

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (date of earliest event reported): **August 14, 2020**

USA TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation
or organization)

001-33365

(Commission
File Number)

232679963

(IRS employer
identification number)

**100 Deerfield Lane, Suite 300
Malvern, Pennsylvania**

(Address of principal executive offices)

19355

(Zip code)

Registrant's telephone number, including area code: **610-989-0340**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|----------------------|---|
| None | None | None |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement.

On August 14, 2020, USA Technologies, Inc. (the “Company”) repaid all amounts outstanding under its Existing Credit Agreement (as defined below) and entered into a new credit agreement (the “Credit Agreement”) among the Company, as the borrower, its subsidiaries, as guarantors, and JPMorgan Chase Bank, N.A., as lender and administrative agent.

The Credit Agreement provides for a \$5 million secured revolving credit facility (the “Revolving Facility”) and a \$15 million secured term facility (the “Term Facility”) and together with the Revolving Facility, the “Credit Facility”), which includes an uncommitted expansion feature that allows the Company to increase the total revolving commitments and/or add new tranches of term loans in an aggregate amount not to exceed \$5 million. The proceeds of the Credit Facility may be used to refinance certain existing indebtedness of the Company and its subsidiaries, to finance the working capital needs, and for general corporate purposes (including permitted acquisitions), of the Company and its subsidiaries. The Credit Facility has a three (3) year maturity. Interest on the Credit Facility will be based, at the Company’s option, on a base rate or LIBOR plus an applicable margin tied to the Company’s total leverage ratio and having ranges of between 2.75% and 3.75% for base rate loans and between 3.75% and 4.75% for LIBOR loans; provided that until December 31, 2021 the applicable margin shall be 3.75% for base rate loans and 4.75% for LIBOR loans. In an event of default, the interest rate may be increased by 2.00%. The Credit Facility will also carry a commitment fee of 0.50% per annum on the unused portion.

The Company’s obligations under the Credit Facility are unconditionally guaranteed, jointly and severally, by the Company’s material direct and indirect wholly-owned domestic subsidiaries (the “Guarantors”). All obligations of the Company and the Guarantors under the Credit Facility are secured by first priority security interests in substantially all of the assets of the Company and the Guarantors.

The Credit Agreement includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including, among other things, two financial covenants. One financial covenant requires the Company to maintain, at all times prior to December 31, 2021, an adjusted quick ratio of initially not less than 2.00 to 1.00 and increasing over time to 3.00 to 1.00. The other financial covenant requires the Company to maintain, as of the end of each of its fiscal quarters commencing with the fiscal quarter ended December 31, 2021, a total leverage ratio of not greater than 3.00 to 1.00.

The foregoing description of the Credit Agreement is qualified in its entirety by reference to the full text of such agreement, which will be filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020.

Item 1.02 Termination of a Material Definitive Agreement.

On August 14, 2020, and in connection with the consummation of the Credit Agreement, the Company paid all amounts due in respect of principal, interest, and fees, and satisfied all of its obligations under the credit agreement dated as of October 31, 2019 (the “Existing Credit Agreement”), among the Company, its subsidiaries, as guarantors, Antara Capital Master Fund LP (“Antara”), as lender, and Cortland Capital Market Services LLC, as administrative agent and collateral agent for the lender. Pursuant to such payment, the Existing Credit Agreement, and all commitments of Antara thereunder, were terminated.

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On August 17, 2020, the Company issued a press release announcing the Company's entrance into the Credit Agreement. A copy of the press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and is furnished herewith.

The press release furnished pursuant to Item 7.01 of this Form 8-K (Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities under that Section. Furthermore, the press release shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|--|
| 99.1 | Press release dated August 17, 2020. |

SIGNATURES

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

USA TECHNOLOGIES, INC.

By: /s/ Davina Furnish
Davina Furnish
General Counsel and Secretary

Dated: August 17, 2020

USA Technologies Announces New Credit Facility

MALVERN, Pa. – August 17, 2020 – [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, announced today that it has entered into a new Credit Agreement with JP Morgan Chase Bank, N.A. The Credit Agreement provides for a \$5 million secured revolving credit facility and a \$15 million secured term facility, which includes an uncommitted expansion feature that allows USAT to increase the Credit Facility by up to \$5 million. The new facility replaces its existing debt facility, which it entered into on October 9, 2019.

The Credit Facility has a three-year maturity. Until December 31, 2021, interest on the Credit Facility will be based, at the Company’s option, on a base rate plus 3.75% or on LIBOR plus 4.75%. Thereafter, the applicable margin will be tied to the Company’s total leverage ratio and having ranges of between 2.75% and 3.75% for base rate loans and between 3.75% and 4.75% for LIBOR loans.

The Company will use the net proceeds to repay all outstanding borrowings under its previous revolving credit facility and plans to use remaining proceeds and available cash for working capital needs and general corporate purposes.

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. USAT is transforming the unattended retail community by offering one integrated solution for payments processing, logistics, and back-office management. 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 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

All statements other than statements of historical fact included in this release, including without limitation the business strategy and the plans and objectives of USAT's management for future operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this release, words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would” and variations of these terms and similar expressions, or the negative of these terms or similar expressions, as they relate to USAT or its management, may identify forward-looking statements. Such forward-looking statements are based on the reasonable beliefs of USAT's management, as well as assumptions made by and information currently available to USAT'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 incurrence by USAT of any unanticipated or unusual non-operational expenses which would require us to divert our cash resources from achieving our business plan; the uncertainties associated with COVID-19, including its possible effects on USAT’s operations and the demand for USAT’s products and services; the ability of USAT to retain key customers from whom a significant portion of its revenues is derived; the ability of USAT to compete with its competitors to obtain market share; whether USAT's existing or anticipated customers purchase, rent or utilize ePort or Seed devices or our other products or services in the future at levels currently anticipated by USAT; or other risks discussed in USAT’s filings with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made by us in this release speaks only as of the date of this release. Unless required by law, USAT 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. If USAT updates one or more forward-looking statements, no inference should be drawn that USAT will make additional updates with respect to those or other forward-looking statements.

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