



USA Technologies Rejects Effort by Hudson Executive Capital to Take Over Board

October 14, 2019

MALVERN, Pa.--([BUSINESS WIRE](#))--USA Technologies, Inc. (OTC: USAT) ("USAT" or the "Company"), a cashless payments and software services company that provides end-to-end technology solutions for the self-service retail market, today issued the following statement in response to a letter issued today by Hudson Executive Capital LP ("Hudson") and Hudson's founder and Managing Partner Douglas L. Braunstein:

Under the banner of "Constructive Engagement," Mr. Braunstein describes Hudson on its website as a firm seeking "to preserve and drive shareholder value in a cooperative manner, formally forgoing the right to conduct hostile proxy fights and public media tactics." This appears to be nothing but a sound-bite used by Mr. Braunstein to attract investors and "CEO partners," and disguise the true nature of his tactics.

USA Technologies' Board of Directors and management team have been engaged in extensive, constructive and good faith discussions with Mr. Braunstein over the past 10 months. As a part of these discussions, and in the interest of reaching a constructive path forward, the Company recently proposed to work with Hudson in the Company's ongoing Board refreshment process, including considering board candidates that Hudson may propose. The offer was rejected by Mr. Braunstein, who demanded instead that majority control of the Board immediately be turned over to him and his nominees. Mr. Braunstein noted that anything short of that would result in an expensive proxy contest and litigation—the latest in a series of ultimatums delivered by him to our Board. Likewise, we have been skeptical of Hudson's track record in "assisting" companies which they have targeted.

The USAT Board and management team have been, and remain committed to, acting in the best interest of the Company. While the Board is open-minded and receptive toward all ideas that would enhance shareholder value, it is important to note that many of the initiatives recommended by Hudson are already well underway at USA Technologies. USAT has substantially strengthened the Company's management team with the addition of three C-suite level executives and the appointment of three new independent directors to the Board. We have significantly enhanced our governance and improved controls and coordination within the Company. The Company is confident that it now has the right people and the right processes in place to provide more effective oversight and control functions, drive operational execution and future growth.

We recently completed our work to become current in our financial reporting and now look forward to communicating with our shareholders about our financial performance and business achievements. Importantly, during this time, USAT did not lose a single customer and in fact delivered customer growth. The foundation of the business is strong and we have recently taken steps to significantly strengthen our balance sheet and working capital position. Our market leading solutions and the value-added benefits they bring to our customers position us well to capitalize on positive industry trends, including the ongoing shift and increasing demand for electronic payment transactions. USAT remains a trusted brand for customers, and our reputation for delivering customized, efficient offerings to customers continues to be our strongest competitive advantage.

USA Technologies' Board comprises ten highly qualified and experienced directors, nine of whom are independent and three of whom were appointed in the last six months. Directors on the USAT Board have a diverse range of skills, experience, perspective and expertise, including in risk, audit and compliance functions, which empowers the Board to provide oversight and guidance relevant to the Company's strategy and business objectives.

At this time, there has been no determination of a date for the Company's next Annual Meeting. Shareholders of USAT are not required to take any action.

About USA Technologies, Inc.

USA Technologies, Inc. is a cashless payments and software services company that provides end-to-end technology solutions for the self-service retail market. With approximately 1.2 million connections, USAT is transforming the unattended retail community by offering one solution for payments processing, logistics, and back-office management solutions. The company's enterprise-wide platform is designed to increase consumer engagement and sales revenue through digital payments, digital advertising and customer loyalty programs, while providing retailers with control and visibility over their operations and their inventory. As a result, customers ranging from vending machine companies, to operators of micro-markets, gas and car charging stations, laundromats, metered parking terminals, kiosks, amusements and more, can run their businesses more proactively, predictably, and competitively.

Forward-looking Statements

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: All statements other than statements of historical fact included in this release are forward-looking statements. When used in this release, words such as "anticipate," "believe," "estimate," "expect," "intend," and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's 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, the risk associated with the currently pending litigation or possible regulatory action arising from the internal investigation and its findings, from allegations related to the registration statement for the follow-on public offering, or from potential litigation or other claims arising from the shareholder demands for derivative actions; the ability of the Company to retain key customers from whom a significant portion of its revenues is derived; the ability of the Company to compete with its competitors to obtain market share; whether the Company's customers continue to utilize the Company's transaction processing, route scheduling, inventory management, and related services, as customer agreements are generally cancelable by the customer on thirty to sixty days' notice; whether the Company's existing or anticipated customers purchase, rent or utilize ePort or Seed devices or the Company's other products or services in the future at levels currently anticipated by the Company; and whether any appeal to the Nasdaq Listing and Hearing Council of the delisting of the Company's securities on Nasdaq will be successful or result in the reinstatement of trading of the Company's securities. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made by us speaks only as of the date of this release. Unless required by law, the Company 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.

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