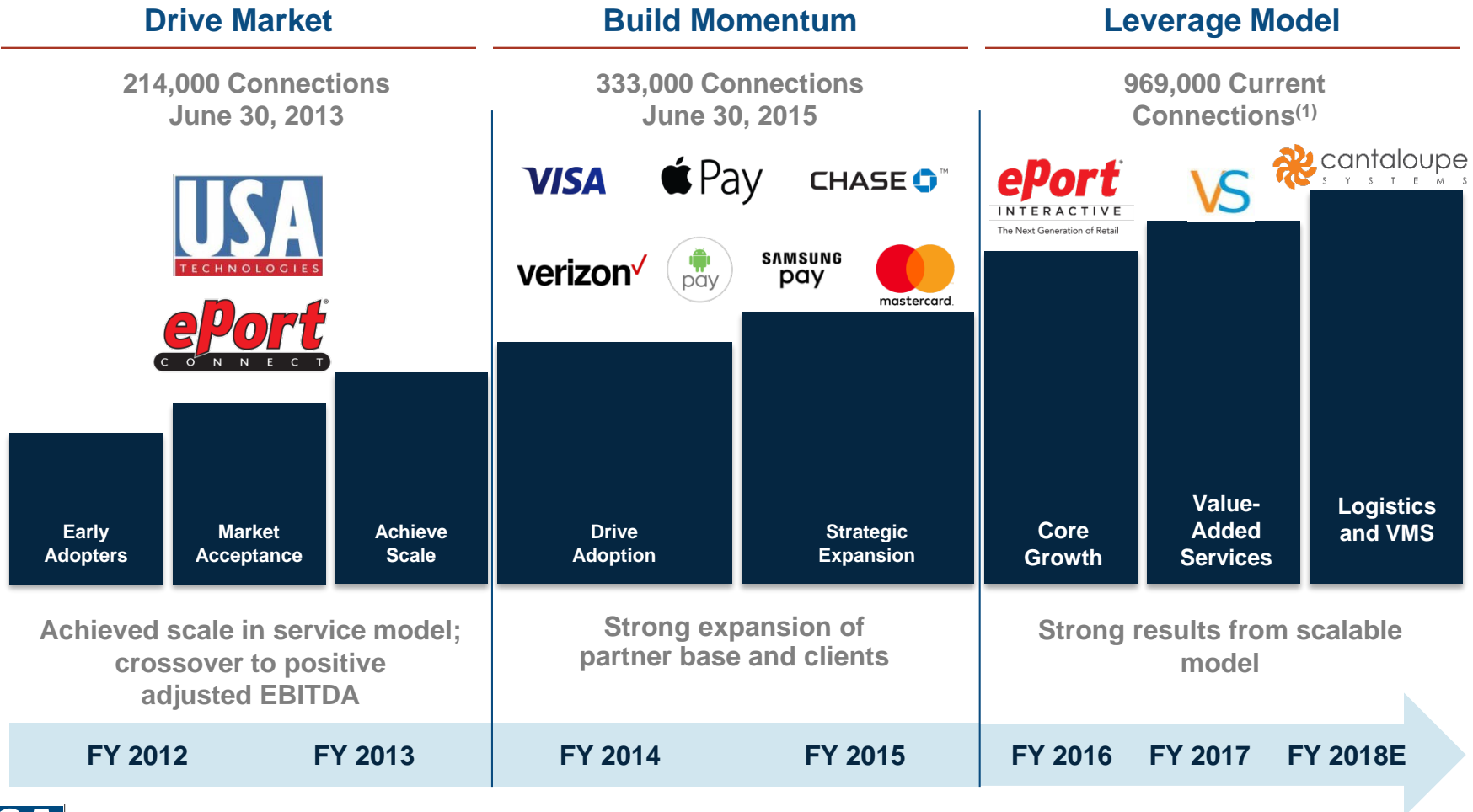


(1) 2016 USAT Knowledge Base report.



# Scalable Financial Model

*Proven track record of growth with multiple avenues for expansion*



Achieved scale in service model; crossover to positive adjusted EBITDA

Strong expansion of partner base and clients

Strong results from scalable model

FY 2012      FY 2013      FY 2014      FY 2015      FY 2016      FY 2017      FY 2018E



(1) Includes 270,000 connections acquired in Cantaloupe acquisition on November 9, 2017.

# Market and Technology Leader

*USAT operates one of the largest footprints in North America that accepts NFC-based mobile payments*

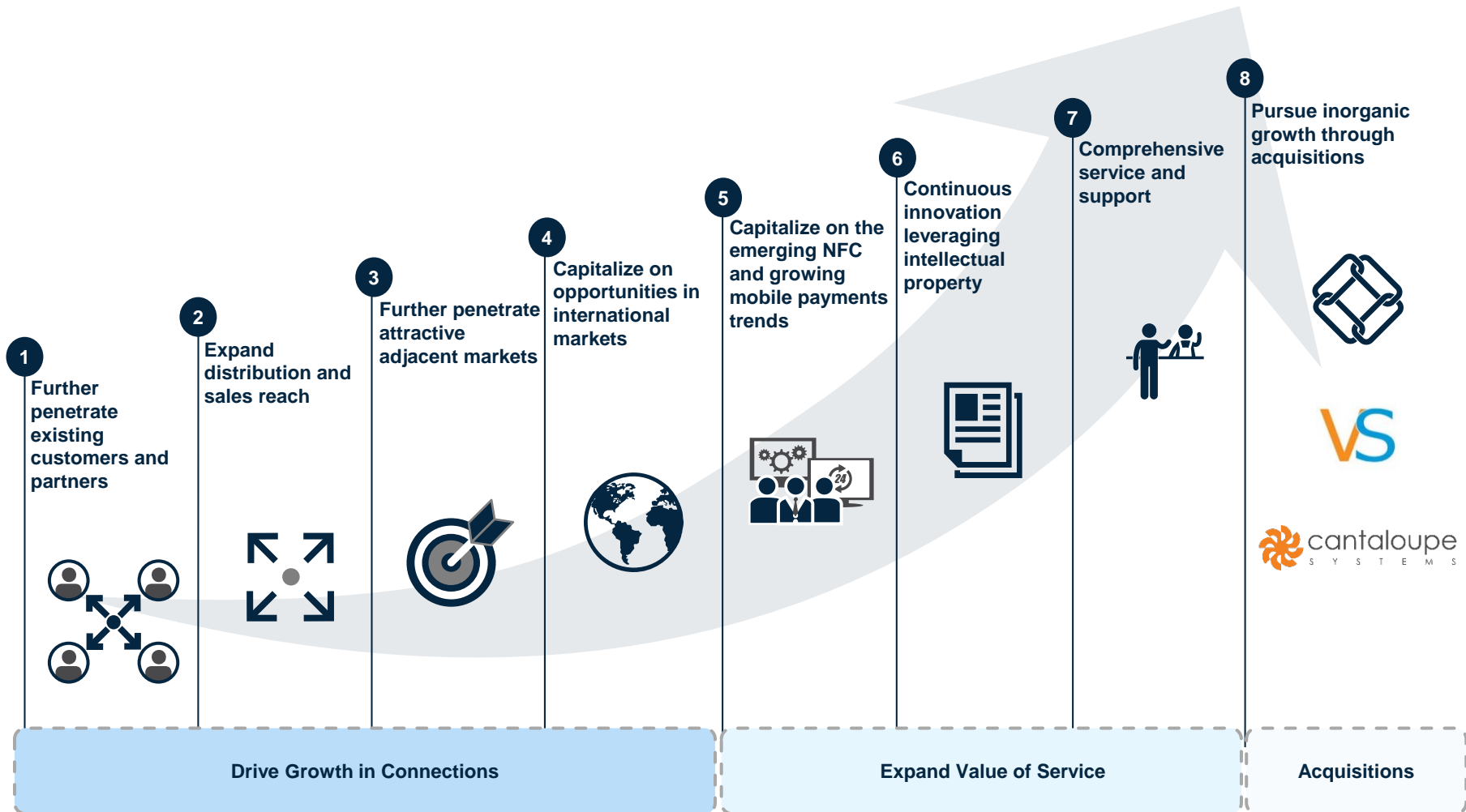
## ePort<sup>®</sup>

- Approximately 622,000<sup>(1)</sup> NFC-enabled merchant locations
- All newly shipped ePort terminals are NFC-enabled
- Google's launch of Android Pay solidifies broader market acceptance of the mobile payments technology
- Apple Pay introduction marks tectonic shift, expected to drive demand and adoption
- Accepted throughout USAT network



# Attractive Growth Opportunities

*USAT is well-positioned to capitalize on both organic and acquisition growth opportunities*



# Acquisition Strategy

*Pursue acquisitions of businesses that are accretive and complementary to current product and service offerings*



**Broaden Product & Service Solutions**



**Expanding Geographic Footprint**



**Broaden Customer Base**

## Acquisition Highlights

### Cantaloupe Systems (2017)

- Provides cloud-based mobile solutions which enhance USAT's offerings, particularly with Cantaloupe's Vendor Management System which can be built into existing USAT ePort products
- Expanded international presence through footprint in Australia and Latin America



Mobile Payments



Vending Management



Route Scheduling



Integrated Delivery

### VendScreen (2016)

- Expands USAT's product line by adding an interactive media, content delivery system (ePort Interactive) and added West Coast operational footprint
- Provides greater efficiencies in operational performance, expanded customer services, and enhanced sales and technical support



Digital Advertising



Nutrition Information



Loyalty Program



Coupons / Offers



# Financial Overview



# Financial Highlights



Strong revenue growth: **~30% revenue CAGR since FY11**

High proportion of recurring revenue: **75% of 3Q FY18 revenue from recurring licensing and processing fees**

Significant whitespace within customer base: **92% of new connections came from existing customers in 3Q FY18**

Driving margin expansion:

- **L&T margins increased from 32.0% in 3Q FY17 to 40.7% in 3Q FY18**
- **Total gross margins increased from 25.0% in 3Q FY17 to 33.3% in 3Q FY18**

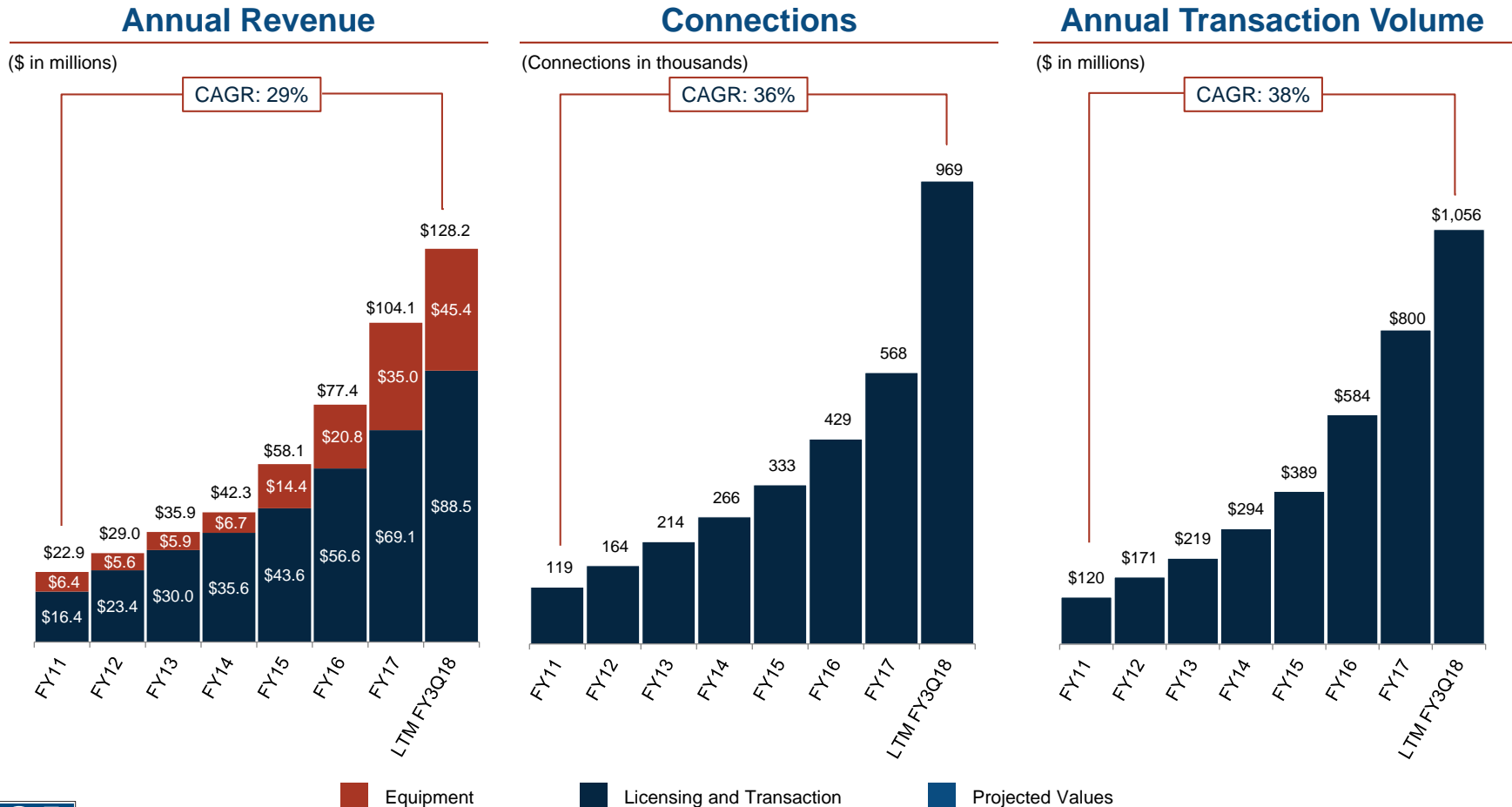
Profitable business model: **3Q FY18 Adjusted EBITDA of \$4.3M representing 130% YoY Growth**



Note: See Appendix for the reconciliation from Net Income (Loss) to Adjusted EBITDA.

# Attractive Growth Profile

USAT has experienced rapid revenue growth, driven by both new customer wins and increased penetration across the Company's existing customer base



Note: Numbers shown are not pro forma for Cantaloupe acquisition.

# Scalable Operating Model

	12 Months Ended 3/31/2018	Long Term Target Range
<b>Gross Margin</b>	<b>28%</b>	<b>30% – 35%<sup>(1)</sup></b>
License and Transactions	36%	40% – 45%
Equipment	9%	6% – 8%
SG&A as a % of Revenue	25%	15% – 20%
<b>Adjusted EBITDA Margins</b>		<b>15% – 18%</b>



Note: See Appendix for the reconciliation from Net Income (Loss) to Adjusted EBITDA.

(1) Dependent on revenue mix between L&T and Equipment Revenue for the applicable period.



# 3Q2018 Financial Results

<i>(\$ in millions)</i>	3Q2018	Increase from 3Q2017
<b>Revenue</b>	\$35.8	35%
<b>Net Income</b>	\$1.2	753%
<b>Adjusted EBITDA</b>	\$4.3	130%
<b>Connections</b>	969K	92%
<b>Transaction Volume</b>	\$318	57%



Note: See Appendix for the reconciliation from Net Income (Loss) to Adjusted EBITDA.

# Why USA Technologies?

**Proven Management Team**



**Significant Market Opportunity**



**Market Leader with Trusted Brand Name**



**Attractive Value Proposition For Customers**



**Scalable Financial Model with Strong Visibility**



**Comprehensive Product Offering**





# Appendix



# Adjusted EBITDA Reconciliation

(\$ in thousands)	Three months ended		Nine months ended	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Net income (loss)	\$ 1,160	\$ 136	\$ (11,569)	\$ (2,095)
Less interest income	(134)	(114)	(465)	(387)
Plus interest expenses	612	188	1,315	601
Plus income tax provision / (Less income tax benefit)	(2,138)	209	6,467	94
Plus depreciation expense	1,581	1,165	4,541	3,642
Plus amortization expense	801	45	1,317	132
EBITDA	1,882	1,629	1,606	1,987
Plus loss on fair value of warrant liabilities	-	-	-	1,490
Plus stock-based compensation	649	233	2,005	678
Plus litigation related professional fees	-	-	-	33
Plus integration and acquisition costs	1,747	-	5,844	109
Adjustments to EBITDA	2,396	233	7,849	2,310
Adjusted EBITDA	\$ 4,278	\$ 1,862	\$ 9,455	\$ 4,297