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Veronica Rosa – Vice President-Corporate Communication & Investor Relations
Stephen P. Herbert – Chairman & Chief Executive Officer
David M. DeMedio – Chief Financial Officer

Other Participants

Matthew Joseph McCormack – Analyst, BGB Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to USA Technologies First Quarter Fiscal 2013 Earnings Conference Call. Today's conference is being recorded. At this time, I would like to turn the call over to Veronica Rosa, Vice President of Investor Relations. Please go ahead.

Veronica Rosa, Vice President-Corporate Communication & Investor Relations

Thank you and good morning. Before beginning today's call, I would like to remind our listeners that all statements other than statements of historical fact included in this call are forward-looking statements. 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.

A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our filings with the Securities and Exchange Commission including our most recent Annual Report on Form 10-K for the fiscal year ended June 30, 2012. USA Technologies financial results for the first quarter ended September 30, 2012 will be reported in our Form 10-Q that we intend to file with the SEC by its due date.

Listeners are cautioned not to place undue reliance on any such forward-looking statements which reflect management's view only as of the date they are made. USA Technologies undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

This call will also include the discussion of certain non-GAAP financial measures that we believe are useful for understanding our ongoing operations. These non-GAAP financial measures are supplemental to and not a substitute for GAAP financial measures such as net income or loss. Details of these items and a reconciliation of these non-GAAP financial measures to GAAP can be found in our press release issued this morning and on the Investor Relations page of our website www.usatech.com.

On our call this morning are Steve Herbert, Chairman and CEO of USA Technologies; and Dave DeMedio, Chief Financial Officer. At this time, I'd like to introduce Steve Herbert, Chairman and CEO. Please go ahead, Steve.

Stephen P. Herbert, Chairman & Chief Executive Officer

Thank you, Ronnie, and good morning, everyone. Since reporting the first quarter of our fiscal year, we're going to try keep today's call a bit shorter than the detailed review of the business we provided in our September call that covered fiscal year 2012 as well as an expanded view of our priorities for fiscal 2013.

What I'd like to do this morning is recap some of the major points we set forth in that call including our targets for the year as well as the progress and work underway as we strive to achieve those goals. Dave will then discuss the first quarter financials in greater detail. Of course, we'll both be available for questions at the conclusion of our formal remarks.

To continue our efforts to increase transparency for the first time last quarter, we introduced the number of targets for fiscal 2013 to help investors track our progress. These included the following: new connections of 60,000 for the fiscal year, bringing our ePort Connect service base to 224,000 connections; revenue growth of over 30%, bringing total revenues to approximately $38 million for the year based on a mix of recurring revenues of about 80%; continued strong gross margins in the 40% range, non-GAAP net income for the second fiscal quarter and full year and cash generated from operations of approximately $4 million to $5 million to be used along with cash on hand and our credit line to support USAT's growth.

These targets, I believe, not only speak to the progress we've made in aggressively turning this business around from one year ago, but they highlight a great potential inherent in our business as we continue to penetrate the small ticket unattended retail market, a market that's in the early stages of cashless adoption.

We believe our results for the first quarter reflect solid progress towards these fiscal 2013 targets. At the same time, we also have a great deal of work underway that will, we believe, be critically important to our competitiveness and growth in the longer term. One of our basic challenges, therefore, is really about maintaining the right level of strategic balance.

While we're clearly focused on maintaining our momentum and disciplines towards profitability, we're also working with equal rigor to execute the plans we've articulated regarding our fiscal 2013 growth as well as our vision for our company longer term.

Our first quarter financial results and strategic highlights reflect solid progress on all these fronts, from consistent top-line growth to continued traction in achieving non-GAAP profitability to important progress relative to our longer-term growth platforms.

Revenues of $8.4 million grew by 25% for the first quarter ended September 30, 2012, with a 27% growth in license and transaction fees leading that charge. These recurring revenues now represent 82% of our revenue mix from the first quarter.

From a profitability perspective, quarterly trends continue to demonstrate improvement as the business builds scale. Gross profit, for example, grew an impressive 53% over the same time last year and adjusted EBITDA has climbed from a negative $760,000 at this time last year to over $731,000 this quarter. And I would note, would it cross the $1 million mark this quarter albeit for some trailing proxy costs.

From a profitability standpoint, non-GAAP net income has improved by $1.9 million from a loss of $1.8 million one year ago to a non-GAAP net loss in the first quarter of just under $100,000. As communicated to you on several occasions, one of our major areas of focus for fiscal 2013 is profitability.

As we've continued to drive more connections to our ePort Connect service, over time, we've added the necessary scale to get to profitability, and in the third quarter of our last fiscal year, achieved positive adjusted EBITDA, an indicator that the core operations in the business are no longer burning cash. Now, we're relentlessly focused on achieving another important milestone, profitability.

We enjoyed reporting GAAP net income of $39,000 for the first time ever this quarter. We got here by a way of two non-operational items that netted to a benefit of about $135,000 for the quarter. These types of non-operational adjustments are exactly why we've established a non-GAAP profitability target, which removes the impact of these items for a more accurate view of our sustainable operational progress and achievement. Those non-GAAP reconciliation schedules, by the way, are available to all of you on our website under our new Investor Relations section.

In May, we communicated that we expected to achieve non-GAAP net income for the quarter ending 12/31/2012. We based that expectation primarily on the progress we have made to-date on our turnaround plan as well as the sustainable nature of our recurring revenues, which now represent 82% of our revenue.

We reaffirmed our expectations on our last conference call and based upon progress to date, we believe we're still on track. So, outside of any unexpected or unusual non-operational expenses, we're looking forward to celebrating that important USAT milestone as you report our second quarter numbers in 2013.

In the first quarter, we also continued to advance our work with regard to our growth platforms and long-term vision for the business. While driving the rate of adoption in vending and kiosk remains our most significant opportunity, our leadership position in this industry also requires that we remain at the forefront of change and that we continue to enhance the value of every connection to our ePort Connect service for our customers and for our shareholders.

As a result, we aligned our growth platform around four major areas; accelerating adoption in our core vending space, continued diversification into complementary markets such as kiosks, leveraging our leadership position with major partners to expand distribution, and expanding the breadth and value of ePort Connect service offerings and related ePort product line, particularly as mobile payment continues to evolve the way consumers expect to pay and shop in the future.

We continue to add new connections and new customers to our ePort Connect service in the first quarter. Connections to our ePort Connect service totaled 174,000 as of September 30, 2012, up 35% from 129,000 connections just one year ago. For the first quarter, net new connections to our ePort connection – to our ePort service came in at 10,000, versus that same period last year, connections were comparable.

As we communicated last quarter, we anticipated a sequential dip in first quarter connections as we came off our 6/30 year-end sale cycle. The 10,000 was candidly a bit lower than we would have liked. Kiosk was particularly low in this quarter as our largest customer in that area, AMI Entertainment, was focused on relocating their manufacturing facility earlier in the quarter. So, we anticipate that business picking back up for us, driven further by interesting work we have going on in the kiosk pipeline as fiscal 2013 plays out.

It's difficult to say how much Durbin worries impacted activity in the quarter. I think we all recognize that Durbin has clearly impacted the rate of adoption in the small-ticket environment and the payment industry at large since last year. All the more reason why we were very pleased to renew USA's contract with Visa, a contract that I believe speaks of a strategic relationship we have Visa and their commitment to the opportunities in this market space.

The agreement is effectively a two-year deal. Specifically, it extended our original one-year agreement with Visa until October 31, 2013 with an automatic renewal for an additional year unless either party decides not to renew 60 days prior. This is great news for our investors, customers and for the industry.

New customers also continue to climb in the quarter from 2,275 for Q1 a year ago to 3,725 customers as of September 30, a 64% increase. Since most of these customers are only at the early stages of adoption, we believe these relationships are a valuable foundation for our future growth, both in terms of added connections and delivering additional value to these connections as we develop in those areas in the future. In fact, existing customers contributed to the majority of our new connections in the 9/30 quarter.

As the industry leader in small-ticket unattended cashless payment, we continue to attract the attention of major partners like Visa and Verizon whom we believe value and recognize the enormous blue ocean opportunity in front of us relative to the adoption of cashless and M2M telemetry within the industries we serve.

They understand the tremendous potential for added connectivity, more cashless activity and marketing opportunities with new technology and an entirely new population of consumers. These partners and others as well as our customers are playing a key role in how we innovate and prepare for the future. For example, we anticipate mobile payment on point-of-sale to forms of prepaid, loyalty and couponing programs will be a major catalyst in market adoption of cashless technologies as this market continues to develop.

So, while we continue to pursue core growth in our ePort Connect service base, we also have a number of things going to ensure that USAT and our customers are positioned to benefit in the years ahead.

If you just look at some of the activities during our September quarter, there's clearly evidence of these trends accelerating compared to one year ago. For instance, of our 174,000 connections to the service, approximately 87,000 are NFC-enabled. We believe USAT represents the largest installed base of NFC touch points in our market segment and one of the largest in the payment industry. Partners like Isis recognized that.

During the quarter, we entered into a strategic marketing agreement with Isis, a mobile wallet joint venture comprised of major telecommunication companies, namely Verizon, AT&T and T-Mobile. This agreement helps Isis by leveraging our installed base of NFC capability to build scale for their mobile wallet in two – in their two launch markets, Austin and Salt Lake City. Additionally, it gives USA additional financial and marketing support in those cities as we work to grow our connected base in those designated marketing areas and throughout the United States.

We're also doing some very exciting work in loyalty and electronic couponing that we believe will provide our customers with a whole new way to engage with consumers, not just at the point-of-sale, but before. Something that's very new to this industry.

For example, at CTIA MobileCON in early October, held in San Diego, in the Verizon booth, we demonstrated a mobile application that enables consumers to receive product and brand information, manage and redeem loyalty points for coupons and cash to use at participating unattended and traditional retail locations, search for participating retailers based on where the consumer is in real time and verify that their favorite item is in stock at the machine in their area via their smartphone.

We also demonstrated how consumers could redeem coupons at unattended terminals using their NFC smartphones with digital wallet, credit cards or debit cards or a prepaid account. In terms of commercial launch for these additions to the ePort Connect service, we've been doing a great deal of work in testing with both our customers and partners and the technologies are evolving very fast.

At this point, our next step is preparing for a sizeable commercial field trial that we expect to begin very shortly. So, stay tuned for an update on that in the coming weeks. If all goes well, we expect commercial launch in our third fiscal quarter. Another front of our mobile strategy that really capitalizes on our service infrastructure is the work we have going on as we prepare to launch our ePort Mobile product offering introduced – first introduced to the market in August.

ePort Mobile is another way we plan to leverage our existing service infrastructure to provide cashless payment acceptance services for many businesses that are still collecting cash or invoicing at the point-of-sale. We're preparing for customer demonstrations of this product at a NAMA Trade Event in New Orleans next week.

We've been doing some limited testing, but one of the goals here will be to broaden to a commercial field – a larger commercial field trial involving a larger set of customers and locations. Our focus will be to test our sales, marketing and operational processes. And if all goes well, we'll be on course for our plans for a second half commercial launch.

While services such as mobile-based loyalty programs and pay on the go mobile acceptance services are arguably still evolving and are subject to consumer adoption as well as industry adoption, we also have much going on to accelerate basic industry adoption of cashless technologies.

For example, just this week we announced 11,000 activations to our Two-Tier Pricing Service, just nine months after introducing it. A large contributor to adoption has been our knowledge-based work, supporting the fact that consumers want convenience and will pay to use a credit – and will pay more to use a credit or debit card at point of sale. This type of data and the operator's willingness to utilize Two-Tier is great news.

We also continue to strengthen the value of our ePort Connect service offering in the quarter through our DEX Partner Program. USAT's telemetry capability, which we provide as part of our ePort Connect service, usually DEX or operational data required for route and inventory management systems. Since we've maintained an open or agnostic approach to our service platform, we're able to integrate with these systems, therefore, optimizing overall returns for our customers.

During the quarter, we completed our largest integrated deployment of cashless and telemetry with a DEX partner, VendSys. Many of you might have read that press release. And recently, we completed a similar integration between USAT's telemetry service and another key vending management system player in the industry, which we hope to announce to you very soon. So, I hope that overview gives you a feel for our progress and the direction we're taking with this company.

This turnaround initiated last year is almost complete and as we continue to balance that work with forward-thinking innovation, strong partnerships and a relentless focus on adding connections and adding value to those connections for our customers.

And now, I'm going to turn the call over to Dave DeMedio, our CFO, for a review of financial results.

David M. DeMedio, Chief Financial Officer

Thank you, Steve. Total revenues for the first quarter of fiscal 2013 of $8.4 million grew by 25%, up from $6.7 million for the same period a year ago. 82% of revenues were recurring in nature for the first quarter with license and transaction fees coming in at $6.9 million compared to $5.4 million a year ago, a 27% increase. Compared to the June 2012 quarter, license and transaction fees grew by over $500,000 as the Q3 and Q4 fiscal year 2012 connection began to generate monthly fees and transactions in Q1 of fiscal 2013.

As I mentioned before, it generally takes 30 days to 60 days in some cases for the ePort Connect and/or JumpStart fees to begin to hit top line. License and transaction fees are filled primarily by connections to our ePort Connect service, specifically the monthly service and/or JumpStart fees from those connections and processing dollars that relate to our ePort Connect service platform. As of September 30, total connections to our ePort Connect service stood at 174,000.

Net new connections in the first quarter totaled 10,000, compared to a similar count in the Q1 of fiscal 2012 and versus 16,000 last quarter. As Steve indicated, we had anticipated that Q1 would be down sequentially, but up year-to-year as the sales cycle has typically been the strongest in our business as the fiscal year plays out.

That said, kiosks, specifically connects that come from our ePort SDK, came in less than anticipated for the first quarter. ePorts both Jump Start regular sales, therefore, represented 93% of new connections in the quarter. In contrast, we averaged a ratio of approximately 80% ePort devices, 20% kiosks software in fiscal 2012. And for fiscal 2013 in total, we are working toward a 70%-30% mix.

As Steve indicated, the largest contributor to the kiosk mix in the second half of last year was AMI Entertainment. USAT has a three-year exclusive contract with AMI and they incorporate our ePort SDK into their Megatouch and digital jukeboxes.

Since they relocated their manufacturing facility in our first quarter, new connections from this relationship slowed in Q1. We anticipate an improved contribution from AMI in our second quarter utilizing our ePort SDK and from other new opportunities as our developers begin to work with our new QuickConnect web service for integration to our ePort Connect service. With connections weighted toward our ePort hardware devices in the quarter, JumpStart connections were higher than normal with about 84% of Q1 connections from that program in the first quarter. You will see that cash – you will see the cash impact from that in our cash flow statement under investing activities.

Due to stronger sales of ePort units, equipment sales increased 15% in the first quarter compared to a year ago. Growth in ePort-related revenues were pressured by lower sales of EnergyMiser products, which declined by $200,000 from Q1 in the prior year.

Gross profit and gross profit margin came in at $3.1 million and 37.5%, respectively, for the first quarter with gross profit dollars improving by over $1 million or by 53% from Q1 a year ago. Sequentially, there was a slight decline in gross profit margin. That decline essentially stems from two areas: one, less activation fees, which are a high-margin component of equipment sales; and two, a credit issue to a customer in the quarter, which is a component of license and transaction fees.

Going forward, we continue to be comfortable with the 40% gross margin target due to the various improvements we made over the course of fiscal 2012 to leverage our scale of key partners and suppliers. Operating expenses continued to decline in the first quarter, while supporting an increasingly greater level of revenues. Operating expenses were $3.6 million in the first quarter, declining by over $300,000 compared to the prior quarter or by $630,000 when excluding the $328,000 in remaining proxy-related expenses booked in the September quarter.

As a result, our operating margins are approaching the breakeven mark on a non-GAAP basis, which for the quarter excludes these proxy expenses. GAAP operating margin was minus 5% for the quarter and narrowed to minus 1% on a non-GAAP basis versus a non-GAAP operating margin of minus 27% only a year ago. We reported GAAP net income for the first time ever in the company's history of $39,140, $463,000 of other income related to the adjustment for the fair value of warrant help contribute to us achieving this mark.

But also, the quarter has $328,000 of proxy costs recorded in operating expenses, which negatively impacted earnings. When excluding these two non-operational items, non-GAAP net loss narrowed to just $95,000 for the first quarter, an approximate $500,000 improvement from the non-GAAP net loss for the June 2012 quarter, even as we took an unexpected minor hit to gross profit in the quarter.

So, you can see that we are clearly making progress towards our goal of non-GAAP net income for the 12/31 quarter. As a reminder, these non-GAAP reconciliations can be found in the Investor Relations section of our website www.usatech.com with the other first quarter information. Moving to cash and liquidity, cash generated from operations was $678,000 for the first quarter compared to cash used in operations of $497,000 in Q1 last year.

Stronger operational performance as evidenced by the improvements we posted in adjusted EBITDA and a lower investment in inventory in Q1 were our strongest sources of operating cash compared to the same period last year with the payment of accrued expenses being the largest use of operating cash in the quarter.

During the quarter, we used approximately $2.1 million in the JumpStart Program. From a dollar perspective, this was in line with what we had planned. However, due to the mix of vending versus kiosk mentioned earlier, it was a bit higher percentage than our fiscal 2012 average, which ran about two-thirds of connections utilizing JumpStart.

Again, we are looking to further diversify into the kiosk market, which is not as ePort hardware-intensive as is any industry, in hopes of driving JumpStart as a percent of all connections down to 55% to 60%.

Cash stood at $6.2 million, down just slightly from June 30. The credit balance – credit line balance was $1.3 million as of September 30 and helped in the funding of JumpStart connections in the quarter. As we've stated before, the credit line provides us with a competitively priced source of capital for JumpStart. The program has really led the vending industry's transition to cashless and allowed USAT to achieve the type of milestones that we are reporting of late.

Adjusted EBITDA, the non-GAAP measure we have used to help track operational progress, progress from the cash perspective compared to Q1 fiscal 2012, we have gone from burning cash with an adjusted EBITDA loss of $760,000 to $731,000 in positive adjusted EBITDA in the first quarter, or if we could exclude the proxy cost in this measure to adjusted EBITDA of over $1 million. So, we are very pleased with our progress here.

With 82% of our revenue recurring in nature, we anticipate these kinds of results should not only continue to build, but they are the kind of solid trend that will give us leverage in the business moving forward.

As Steve noted earlier, our expectations for the fiscal 2013 fiscal year call for cash from operations in the $4 million to $5 million range. As a result, from a cash planning perspective, we expect to continue to fund growth this year through a mixture of cash on hand, the credit line and the cash generated by the business. In terms of any guidance for the second quarter regarding connections, we're only providing full-year targets only.

Bu with 7,000 connections in Q2 of last year, it's safe to say that we anticipate a year-over-year increase, and against the 60,000 connections for the full-year we anticipate increasingly stronger performance as many of our growth strategies build momentum with customers.

With that, I'd now like to turn the call back over to Steve.

Stephen P. Herbert, Chairman & Chief Executive Officer

Thank you, David. Before we go to Q&A, I want to thank all of you for dialing in this morning and for your continued interest in USA Technologies. We remain optimistic regarding USAT's future and the expectations for growth and cash generation we've set forth for fiscal 2013. More importantly, we're making a strong headway towards these targets by executing a very balanced strategy that's tuned to where our customers and partners believe are the greatest needs and opportunities in this rapidly-emerging market space.

Our financial turnaround remains on track with non-GAAP profitability expected for our December 31 quarter. We're ensuring that we continue to drive steady increases in connections and customers and to expand our service base. And also, we're laying foundation for service – product and service differentiation and additional value per connection that is fundamental to our long-term vision as a market-leading provider of cashless payment and M2M telemetry solutions for the unattended small-ticket market.

We think our first quarter results showed progress in this balanced approach to our work, and we look forward to updating you on the business again after the second quarter. And with that, we'll be happy to take your questions at this point.

Operator, can you please open the call and provide instructions for our question-and-answer session? Thank you.

QUESTION AND ANSWER SECTION

Operator: Yes. Thank you, sir. [Operator Instruction] Okay, our first question is from [ph] Nastin Hargle (32:33) from Torrey Hills Capital. Sir, you may begin.

<Q>: Hi. Congratulations on a good quarter.

<A – Steve Herbert – USA Technologies, Inc.>: Thanks very much.

<Q>: I'm trying to understand you were referring to 82% recurring sales. Can you give us a little bit more insight what recurring sales entails and whether we can expect that number to stay as high as it is?

<A – Dave DeMedio – USA Technologies, Inc.>: Sir, thank you for your question. This is David. Recurring revenue is the revenue under the line item in our statement of operations, license and transaction fee revenue, that's driven by our service fee and monthly Jump Start fee revenue that we charge per connection. We have 174,000 connect – we've 174,000 connections as of the quarter end. So, provided that, those connections – we continue to add to those connections, that line item should continue to grow in the future and it's recurring in nature. Hopefully, that answers your question. So, it not only should stay at the current level, but it should continue to grow as we add connections.

<Q>: Understood. And also, when you were mentioning kiosk sales, you were mentioning that they require less hardware. Does that mean that they're also more profitable or are they smaller in nature? How do they compare please?

<A – Steve Herbert – USA Technologies, Inc.>: This is Steve Herbert. Yeah. On the kiosk side, in many cases – candidly, in the majority of cases, at the heart of every kiosk is a computer. And what we've done is we've developed software which we call our ePort SDK that you can read about on our website. And essentially, what that is, is it's a software version of an ePort. So, a capital investment is not necessarily required as it relates to connecting to the ePort Connect service, as opposed to say a vending machine where they need a piece of hardware to do that. That was actually our point there.

The second part of your question was about profitability and I would say, in general, without getting too detailed, in general, the profitability of a kiosk connection is somewhat comparable to that of another connection to our service. Okay.

<Q>: Thank you very much and congratulations on a good quarter.

<A – Steve Herbert – USA Technologies, Inc.>: Thank you for your questions.

Operator: Okay. Our next question is from Matt McCormack from BGB Securities. Sir, you may begin.

<Q – Matt McCormack – BGB Securities, Inc.>: Hi. Good morning. To follow up, I guess, on the kiosk question, you did say that they were slightly disappointing because of AMI moving that facility. I guess, what strategy are you going to employ to, I guess, reaccelerate the adoption on the kiosk side and is it solely reliant on AMI?

<A – Steve Herbert – USA Technologies, Inc.>: Well, that – Matt, it's Steve Herbert. Thanks for the question. The AMI is clearly our largest customer in that space, but definitely not our only customer. So, our basic strategy with AMI is to make sure that we get back on track with them as they bring up their new manufacturing facility, which I think they've done. So, there isn't much we can do there in terms of a strategy with AMI, other than be supportive of them as they make their transition from one location to another and we think that should be okay.

With respect to your other question, are you solely reliant upon AMI? Definitely not in the kiosk market, that's a very dynamic market. And in fact, we have a number of very interesting customers that fall into the kiosk space, Starbucks being one of them. So, we have – we definitely have more than one customer and we have lots of prospects. I think we just introduced – we just made an announcement on a very interesting kiosk opportunity with Eaton Industries with electric car charging kiosks. So, that – we see that as a significant growth opportunity for our company outside of vending where we've historically done very well.

<Q – Matt McCormack – BGB Securities, Inc.>: Okay.

<A – Steve Herbert – USA Technologies, Inc.>: I hope that helps.

<Q – Matt McCormack – BGB Securities, Inc.>: And then – that's helpful. And a comment was made that there were – the gross margin suffered slightly because there were less activation fees. Is there something abnormal in this quarter going on there and what – are you – you're shipping more and seeing a delay in the actual activations, I guess, what's the dynamic there?

<A – Dave DeMedio – USA Technologies, Inc.>: Well, Matt, this is Dave. That's coming off of a quarter, the June quarter where we had 16,000 connections. So, 16,000 compared to a net 10,000, we had less activation fees which were high margins, and higher margin helped us achieve slightly over 40% in Q4 of fiscal 2012. We expect as we continue to move forward, activation fees to be more aligned with total connections and growth. So, we expect that number to be back in slightly over 40% range.

<Q – Matt McCormack – BGB Securities, Inc.>: Okay. And then, my last question, I guess, refers or relates to the Isis, I guess, the pilot. Looking at that from the outside, I guess, what milestones should we kind of look for as you roll out that partnership and that [indiscernible] (38:40).

<A – Steve Herbert – USA Technologies, Inc.>: Well, that's a great question. One of the places that you can look for milestones, I think, is to really keep an eye – keep an eye on Isis in the news, plug it into your alerts, and I think what you'll find is they'll have increasing levels of activity as they proceed with what they call their soft launch in Salt Lake City and Austin. I don't know that we will be making very many public statements in that regard. I think most things will come out of them. But net-net, what you would – you would see if you were on the ground in those cities would be a number of thousands of locations of USA ePort customers that have that capability.

<Q – Matt McCormack – BGB Securities, Inc.>: Okay. And just a follow up, so the 60,000 new connections this year, are you expecting a material amount of that coming from that relationship?

<A – Steve Herbert – USA Technologies, Inc.>: I wouldn't say so. It's – they're – we will have a number of thousands of connections to come from that, but I wouldn't call it material in the context of the 60,000.

<Q – Matt McCormack – BGB Securities, Inc.>: Okay. Perfect. Thanks you.

<A – Steve Herbert – USA Technologies, Inc.>: But it is going to be helpful and will provide some terrific learning for us and for our customers regarding the potential of mobile payment.

<Q – Matt McCormack – BGB Securities, Inc.>: Right. Thank you.

<A – Steve Herbert – USA Technologies, Inc.>: Sure.

Operator: [Operator Instruction] Okay, I'm showing no further questions. Ladies and gentlemen, that concludes today's conference. Thank you for joining and you may now disconnect.

Stephen P. Herbert, Chairman & Chief Executive Officer

Thank you, everyone.