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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 June 30, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-33365

USA Technologies, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2679963**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Deerfield Lane, Suite 300, Malvern, Pennsylvania	**19355**
(Address of principal executive offices)	(Zip Code)

(610) 989-0340

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name Of Each Exchange On Which Registered
None	None	None

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 or 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer (Do not check if a smaller reporting company)	☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter, December 31, 2019, was $392,704,066.

As of August 31, 2020, there were 65,226,175 outstanding shares of Common Stock, no par value.

USA TECHNOLOGIES, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, the anticipated financial and operating results of the Company. For this purpose, forward-looking statements are any statements contained herein that are not statements of historical fact and include, but are not limited to, those preceded by or that include the words, "estimate," "could," "should," "would," "likely," "may," "will," "plan," "intend," "believes," "expects," "anticipates," "projected," or similar expressions. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Important factors that could cause the Company's actual results to differ materially from those projected, include, for example:

- general economic, market or business conditions unrelated to our operating performance, including the impact of the coronavirus disease 2019 (COVID-19) pandemic on the Company's operations, financial condition, and the demand for the Company's products and services;
- failure to comply with the financial covenants of our credit agreement with JPMorgan Chase Bank, N.A. entered into on August 14, 2020;
- the ability of the Company to raise funds in the future through sales of securities or debt financing in order to sustain its operations in the normal course of business or if an unexpected or unusual event would occur;
- the ability of the Company to compete with its competitors to obtain market share;
- whether the Company's current or future customers purchase, lease, rent or utilize ePort devices or our other products in the future at levels currently anticipated by our Company;
- whether the Company's customers continue to utilize the Company's transaction processing and related services, as our customer agreements are generally cancelable by the customer on thirty to sixty days' notice;
- the ability of the Company to satisfy its trade obligations included in accounts payable and accrued expenses;
- the ability of the Company to sell to third party lenders all or a portion of our finance receivables, or to do so in a timely manner;
- the ability of a sufficient number of our customers to utilize third party financing companies under our QuickStart program in order to improve our net cash used by operating activities;
- the incurrence by us of any unanticipated or unusual non-operating expenses which would require us to divert our cash resources from achieving our business plan;
- the ability of the Company to predict or estimate its future quarterly or annual revenue and expenses given the developing and unpredictable market for its products;
- the ability of the Company to retain key customers from whom a significant portion of its revenue are derived;
- the ability of a key customer to reduce or delay purchasing products from the Company;
- the ability of the Company to obtain widespread commercial acceptance of its products and service offerings such as ePort QuickConnect, mobile payment and loyalty programs;
- whether any patents issued to the Company will provide the Company with any competitive advantages or adequate protection for its products, or would be challenged, invalidated or circumvented by others;
- the ability of the Company to operate without infringing the intellectual property rights of others;
- the ability of our products and services to avoid unauthorized hacking or credit card fraud;
- whether we are able to fully remediate our material weaknesses in our internal controls over financial reporting as of June 30, 2021 or continue to experience material weaknesses in our internal controls over financial reporting in the future, and are not able to accurately or timely report our financial condition or results of operations;
- whether our suppliers would increase their prices, reduce their output or change their terms of sale;
- whether the listing application for the Company's securities which has been filed by the Company with The Nasdaq Stock Market LLC ("Nasdaq") will be granted in a timely manner; and
- the risks associated with the currently pending litigation or possible regulatory action arising from the internal investigation conducted by the Audit Committee in fiscal year 2019 and its findings (the "2019 Investigation"), from the failure to timely file our periodic reports with the Securities and Exchange Commission, from the restatement of the affected

financial statements, 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 action.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Actual results or business conditions may differ materially from those projected or suggested in forward-looking statements as a result of various factors including, but not limited to, those described above and in Part I, Item 1A, “Risk Factors” of this Form 10-K. We cannot assure you that we have identified all the factors that create uncertainties. Moreover, new risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. Readers should not place undue reliance on forward-looking statements.

Any forward-looking statement made by us in this Form 10-K speaks only as of the date of this Form 10-K. Unless required by law, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Form 10-K or to reflect the occurrence of unanticipated events.

USA TECHNOLOGIES, INC.

PART I

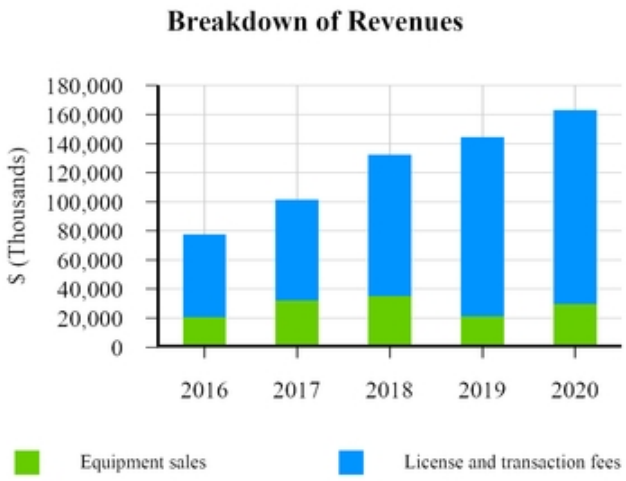
Item 1. Business.

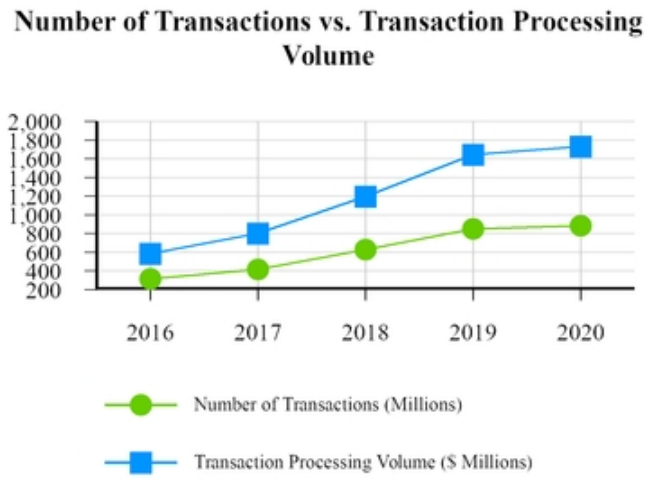
OVERVIEW

USA Technologies, Inc. (the "Company", "We", "USAT", or "Our") was incorporated in the Commonwealth of Pennsylvania in January 1992. We are a provider of technology-enabled integrated solutions that facilitate electronic payments primarily within the unattended point of sale ("POS") market. We are a leading provider in the small ticket beverage and food vending industry in the United States and are expanding our solutions and services in other unattended and self-service market segments, such as amusement, commercial laundry, air/vac, car wash, kiosk and others. Our systems allow distributed assets to accept cashless payments such as through the use of credit cards, debit cards, and mobile payments and support end-to-end logistics with cloud-based software services for advanced analytics, dynamic operational scheduling, automated pre-kitting, proactive malfunction management, responsive merchandising, inventory management, warehouse purchasing and accounting management.

We derive the majority of our revenues from license and transaction fees resulting from transactions on, as well as services provided by, our ePort Connect™ and Seed™ software services. These services include cashless payment, loyalty programs, inventory management, route logistics optimization, warehouse and accounting management, and responsive merchandising. Devices operating on the company's platform and using our services include those resulting from the sale or lease of our POS electronic payment devices, telemetry devices or certified payment software or the servicing of similar third-party installed POS terminals or telemetry devices. The majority of ePort Connect customers pay a monthly fee plus a blended transaction rate on the transaction dollar volume processed by the Company. Transactions on the ePort Connect service, therefore, are the most significant driver of the Company's revenues, particularly revenues from software license and transaction fees.

During the fiscal year ended June 30, 2020, the Company processed approximately 881.1 million cashless transactions totaling approximately $1.7 billion in transaction dollars, representing a 4.0% increase in transaction volume and a 5.0% increase in dollars processed from the 847.2 million cashless transactions totaling approximately $1.6 billion during the fiscal year ended June 30, 2019.





The above charts show the increases over the last five fiscal years in the number of transactions, revenues and the dollar value of transactions handled by us. The vertical bars depict total revenues, segmented by license and transaction and Seed services fees and equipment revenues. The bottom chart depicts the number of transactions on our ePort Connect and Seed services and the dollar value of transactions handled by the Company, as of the end of each of the last five fiscal years. Since 2016, the number of transactions processed annually increased by 31.1%, 51.2%, 35.1%, and 4.0% year-over-year for fiscal years 2017, 2018, 2019, and 2020, respectively. Over the same period, revenues have increased 30.8%, 30.6%, 9.0%, and 12.9%, with a 5-year compound annual growth rate of 16.0%. Our 2020 results were impacted by COVID-19 as discussed later in this section.

Our cashless solutions and services have been designed to simplify the transition to cashless payments for traditionally cash-only based businesses. As such, they are turn-key and include our comprehensive ePort Connect service and POS electronic payment devices or certified payment software, which are able to process traditional magnetic stripe credit and debit cards, contactless credit and debit cards and mobile payments. Standard services through ePort Connect are maintained on our proprietary operating systems and include merchant account setup on behalf of the customer, automatic processing and settlement, sales reporting and 24x7 customer support. Other value-added services that customers can choose from include cashless deployment planning, cashless performance review, loyalty products and services, and vending management solutions. Our solutions also provide flexibility to execute a variety of payment applications on a single system, transaction security, connectivity options, compliance with certification standards, and centralized, accurate, real-time sales and inventory data to manage distributed assets (wireless telemetry and Internet of Things (“IoT”)). Our Seed services complement our cashless services and provide customers with advanced

operational analytics, dynamic route scheduling, automated pre-kitting, proactive equipment malfunction management, responsive merchandising, inventory management, warehouse purchasing, and accounting management.

Our customers range from global food service organizations to small businesses that operate primarily in the self-serve, small ticket retail markets including beverage and food vending, amusement and arcade machines, smartphones via our ePort Online solution, commercial laundry, and various other self-serve kiosk applications as well as equipment developers or manufacturers who incorporate our ePort Connect service into their product offerings.

We believe that we have a history of being a market leader in cashless payments and software-based back office services for the unattended market with a recognized brand name, a value-added proposition for our customers and a reputation of innovation in our products and services. We believe that these attributes position us to capitalize on industry trends.

COVID-19

A novel strain of coronavirus ("COVID-19") was first identified in China in December 2019 and subsequently declared a global pandemic in March 2020 by the World Health Organization. COVID-19 containment measures began in parts of the United States in March 2020 resulting in forced closure of non-essential businesses and social distancing protocols. COVID-19 has impacted our business, significantly reducing foot traffic to distributed assets containing our electronic payment solutions and reducing discretionary spending by consumers. The Company did not observe meaningful reductions in processing volume until mid-March, when average daily processing volume decreased approximately 40%. By mid-April, processing volumes began to recover and have shown a steady improvement by approximately 30% over the mid-March levels. At this time, we have observed geographic disparities in containment measures and are unable to reasonably estimate the length of time that these measures will be in effect in the United States. Furthermore, even after containment measures are lifted there can be no assurance as to the time required to regain operations and sales at levels prior to the pandemic.

In response to the outbreak and business disruption, first and foremost, we have prioritized the health and safety of our employees by implementing work-from-home measures while continuing to serve our customers. Additionally, we have created an internal task force to lead measures to protect the business in light of the volatility and uncertainty caused by the COVID-19 pandemic, including ensuring the safety of our employees and our community by implementing work from home policies, conserving liquidity, evaluating cost saving actions, partnering with customers to position USAT for renewed growth post crisis, and pausing on international expansion. The liquidity conservation and cost savings initiatives include but are not limited to: a 20% salary reduction for the senior leadership team until December 2020; deferral of all cash-based director fees until calendar year 2021; a temporary furlough of about 10% of our employee base; negotiations with and concessions from vendors in regard to cost reductions and/or payment deferrals; an increased collection effort to reduce outstanding accounts receivables; and various supply chain/inventory improvements. Our supply chain network has not been significantly disrupted and we are continuously monitoring it for the impact of COVID-19.

We have agreed to concessions on price and/or payment terms with certain customers who have been negatively impacted by COVID-19 and may negotiate additional concessions on price and/or payment terms. These concessions did not have a material impact on our financial results as of and for the year ended June 30, 2020.

We continue to monitor the rapidly evolving situation and guidance from federal, state and local public health authorities. As such, given the dynamic nature of this situation, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. However, based on current trends and if the pandemic is not substantially contained in the near future, COVID-19 may have a material adverse impact on our revenue growth as well as our overall profitability in fiscal year 2021, and may lead to higher sales-related, inventory-related, and operating reserves. Further, a sustained downturn may also result in a decrease in the fair value of our goodwill or other intangible assets, causing them to exceed their carrying value. This may require us to recognize an impairment to those assets.

Definition of a connection

Management believes that connections provide insight into trends and relationships about the Company's strategy of driving growth. The Company counts a telemeter and/or cashless payment device (for example, an ePort cashless payment device or Seed telemeter) as a connection upon shipment of an activated device to a customer under contract, at which time the device is capable of transmitting cashless payment and other data to USALive, the Company's online reporting platform, or utilizing the Seed management services.

The Company counts a self-service retail location that does not utilize our telemeter and/or cashless payment device as a connection upon (i) receipt of notice from a customer under contract of a location that has been enabled with our API software, and (ii) our

subsequent activation of the location on our platform which enables the location to utilize our payment transaction and logistics management services.

A connection to our device does not necessarily mean that our telemeter or cashless payment device has already been installed by the customer at a location, or has begun accepting and transmitting payment transactions, or has actually begun utilizing management services, or that the Company has begun receiving monthly service fees in connection with the device. Likewise, a non-device connection does not necessarily mean that the location has begun transmitting payment transactions, or has actually begun utilizing the management services, or that the Company has begun receiving monthly service fees. Rather, at the time of shipment of the device or the activation of the non-device location on our platform, the customer becomes obligated to pay the one-time activation fee (if applicable), and is obligated to pay monthly service fees and lease payments (if applicable) in accordance with the terms of the customer's contract with the Company.

A self-service retail location that utilizes an ePort cashless payment device as well as Seed management services constitutes only one connection.

Our customer contracts provide that the customer may deactivate a device or a non-device location, as the case may be, from our platform by prior notice to us (generally thirty to sixty days). We will no longer count an existing connection as a connection following the receipt of instructions from the customer to deactivate the device or non-device location, as the case may be, upon the expiration of the applicable notice period, provided that the notice is in accordance with the terms of the customer contract. A previously installed telemeter or cashless payment system that is no longer being utilized by our customer is considered and reported as an existing connection unless and until the customer provides the appropriate notice under the contract and the applicable notice period has expired.

THE INDUSTRY

We operate primarily in the small ticket electronic payments and vending management industry and, more specifically, the broad unattended POS market. We provide our customers the ability to accept cashless payment "on the go" through mobile-based payment services. Our solutions and services facilitate electronic payments in industries that used to rely on cash transactions, allowing our customers to simplify inventory, warehouse, logistics, and accounting management. We believe the following industry trends are driving growth in demand for electronic payment systems and advanced logistics management in general and more specifically within the markets we serve:

- Shift toward digital payments accelerating as consumers move to adopt contactless payments;
- Increase in consumer demand for non-traditional items in unattended retail;
- Improving POS and mobile payment technology; and
- Increasing demand for business efficiency through modern, cloud-based logistics and inventory management systems.

Shift Toward Digital Payments Accelerating as Consumers Move to Adopt Contactless Payments.

There is an ongoing behavioral shift away from using paper-based methods of payment, including cash and checks, towards that of electronic-based (digital) methods of payment. COVID-19 is accelerating the move to a cashless-preferred economy. In a recent study analyzing 120,000 cashless terminals from January to July 2020, USAT found that cashless payments were accelerating at a rapid pace, with contactless payments driving much of that growth. In January 2020, 53.1% of total sales were made with cashless payments, and by July, 61.7% of total sales were made with cashless payments - with contactless payments growing 51% as a percentage of total cashless payments. In the seven months during this study, USAT has seen contactless payments grow eight times as fast as non-contactless payments, showing that contactless payments are giving consumers a safe, secure and easy way to buy goods and services.

Increase in Consumer Demand for Non-Traditional Items in Unattended Retail.

As Millennials and the first members of Generation Z take a greater share of the workforce and influence in retail, a study released in February 2020 by PYMNTS and USA Technologies found that these younger generations are bringing greater opportunities for retailers to sell non-traditional, higher ticket items such as consumer electronics through unattended channels. According to the Future of Unattended Retail Study, which queried more than 2,300 people across the United States, 35% of Millennials and 29% of Generation Z would be willing to spend more if non-traditional products were offered.

Increase in Merchant/Operator Demand for Electronic Payments.

We believe that, increasingly, merchants and operators of unattended payment locations (e.g., vending machines, laundry, tabletop games, etc.) are utilizing electronic payment alternatives, with an emphasis on contactless transactions due to COVID-19 impacts on how consumers pay, as a means to improve business results. In addition, electronic payment systems can provide merchants and operators real-time sales and inventory data utilized for back-office reporting and forecasting, like the Company's Seed solutions and services, helping them to manage their business more efficiently.

Increase in Demand for Integrated Payment Solutions.

As unattended retailers look to diversify their business and offer more than one business line, an integrated solution becomes critical to operating with full visibility, control and manageable growth across their POS network. According to the 2018 Industry Census conducted by the National Automatic Merchandising Association (NAMA), 62% of owners of unattended retail businesses, were "blended," offering more than one business line.

We believe that merchants have come to value payment solutions that are integrated or bundled with other solutions and software. As described earlier under Overview, our Seed services provide an end-to-end enterprise solution to our customers. We also view our integrated solutions as a significant advantage over the competition.

Increase in Demand for Networked Assets.

IoT technology includes capturing value from wireless modules and electronic devices to improve business productivity and customer service. In addition, networked assets can provide valuable information regarding consumers' purchasing patterns and payment preferences, allowing operators to more effectively tailor their offerings to consumers. Our services connect offline machines and devices and bring intelligence and operating efficiencies to the device and operator through our value-added services.

COVID-19's Impact to Creating More Contactless Experiences in Unattended Retail.

COVID-19 has created increased awareness to consumers around contactless payments to provide easy, safe and secure ways of transacting in both retail and unattended retail. According to a Mastercard consumer study conducted in April 2020, 79% of respondents worldwide say they are now using contactless payments. Mastercard also reported that worldwide, contactless transactions grew twice as fast as non-contactless transactions in the grocery and drug store categories between February and March 2020. Along with the rise of digital payments, we believe that while COVID-19 presents challenges for many industries, it is creating opportunities in unattended retail. With many hospital cafeterias closed and human contact fraught due to the COVID-19 pandemic, healthy vending machine companies are stepping in to fill the void, reported Eater.com. Vending machines are also becoming a destination to provide personal protective equipment products directly to consumers; airports are quickly adopting machines to provide consumers easy and safe access to masks, gloves, hand sanitizer, wipes, etc. We believe that POS terminals that are enabled to accept contactless and mobile payments stand to benefit from these evolving trends in mobile payment. Mobile payments include digital wallet applications, including Apple Pay, Google Pay, Samsung Pay, and others, which are popular alternatives to the traditional credit or debit card, providing alternate security protocols and a safe way for consumers to pay.

OUR TECHNOLOGY-BASED SOLUTION

Our solutions are designed to be turn-key and include the ePort Connect service, which is a cashless payment gateway, the Seed services, which provide customers with remote inventory management, logistics, warehouse and accounting management, and product merchandising solutions. Our POS electronic payment devices contain certified payment software which is able to process traditional magnetic stripe as well as contactless credit and debit cards and NFC-equipped mobile devices to enable mobile payments. We believe that our ability to bundle our products and services, as well as the ability to tailor and customize them to individual customer needs, makes it easy and efficient for our customers to adopt and deploy our technology, and results in a leading service in the small-ticket, unattended retail market today.

The Product. The Company offers customers several different ways to connect and manage their distributed assets. These range from our QuickConnect™ Web service and our Seed Cloud platform, more fully described below under the section "OUR PRODUCTS," and encrypted magnetic stripe card readers to our ePort® hardware that can be attached to the door of a stand-alone terminal.

The Platform. Our ePort Connect service platform is designed to transmit from our customers' terminals payment information for processing and sales and diagnostic data for storage and reporting to our customers through USA Live and/or Seed Cloud, along with third-party software solutions. Also, the platform, through server-based software applications, provides remote management

information, and enables control of the networked device's functionality. Through our platform we have the ability to upload software and update devices remotely enabling us to manage the devices easily and efficiently (e.g., change protocol functionality, provide software upgrades, and change terminal display messages).

The Connectivity Mediums. The client devices (described below) are interconnected for the transfer of our customers' data through our ePort Connect platform that provides wireless-based connectivity. Increased wireless connectivity options, coverage and reliability have allowed us to service a greater number of geographically dispersed customer locations. Additionally, we make it easy for our customers to deploy wireless solutions by acting as a single point of contact. We have contracted with Verizon Wireless and AT&T Mobility in order to supply our customers with wireless network coverage.

Data Security. We are listed on the Visa Global Registry of Service Providers, meaning that we have provided Visa with a Report on Compliance (RoC) issued by a qualified security assessor validating our compliance with the Payment Card Industry Data Security Standard (PCI DSS). Our entry on this registry is required to be renewed annually, and our next renewal date is December 31, 2020.

OUR SERVICES

For the fiscal year ended June 30, 2020, license and transaction fees generated by our ePort Connect and Seed services represented 82% of the Company's revenues, compared to 85% of the Company's revenues for the fiscal year ended June 30, 2019. Our ePort Connect solution provides customers with all of the following services, under one cohesive service umbrella:

- Diverse POS options. We offer our customers the ability to connect to a variety of cashless acceptance devices or software.
- Card Processing Services. Through our existing relationships with card processors and card associations, we provide merchant account and terminal ID set up, pre-negotiated discounted fees on small ticket purchases, and direct electronic funds transfers to our customers' bank accounts for all settled card transactions as well as ensure compliance with processing protocols.
- Customer/Consumer Services. We support our installed base by providing help desk support, repairs, and replacement services. All inbound consumer billing inquiries are handled through a 24-hour help desk, thereby reducing our customers' exposure to consumer billing inquiries and potential chargebacks. Maintenance updates and enhancements to software, settings, and features from our platform are sent over-the-air to our ePort card readers, allowing us to provide remote maintenance services.
- Online Sales Reporting. Via the USALive and Seed Cloud online reporting system, we provide customers with a host of sales and operational data, including information regarding their credit and cash transactions, user configuration, reporting by machine and region, by date range and transaction type, data reports for operations and finance, graphical reporting of sales, and condition monitoring for equipment service, as well as activation of new devices and redeployments.
- Seed Vending Management. The Seed vending management software provides cloud and mobile solutions for advanced operational analytics, dynamic route scheduling, automated pre-kitting, proactive equipment malfunction management, responsive merchandising, inventory management, warehouse purchasing, and accounting management for any unattended retail points of service, including vending machines, micromarkets, and office coffee services.
- Other Services. USAT offers services to support our customers that fully leverages the Company's industry expertise and access to data. These services include our loyalty program, two-tier pricing and special promotions. In addition, planning, project management, deployment, installation support, Seed implementation, marketing and performance evaluation, as well as wireless account activations, distributions, and relationships with wireless providers.

In connection with ePort Connect services, we enter into a Services Agreement with our customers which provides for processing and licensing of the solution. Under its terms, we act as a provider of cashless financial services for the customer's distributed assets, and collect certain of our fees from settled funds, including activation fees, monthly service fees, and transaction processing fees.

In connection with providing Seed vending management solutions, we enter into Subscription Agreements with our customers. Pursuant to the Subscription Agreement and the related Master Service Agreement, the customer typically agrees to a term of five years. For some of these customers we serve as the merchant of record and collect our fees from settled funds.

OUR PRODUCTS

ePort is the Company's integrated payment device, which is currently deployed in self-service, unattended market applications such as vending, amusement and arcade. Our ePort product facilitates cashless payments by capturing payment information and transmitting it to our platform for authorization with the payment system (e.g., credit card processors). Additional capabilities of our ePort consist of control/access management by authorized users, collection of audit information (e.g., date and time of sale and sales amount), diagnostic information of the host equipment, and transmission of this data back to our platform for web-based reporting, or to a compatible remote management system. Our ePort products are available in several distinctive modular hardware configurations, and as hardware, software-as-a-service, offering our customers flexibility to install a POS solution that best fits their needs and consumer demands. We offer hardware lease and rental options through our JumpStart and QuickStart programs.

- ePort G-9 is a two-piece design for traditional magnetic stripe credit/debit cards and contactless cards with features that support enhanced acceptance options, consumer engagement offerings and advanced diagnostics. This device is also used to support Canada's unattended retail market with its functionality to accept Interac Flash (tap).
- ePort G10-S is a 4G LTE cashless payment device that enables faster processing and enhanced functionality for payment and consumer engagement applications. It supports functionality that requires higher speeds and large data loads, operates on the AT&T and Verizon networks, and has built-in NFC support for mobile payments, traditional credit and debit cards, in addition to EMV-contactless options.
- Seed Telemeter is a legacy telemetry device enabling operators to manage machine data across their network to realize the benefit of the Seed Cloud.
- ePort Interactive is a 4G LTE cloud-based interactive media and content delivery management system, enabling delivery of nutritional information, remote refunds, loyalty programs, and multimedia-marketing.

We offer integrated software solutions that leverage payment devices in the field, ePort or third-party, to connect into our platform of advanced data management, analytics, route scheduling, as well as other offerings identified below:

- QuickConnect is a web service that allows a client application to securely interface with the Company's ePort Connect service.
- ePortConnect is a cashless payments gateway that connects devices through network solutions, to USAT's back-end platform for processing payments, transferring data into cloud-based management software, inclusive of Seed Cloud and USALive, along with enabling third-party integrations.
- USALive is a software-as-a-service, that provides an intuitive portal for ePort cashless device customers. Providing them an easy-to-use interface for tracking cashless and cash sales, machine and device level health, along with sales reporting for management of devices.
- Seed Cloud is an enterprise-grade vending management solution which provides cloud and mobile solutions for advanced operational analytics, dynamic route scheduling, automated pre-kitting, proactive equipment malfunction management, responsive merchandising, inventory management, warehouse purchasing, and accounting management that is layered on, and takes advantage of, the data provided by both Seed and ePort devices.

Another form of our ePort technology is ePort Online, which enables customers to use USALive to securely process cards typically held on file for the purpose of online billing and recurring charges. ePort Online helps USAT's customers reduce paper invoicing and collections.

SPECIFIC MARKETS WE SERVE

Our current customers are primarily in the self-serve, small ticket retail markets in North America, including beverage and food vending and kiosk, commercial laundry, car wash, tolls, amusement and gaming, air and vacuum services, and office coffee. We estimate that there are approximately 16 million to 18 million potential connections in this self-serve, small ticket retail market in North America. The 1,320,000 connections to our service as of June 30, 2020 constitute 7% of these potential connections, compared to 1,169,000 connections to our service as of June 30, 2019, which constituted 6% of these potential connections. While these industry sectors represent only a small fraction of our total market potential, as described below, these are the areas where we have gained the most traction to date. In addition to being our current primary markets, we believe these sectors serve as a proof-of-concept for other unattended POS industry applications.

Vending. According to the 2018 Census of the Convenience Services Industry conducted by Technomic for NAMA, the convenience services industry, which consists of vending machines, micro markets, office coffee service (OCS) and pantry services, is estimated to represent a total annual revenue of $26 billion, a 4% increase since 2016. The Census found that while the vending segment of the convenience services industry continued to contract (-3% since 2016), micro markets, OCS and pantry service segments have more than made up for the shortfall. According to the Census, micro markets continued their rapid expansion, with revenues growing 99% over the previous two years, while OCS grew at 7%. The Company believes these machines represent a significant market opportunity for electronic payment conversion when compared to the Company's existing ePort Connect service base and the overall low rate of industry adoption to date. For example, in another study conducted by Automatic Merchandiser (2019 State of the Industry Report) that included a representative 2.1 million machines, cashless adoption was estimated at 59% in 2018. Connected vending machines using telemeters to collect data are now used by 41% of respondents, which is an increase from the last two years, reported Automatic Merchandiser - showing opportunity to remove manual processes with technology solutions. With the continued shift to electronic payments and the advancement in mobile and POS technology, we believe that the traditional beverage and food vending industry will continue to look to cashless payments and telemetry systems to improve their business results.

Kiosk. The kiosk industry posted its third consecutive year of double-digit growth in 2019, according to the 2020 Kiosk Market Census Report which is published annually. Kiosk sales jumped 17.9% in 2019, closely aligning to the growth rates discussed in the previous two years of the report and showing continuous adoption of self-service technology by consumers. Interactive kiosk sales - excluding automated teller, refreshment and amusement vending machines - totaled an estimated $11.9 billion in 2019. We believe that kiosks are becoming increasingly popular as credit, debit or contactless payment options enable kiosks to sell an increased variety of items. In addition, the study points to rising mobile commerce and improved IoT technology as driving growth in self-service markets, similar to the factors discussed in the previous two years of the report. As merchants continue to seek new ways to reach their customers through kiosk applications, we believe the need for a reliable cashless payment provider experienced with machine integration, PCI compliance and cashless payment services designed specifically for the unattended market will be of increasing value in this market. Our existing kiosk customers integrate with our cashless payment services via our QuickConnect Web service using one of our encrypted readers or ePort POS technologies.

Laundry. Our primary opportunities in laundry consist of the coin-operated commercial laundry and multi-housing laundry markets. According to the Coin Laundry Association, the U.S. commercial laundry industry is comprised of about 29,500 coin laundries in the U.S., with an estimated gross annual revenue of nearly $5 billion.

Amusement and Entertainment. Our current customers and primary opportunities in the amusement and entertainment markets are typically classified as "street/route business," which are standalone businesses that are open to the general public and that offer card/coin-operated games such as claw machines, amusement park machines (i.e. body dryers), bowling alleys and bar entertainment (i.e. digital music machines, dart machines, etc.). According to the 2019 IBISWorld Industry Report on Arcade, Food & Entertainment Complexes in the U.S., this industry represents $2.5 billion, including $1.2 billion from card/coin-operated games, with approximately 6,900 businesses within this segment of the amusement and entertainment market. Our existing customers in the amusement and entertainment markets leverage our ePort Connect Platform to enable cashless acceptance, remote machine monitoring, and pulse capability for cashless devices. ePort Connect's pulse capability enables coin/token based unattended retail environments to accept cashless by using pulse voltages to imitate coin and bill payments, and trigger machines to play.

OUR COMPETITIVE STRENGTHS

We believe that we benefit in the marketplace, and with our existing customers, from a number of advantages gained through our over twenty-five years in the industry. They include:

1. *One-Stop Shop, End-to-End Solution.* We believe that our ability to offer our customers one point of contact through a bundled cashless payment and software solution makes it easy and efficient for our customers to adopt and deploy our comprehensive platform and results in a service that is unmatched in the small ticket, self-service retail market today. To our knowledge, other cashless payment and vending management solutions available in the market today require the operator to set up their own accounts for cashless processing (i.e., act as the merchant of record) and manage multiple service providers (i.e., hardware terminal manufacturer, wireless network provider, and/or credit card processor). We interface directly with our card processor and wireless service provider, and, with our hardware solutions, are able to offer a bundled and integrated solution to our customers for whom we serve as the merchant of record.
2. *Trusted Brand Name.* We believe that the ePort has a strong national reputation for quality, reliability, and innovation. Similarly, we believe that the Seed Cloud platform has a strong reputation for providing innovative software solutions that solve every day customer challenges. We believe that card associations, payment processors, and merchants/operators trust our system solutions and services to handle financial transactions in a secure operating environment, along with providing them accurate

data to manage their business efficiently through our software application. Our trusted brand name is exemplified by our high level of customer retention and a number of multi-year agreements with customers for use of our ePort Connect service. We have agreements with partners like First Data, Visa, MasterCard, Chase Paymentech and Verizon Wireless that allow us to provide these solutions to our customers.

3. *Market Leadership.* We believe we have one of the largest installed bases of unattended POS electronic payment systems in the unattended small ticket retail market for food and beverage in the United States and we are continuing to expand to other adjacent markets such as laundry, amusement, gaming, and kiosks. Our installed base supports our sales and marketing initiatives by enhancing our ability to establish or expand our market position. In addition, this data, in combination with our industry experts and analysis, enables us to offer Premium Services to our customers to help them deploy and better leverage our technology in their locations. We believe our installed base also provides multiple opportunities for referrals for new business, either from the merchant or operator of the deployed asset, through one of our several strategic partnerships, or as equipment upgrade and upsell opportunities for new technologies that will occur as part of upcoming industry-wide wireless network upgrades.

4. *Attractive Value Proposition for Our Customers.* We believe that our solutions provide our customers an attractive value proposition. Our solutions and services make possible increased purchases by consumers who in the past were limited to the physical cash on hand while making a purchase at an unattended terminal, thereby increasing the universe of potential customers and the size and value of the purchases of those customers. In addition, we offer value-added offerings and services such as Two-Tier Pricing, which allows the operator to charge different amounts for the same product depending upon whether the consumer chooses to pay by cash or credit/debit. Consumer engagement services further extend the potential for customers to build new revenue opportunities, customer loyalty and brand distinction. One of such services is provided through the ePort interactive platform, our cloud-based interactive media and content delivery management system, which enables delivery of nutritional information, remote refunds, loyalty programs, and multimedia-marketing campaigns for the unattended and self-serve retail markets. Lastly, with our Seed Cloud, we provide the ability for customers to pursue additional opportunities to reduce costs and improve operating efficiencies with tools such as advanced operational analytics, dynamic route scheduling, automated pre-kitting, proactive equipment malfunction management, responsive merchandising, inventory management, warehouse purchasing, and accounting management on a modern, cloud-based SaaS offering.

5. *Increasing Scale and Market Footprint.* The continued growth in connections to the Company's ePort Connect and Seed services provides us brand credibility, improved revenue, and the footprint to market and distribute our products and services more effectively and in more markets than most of our competitors.

6. *Customer-Focused Research and Development.* Our research and development initiatives focus primarily on adding features and functionality to our electronic payment solutions and logistics management platform based on customer input and emerging market trends. As of June 30, 2020, we have 72 patents (US and International) in force, and 4 United States and 6 international patent applications pending. We have generated considerable intellectual property and know-how associated with creating a seamless, end-to-end experience for our customers.

OUR GROWTH OPPORTUNITY

Our primary objective is to continue to enhance our position as a leading provider of technology that enables electronic payment transactions, advanced logistics management, and value-added services primarily at small-ticket, self-service retail locations such as vending, kiosks, commercial laundry, and other similar markets. We plan to execute our growth strategy organically and through strategic acquisitions. Key elements of our strategy are to:

Leverage Existing Customers/Partners. We have a solid base of key customers across multiple markets, particularly in vending, that have currently deployed our solutions and services to a portion of their deployed base. Approximately 80% of our new connections during the fiscal year ended June 30, 2020 and approximately 86% of our new connections during the fiscal year ended June 30, 2019 were from existing customers. We estimate that our current customers represent approximately 3.3 million potential connections. Based on the 1.3 million connections we service as of June 30, 2020, there remain approximately 2.0 million potential connections from our current customers that could be connected to our service. As a result, they are a key component of our plan to drive future sales. We have worked to build these relationships, drive future deployments, and develop customized network interfaces. Our customers have seen the benefits of our products and services first-hand and we believe they currently represent the largest opportunity to scale recurring revenue and connections to our service.

Expand Distribution and Sales Reach. We are intently focused on driving profitable growth through efficient sales channels. Our sales resources and new distribution relationships have led to increased penetration in markets such as amusement and arcade, and commercial laundry.

Further Penetrate Attractive Adjacent Markets. We plan to continue to introduce our turn-key solutions and services to various adjacent markets such as the broad-based kiosk market and other similar markets by leveraging our expertise in cashless payment integration combined with the capacity and uniqueness of our ePort Connect solution.

Capitalize on Opportunities in International Markets. We are currently focused on the U.S. and Canadian markets for our ePort devices and related ePort Connect service but may seek to establish a presence in electronic payment markets outside of the U.S. and Canada. In order to do so, however, we would have to invest in additional sales and marketing and research and development resources targeted towards these regions, and the Company's current focus remains on the U.S. and Canadian markets for the near-term due to resource constraints. At this time, the Company believes the most efficient route to these markets will be achieved by working closely with its global partners to leverage their expertise and experience in navigating those markets.

Capitalize on the emerging contactless, NFC, and growing mobile payments trends. With approximately 93% of our cashless connected base enabled to accept NFC payments (including mobile wallets), the Company believes that continued increases in consumer preferences towards contactless payments, including mobile wallets like Apple Pay and Samsung Pay, represent a significant opportunity for the Company to further drive adoption. Additionally, as of June 30, 2020, the Company has approximately 260 thousand EMV enabled devices and continues to see accelerated adoption. As the variety of payment methods expands and consumer behaviors evolve, the ability to make credit and debit card payments at unattended terminals is highly in demand among consumers, with 70% of U.S., U.K. and Australian respondents in the 2018 TNS Unattended Terminals Survey saying they would prefer unattended vending machines and kiosks to accept both card and cash payments. This same survey found that 57% of adults between the ages of 18 and 34 were willing to make a payment at an unattended terminal with a digital wallet such as Apple Pay, Samsung Pay or Google Pay. Further, 33% of the U.S. respondents said they would be willing to make a payment at an unattended kiosk or vending machine using a wearable device, such as a bracelet, fitness tracker, keyring, etc. As consumers continue to adopt these new methods of cashless payments, it is our belief that adoption will continue to accelerate at a rapid pace and result in more rapid adoption of cashless solutions like the Company’s ePort in the markets that we serve.

Continuous Innovation. We are continuously enhancing our solutions and services in order to satisfy our customers and the end-consumers relying on our products at the POS locations. We are making investments in new products and services, and continously partnering with other players within the ecosystem to drive additional value of combined service offerings to our customers and opportunities. Our product innovation team is always working to enhance our operational and payments platform to drive easier integration and customer implementation as well as establish compatibility with other electronic payment solution providers’ technologies. We believe our continued innovation will lead to further adoption of USAT’s solutions and services in the unattended POS payments market.

Comprehensive Service and Support. In addition to its industry-leading ePort cashless payments system, the Company seeks to provide its customers with a comprehensive, value-added ePort Connect service that is designed to encourage optimal return on investment through business planning and performance optimization; business metrics through the Company’s KnowledgeBase of data; a loyalty and rewards program for consumer engagement; marketing strategy and executional support; sales data and machine alerts; DEX data transmission; and the ability to extend cashless payments capabilities and the full suite of services across multiple aspects of an operator’s business including micro-markets contract food industry, online payments and mobile payments.

Leverage Intellectual Property. Through June 30, 2020, we have 72 U.S. and foreign patents in force that contain various claims, including claims relating to payment processing, networking and energy management devices. In addition, we own numerous trademarks, copyrights, and trade secrets. We will continue to explore ways to leverage this intellectual property in order to add value for our customers, attain an increased share of the market, and generate licensing revenues.

SALES AND MARKETING

The Company’s sales strategy includes both direct sales and channel development, depending on the particular dynamics of each of our markets. Our marketing strategy is diversified and includes demand generation strategies such as paid advertising, search engine optimization, content curation, direct mail, and digital automation; product and partner strategies such as commercialization of new products to market, payment and integration partner webinars, podcasts, joint-studies, and digital advertising; along with marketing events and communications that include media relations, conferences (both virtual and in-person), social media, and client referrals. As of June 30, 2020, the Company was marketing and selling its products primarily through its full and part-time sales and marketing staff consisting of 31 people.

Direct Sales

Our direct sales efforts are currently primarily focused on the convenience services industry in the United States, inclusive of beverage and food vending, although we continue to further develop our presence in other market segments.

Indirect Sales/ Distribution

As part of our strategy to expand our sales reach while optimizing resources, we have agreements with select resellers in the car wash, amusement and arcade, and vending markets. We also have a distribution and white label program with the Wittern Group ("Wittern"), a manufacturer of vending machines, pursuant to which Wittern embeds our Seed cashless hardware, called GreenLite, into its vending machines and sells Seed services to its customers. We have also entered into agreements with resellers and distributors in connection with our energy management products.

Marketing

Our marketing strategy includes advertising and outreach initiatives designed to build brand awareness, position USAT as thought leaders within unattended retail, make clear USAT's competitive strengths, and prove the value of our services to our opportunity markets-both for existing and prospective customers. Activities include creating company and product presence on the web including www.usatech.com and www.energymisers.com, digital advertising, SEO (Search Engine Optimization), and social media; the use of direct mail and email campaigns; educational and instructional online training sessions; content curation through blogs, whitepapers, guides, podcasts, and joint industry studies; advertising in vertically-oriented trade publications; participating in industry tradeshows and events; and working closely with customers and key strategic partners on co-marketing opportunities and new, innovative solutions that drive customer and consumer adoption of our services.

IMPORTANT RELATIONSHIPS

Verizon Wireless

In April 2011, we signed an agreement with Verizon for access to their digital wireless wide area network for the transport of data, including credit card transactions and inventory management data. The initial term of the agreement was three years, which was extended until April 2016. Since the end of the term, the agreement automatically renewed and will continue to automatically renew for successive one month periods unless terminated by either party upon thirty days' notice.

On September 21, 2011, the Company and Verizon entered into a Joint Marketing Addendum (the "Verizon Agreement") which amended the agreement described above. Pursuant to the Verizon Agreement, the Company and Verizon would work together to help identify business opportunities for the Company's products and services. Verizon may introduce the Company to existing or potential Verizon customers that Verizon believes are potential purchasers of the Company's products or services and may attend sales calls with the Company made to these customers. The Company and Verizon would collaborate on marketing and communications materials that would be used by each of them to educate and inform customers regarding their joint marketing work. Verizon has the right to list the Company's products and services in its Data Solutions Guide for use by its sales and marketing employees and in its external website. The Verizon Marketing Agreement is terminable by either party upon 45 days' notice.

VISA

As of July 1, 2017, we entered into a three-year agreement with Visa U.S.A. Inc. ("Visa"), pursuant to which Visa has agreed to continue to make available to the Company certain promotional interchange reimbursement fees for small ticket debit and credit card transactions in the unattended beverage and food vending merchant category code, as well as for small ticket regulated debit card transactions in the other unattended vending and/or retail merchant category codes covered by the agreement. As previously reported, following implementation of the Durbin Amendment, Visa had significantly increased its interchange fees for small ticket regulated debit card transactions effective October 1, 2011. The promotional interchange reimbursement fees provided by the aforementioned agreement will continue until September 30, 2020. The Company is having discussions with Visa on a new agreement.

MasterCard

On January 12, 2015, we entered into a three-year MasterCard Acceptance Agreement ("MasterCard Agreement") with MasterCard International Incorporated ("MasterCard"), pursuant to which MasterCard has agreed to make available to us reduced interchange rates for small ticket debit card transactions in certain merchant category codes. As previously reported, MasterCard had significantly increased its interchange rates for small ticket regulated debit card transactions effective October 1, 2011, and as a result, the Company ceased accepting MasterCard debit card products in mid-November 2011. Pursuant to the MasterCard Agreement, however, the Company is currently accepting MasterCard debit card products for small ticket debit card transactions in the unattended beverage and food vending merchant category code. The Company and MasterCard entered into a first amendment on April 27, 2015, pursuant to which the conditions under, or the transactions to, which the MasterCard custom pricing would be available, was amended. The reduced interchange rates became effective on April 20, 2015. Pursuant to an amendment effective

July 17, 2018, the agreement was extended until March 1, 2019, and will automatically renew for successive one-year terms thereafter, unless either party provides 60 days' advance notice of non-renewal.

Chase Paymentech

We entered into a five-year Third Party Payment Processor Agreement, dated April 24, 2015 with Paymentech, LLC, through its member, JPMorgan Chase Bank, N.A. ("Chase Paymentech"), pursuant to which Chase Paymentech will act as the provider of credit and debit card transaction processing services (including authorization, conveyance and settlement of transactions) to the Company, which acts as the merchant of record. The Agreement provides that Chase Paymentech will act as the exclusive provider of transaction processing services to the Company for at least 250 million transactions per year. The Agreement provides that Chase Paymentech may modify the pricing for its services upon 30-days' notice, and in connection with certain such increases, the Company has the right to terminate the Agreement upon 120-days' notice. Following the expiry of the initial term of the Agreement on April 24, 2020, the Agreement will automatically renew for successive one-year terms unless either party provides 30 days' advance notice of non-renewal.

First Data

In March 2020, we signed an agreement with First Data Merchant Services LLC ("First Data"), and Wells Fargo Bank, N.A., where First Data became the Company's primary provider of credit and debit card transaction processing services (including data capture, authorization, or settlement of transactions) for payment transactions submitted from locations in the United States, and First Data will replace Chase Paymentech as the primary provider of credit and debit card transaction processing services to the Company. Following an initial six month implementation period beginning in March 2020, the agreement will continue for a five year period and automatically renews for consecutive one-year periods thereafter unless the agreement is terminated by First Data or the Company upon at least 90-days' notice prior to the end of the initial five year period or at any time during a one-year renewal term. The Company will pay to First Data the fees and charges set forth in the agreement, including acquiring fees charged by First Data and fees imposed on the payment transactions by the payment organizations and networks and other third parties. The agreement provides that First Data will provide certain incentive or other payments or credits to the Company during the term of the agreement.

Compass/Foodbuy

On June 30, 2009, we entered into a Master Purchase Agreement ("MPA") with Foodbuy, LLC ("Foodbuy"), the procurement company for Compass Group USA, Inc. ("Compass") and other customers. The MPA provides, among other things that, USAT shall be a preferred supplier and provider to Foodbuy and its customers, including Compass, of USAT's products and services. The MPA automatically renews for successive one-year periods unless terminated by either party upon sixty days' notice prior to the end of any such one-year renewal period. In addition, on July 1, 2009, USAT and Compass, in conjunction with the MPA described above, also entered into a three-year ePort Connect Services Agreement pursuant to which USAT will provide Compass with all card processing, data, network, communications and financial services, and DEX telemetry data services required in connection with all Compass vending machines utilizing ePorts. The agreement automatically renews for successive one-year periods unless terminated by either party upon sixty days' notice prior to the end of any such one-year renewal period. During the fiscal years ended June 30, 2020 and June 30, 2019, Compass represented approximately 16% and 17% of our total revenues, respectively. Our Seed Pro software is utilized by vending machines operated by Compass for dynamic scheduling, pre-kitting, asset health management, and merchandising to Compass's customers nationwide.

Global Payments

For many of our customers who receive Seed vending management solutions and Seed cashless services from us, the credit and debit card transaction processing services are provided by Global Payments, Inc. We entered into a three-year agreement with Global Payments on April 6, 2018, pursuant to which Global Payments acts as the provider of credit and debit card transaction processing services (including authorization and conveyance) for transactions on points of sale owned or operated by our customers. Our agreement with Global Payments automatically renews for successive one-year periods unless either party provides 60 days' notice of non-renewal to the other party.

AT&T

In August 2017, we signed an agreement with AT&T for access to their LTE machine to machine wireless wide area network for the transport of data, including credit card transactions and inventory management data. The initial term of the agreement is five years. The agreement will automatically renew for successive one year periods unless terminated by either party upon thirty days' notice.

MANUFACTURING

The Company utilizes independent third-party companies for the manufacturing of its products. Our internal manufacturing process mainly consists of quality assurance of materials and testing of finished goods received from our contract manufacturers. We have not entered into a long-term contract with our contract manufacturers, nor have we agreed to commit to purchase certain quantities of materials or finished goods from our manufacturers beyond those submitted under routine purchase orders, typically covering short-term forecasts.

COMPETITION

Our competitors are increasingly and actively marketing products and services that compete with our products and services in the vending industry, including manufacturers who may include in their new vending machines their own (or another third party's) cashless payment systems and services. In addition to these competitors, there are also numerous credit card processors that offer card processing services to traditional retail establishments that could decide to offer similar services to the industries that we serve.

In the cashless laundry market, our joint solution with Setomatic Systems competes with hardware manufacturers, who provide joint solutions to their customers in partnership with payment processors, and with at least one competitor who provides an integrated hardware and payment processing solution.

TRADEMARKS, PROPRIETARY INFORMATION, AND PATENTS

The Company owns US federal registrations for the following trademarks and service marks: Because Machines Can't Cry For Help®, Blue Light Sequence®, Business Express®, Buzzbox®, Cantaloupe circle logo (design only), Cantaloupe Systems®, Cantaloupe Systems & design (Cantaloupe circle logo), Compuvend®, CM2iQ®, Creating Value Through Innovation®, EnergyMiser®, ePort®, ePort Connect®, ePort Edge®, ePort GO®, ePort Mobile®, eSuds®, Intelligent Vending®, SnackMiser®, Openvdi®, Routemaster®, Seed®, Seed & design, Seed Office®, SeedCashless & design, TransAct®, USA Technologies® USALive®, VendingMiser®, VendPro®, PC EXPRESS®, VENDSCREEN®, VM2iQ®, and Warehouse Master®.

Much of the technology developed or to be developed by the Company is subject to trade secret protection. To reduce the risk of loss of trade secret protection through disclosure, the Company has entered into confidentiality agreements with its key employees. There can be no assurance that the Company will be successful in maintaining such trade secret protection, that they will be recognized as trade secrets by a court of law, or that others will not capitalize on certain aspects of the Company's technology.

From the incorporation of our Company in 1992, through June 30, 2020, 130 patents have been granted to the Company or its subsidiaries, including 95 United States patents and 35 foreign patents, and 4 United States and 6 international patent applications are pending. Of the 130 patents, 72 are still in force at June 30, 2020. Our patents expire between 2020 and 2038.

EMPLOYEES

As of June 30, 2020, the Company had 141 full-time employees and 6 part-time employees.

AVAILABLE INFORMATION

The public may read and copy any materials the Company files with the Securities and Exchange Commission ("SEC"), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements for our annual stockholder meetings, and amendments to those reports, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and other information regarding issuers that file electronically. Such information can be accessed through the internet at www.sec.gov. These reports are also available free of charge on our website, www.usatech.com, as soon as reasonably practical after we electronically file the material with, or furnish it to, the SEC.

Item 1A. Risk Factors.

Risks Relating to Our Business

We have a history of losses since inception and if we continue to incur losses, the price of our shares can be expected to fall.

We experienced losses from inception through June 30, 2012, and from fiscal year 2015 through fiscal year 2020. For fiscal years 2020, 2019, and 2018, we incurred a net loss of $40.6 million, $29.9 million, and $11.3 million, respectively. In light of our recent history of losses as well as the length of our history of losses, profitability in the foreseeable future is not assured. Until the Company's products and services can generate sufficient annual revenues, the Company will be required to use its cash and cash equivalents on hand and may raise capital to meet its cash flow requirements including the issuance of common stock or debt financing. Additionally, if we continue to incur losses in the future, the price of our common stock can be expected to fall.

We may require additional financing or find it necessary to raise capital to sustain our operations and without it we may not be able to achieve our business plan.

At June 30, 2020, we had a net working capital surplus of $5.0 million and cash and cash equivalents of $31.7 million. We had net cash (used in) provided by operating activities of $(14.1) million, $(28.2) million, and $12.4 million for fiscal years ended 2020, 2019, and 2018, respectively. Unless we maintain or grow our current level of operations, we may need additional funds to continue these operations. We may also need additional capital to respond to unusual or unanticipated non-operational events. Such non-operational events include but are not limited to shareholder class action lawsuits, government inquiries or enforcement actions that could potentially arise from the circumstances that gave rise to our restatements, extended filing delays in filing our periodic reports and the impact of COVID-19 on our business. Should the financing that we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences could have a material adverse effect on our business, operating results, financial condition and prospects.

Failure to comply with any of the financial covenants under the Company's credit agreement could result in an event of default which may accelerate our outstanding indebtedness or other obligations and have a material adverse impact on our business, liquidity position and financial position.

On August 14, 2020, the Company entered into a credit agreement with JPMorgan Chase Bank, N.A. (the "2021 JPMorgan Credit Agreement") for a $5 million secured revolving credit facility and a $15 million secured term 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 obligations under the 2021 JPMorgan Credit Agreement are secured by first priority security interest in substantially all of the Company's assets. The 2021 JPMorgan Credit Agreement contains financial covenants requiring the Company (i) to maintain an adjusted quick ratio of not less than 2.00 to 1.00, not less than 2.50 to 1.00 beginning October 1, 2020, not less than 2.75 to 1.00 beginning January 1, 2021 and 3.00 to 1.00 beginning April 1, 2021 and (ii) 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.

Failure to comply with the foregoing financial covenants, if not cured or waived, will result in an event of default that could trigger acceleration of our indebtedness, which would require us to repay all amounts owed under the 2021 JPMorgan Credit Agreement and could have a material adverse impact on our business, liquidity position and financial position.

We cannot be certain that our future operating results will be sufficient to ensure compliance with the financial covenants in our 2021 JPMorgan Credit Agreement or to remedy any defaults. In addition, in the event of any event of default and related acceleration, we may not have or be able to obtain sufficient funds to make the accelerated payments required under the 2021 JPMorgan Credit Agreement.

The loss of one or more of our key customers could significantly reduce our revenues, results of operations, and net income.

We have derived, and believe we may continue to derive, a significant portion of our revenues from one large customer or a limited number of large customers. Customer concentrations for the years ended June 30, 2020, 2019 and 2018 were as follows:

	For the year ended June 30,		
Single customer	**2020**	**2019**	**2018**
Total revenue	16%	17%	16%

The loss of such customers could materially adversely affect our revenues. Additionally, a major customer in one year may not purchase any of our products or services in another year, which may negatively affect our financial performance. We have offered, and may in the future offer, discounts to our large customers to incentivize them to continue to utilize our products and services. If we are required to sell products to any of our large customers at reduced prices or unfavorable terms, our results of operations and revenue could be materially adversely affected. Further, there is no assurance that our customers will continue to utilize our transaction processing and related services as our customer agreements are generally cancelable by the customer on thirty to sixty days' notice.

We depend on our key personnel and, if they leave us, or if we are unable to attract highly skilled personnel, our business could be adversely affected.

We are dependent on key management personnel, including the Chief Executive Officer, Sean Feeney, and the rest of the executive leadership team and several functional areas within the Company. The loss of services from these officers and employees could dramatically affect our business prospects. Our executive officers and certain of our officers and employees are particularly valuable to us because:

- they have specialized knowledge about our company and operations;
- they have specialized skills that are important to our operations; or
- they would be particularly difficult to replace.

We have entered into an employment agreement with Mr. Feeney, which contains customary restrictive covenants, including perpetual confidentiality, non-disparagement, and intellectual property covenants, as well as a non-compete, non-solicit of customers and suppliers, and non-solicit of employees (including a no-hire) that each apply during employment and for two years following any termination.

Our success and future growth also depends, to a significant degree, on the skills and continued services of our management team, many of whom are recent hires, including our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Compliance Officer, and our General Counsel. Further, due to the complexity of the work required to make needed improvements within the Company, it may be difficult for us to retain these new hires and other existing senior management, sales personnel, and development and engineering personnel critical to our ability to execute our business plan, which could result in harm to key customer relationships, loss of key information, expertise or know-how and unanticipated recruitment and training costs. We may experience a loss of productivity due to the departure of key personnel and the associated loss of institutional knowledge, or while new personnel integrate into our business and transition into their respective roles. Our future success also depends on our ability to attract and motivate highly skilled technical, managerial, sales, marketing and customer service personnel, including members of our management team.

Further, as a significant portion of the executive management team was recently externally hired, a significant amount of on-boarding and training is required to orient these personnel to the business. This risk is also compounded by the departure of several key functional leaders who possessed a deep knowledge of the legacy business, its systems and its processes. There is no assurance that we will be able to acclimate the new leadership team in a manner timely and adequate enough to ensure a successful transition.

Our dependence on proprietary technology and limited ability to protect our intellectual property may adversely affect our ability to compete.

Challenge to our ownership of our intellectual property could materially damage our business prospects. Our technology may infringe upon the proprietary rights of others. Our ability to execute our business plan is dependent, in part, on our ability to obtain patent protection for our proprietary products, maintain trade secret protection and operate without infringing the proprietary rights of others.

As of June 30, 2020, the United States Government and other countries have granted us 130 patents, of which 72 are still in force. We had 10 pending United States and foreign patent applications, and will consider filing applications for additional patents covering aspects of our future developments, although there can be no assurance that we will do so. In addition, there can be no assurance that we will maintain or prosecute these applications. There can be no assurance that:

- any of the remaining patent applications will be granted to us;
- we will develop additional products that are patentable or that do not infringe the patents of others;

- any patents issued to us will provide us with any competitive advantages or adequate protection for our products;
- any patents issued to us will not be challenged, invalidated or circumvented by others; or
- any of our products would not infringe the patents of others.

If any of our products or services is found to have infringed any patent, there can be no assurance that we will be able to obtain licenses to continue to manufacture, use, sell, and license such product or service or that we will not have to pay damages and/or be enjoined as a result of such infringement.

If we are unable to adequately protect our proprietary technology or fail to enforce or prosecute our patents against others, third parties may be able to compete more effectively against us, which could result in the loss of customers and our business being adversely affected. Patent and proprietary rights litigation entails substantial legal and other costs and diverts Company resources as well as the attention of our management. There can be no assurance we will have the necessary financial resources to appropriately defend or prosecute our intellectual property rights in connection with any such litigation.

If we are not able to implement successful enhancements and new features for our products and services, our business could be materially and adversely affected.

Our success depends on our ability to develop new products and services to address the rapidly evolving market for cashless payments and cloud and mobile solutions for the self-service retail markets. Rapid and significant technological changes continue to confront the industries in which we operate, including developments in proximity payment devices. These new services and technologies may be superior to, impair, or render obsolete the products and services we currently offer or the technologies we currently use to provide them. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and we may not be successful in realizing a return on these development efforts in a timely manner or at all. There can be no assurance that any new products or services we develop and offer to our customers will achieve significant commercial acceptance. Our ability to develop new products and services may be inhibited by industry-wide standards, payment card networks, existing and future laws and regulations, resistance to change from our customers, or third parties' intellectual property rights. If we are unable to provide enhancements and new features for our products and services or to develop new products and services that achieve market acceptance or that keep pace with rapid technological developments and evolving industry standards, our business would be materially and adversely affected.

In addition, because our products and services are designed to operate with a variety of systems, infrastructures, and devices, we need to continuously modify and enhance our products and services to keep pace with changes in mobile, software, communication, and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely and cost-effective manner. Any failure of our products and services to continue to operate effectively with third-party infrastructures and technologies could reduce the demand for our products and services, result in dissatisfaction of our customers, and materially and adversely affect our business.

The termination of our relationships with certain third-party suppliers upon whom we rely for services that are critical to our products could adversely affect our business and delay achievement of our business plan.

The operation of our wireless networked devices depends upon the capacity, reliability and security of services provided to us by our wireless telecommunication services providers, AT&T Mobility and Verizon Wireless. In addition, if we terminate relationships with our current telecommunications service providers, we may have to replace hardware that is part of our existing ePort or Seed products that are already installed in the marketplace in order to make them compatible with a new network. This could significantly harm our reputation and could cause us to lose customers and revenues.

Substantially all of the network service contracts with our customers are terminable for any or no reason upon thirty to sixty days' advance notice.

Substantially all of our customers may terminate their network service contracts with us for any or no reason upon providing us with thirty or sixty days' advance notice. Accordingly, consistent demand for and satisfaction with our products by our customers is critical to our financial condition and future success. Problems, defects, or dissatisfaction with our products or services or competition in the marketplace could cause us to lose a substantial number of our customers with minimal notice. If a substantial number of our customers were to exercise their termination rights, it would result in a material adverse effect to our business, operating results, and financial condition.

Security is vital to our customers and therefore breaches in the security of transactions involving our products or services could adversely affect our reputation and results of operations.

We rely on information technology and other systems to transmit financial information of consumers making cashless transactions and to provide accounting and inventory management services to our customers. As such, the information we transmit and/or maintain are exposed to the ever-evolving threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent use by consumers, customers, company employees, or employees of third party vendors. The steps we take to deter and mitigate these risks, including annual validation of our compliance with the Payment Card Industry Data Security Standard, may not be successful, and any resulting compromise or loss of data or systems could adversely impact the marketplace acceptance of our products and services, and could result in significant remedial expenses to not only assess and repair any damage to our systems, but also to reimburse customers for losses that occur from the fraudulent use of confidential data. Additionally, we could become subject to significant fines, litigation, and loss of reputation, potentially impacting our financial results.

Further, substantially all of the cashless payment transactions handled by our network involve Visa U.S.A. Inc. (“Visa”) or MasterCard International Incorporated ("MasterCard"). If we fail to comply with the applicable standards or requirements of the Visa and MasterCard card associations relating to security, Visa or MasterCard could suspend or terminate our registration with them. The termination of our registration with them or any changes in the Visa or MasterCard rules that would impair our registration with them could require us to stop providing cashless payment services through our network. In such event, our business plan and/or competitive advantages in the market place would be materially adversely affected.

We rely on other card payment processors, and if they fail or no longer agree to provide their services, our customer relationships could be adversely affected, and we could lose business.

We rely on agreements with other large payment processing organizations, primarily First Data, Chase Paymentech and Global Payments, Inc., formerly Heartland Payment Systems, Inc., to enable us to provide card authorization, data capture and transmission, settlement and merchant accounting services for the customers we serve. The termination by our card processing providers of their arrangements with us or their failure to perform their services efficiently and effectively will adversely affect our relationships with the customers whose accounts we serve and may cause those customers to terminate their processing agreements with us.

Disruptions at other participants in the financial system could prevent us from delivering our cashless payment services.

The operations and systems of many participants in the financial system are interconnected. Many of the transactions that involve our cashless payment services rely on multiple participants in the financial system to accurately move funds and communicate information to the next participant in the transaction chain. A disruption for any reason at one of the participants in the financial system could impact our ability to cause funds to be moved in a manner to successfully deliver our services. Although we work with other participants to avoid any disruptions, there is no assurance that such efforts will be effective. Such a disruption could lead to the inability for us to deliver services, reputational damage, lost customers and lost revenue, loss of customers’ confidence, as well as additional costs, all of which could have a material adverse effect on our revenues, profitability, financial condition, and future growth.

We are subject to laws and regulations that affect the products, services and markets in which we operate. Failure by us to comply with these laws or regulations would have an adverse effect on our business, financial condition, or results of operations.

We are, among other things, subject to banking regulations and credit card association regulations. Failure to comply with these regulations may result in the suspension of our business, the limitation, suspension or termination of service, and/or the imposition of fines that could have an adverse effect on our financial condition. Additionally, changes to legal rules and regulations, or interpretation or enforcement thereof, could have a negative financial effect on us or our product offerings. To the extent this occurs, we could be subject to additional technical, contractual or other requirements as a condition of our continuing to conduct our payment processing business. These requirements could cause us to incur additional costs, which could be significant, or to lose revenues to the extent we do not comply with these requirements.

New legislation could be enacted regulating the basis upon which interchange rates are charged for debit or credit card transactions, which could increase the debit or credit card interchange fees charged by bankcard networks. An example of such legislation is the so-called “Durbin Amendment,” an amendment to the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010. The Durbin Amendment regulates the basis upon which interchange rates for debit card transactions are made to ensure that interchange rates are “reasonable and proportionate to costs.” Pursuant to regulations that were promulgated by the Federal Reserve, Visa and MasterCard have significantly increased their interchange fees for small ticket debit card transactions.

Increases in card association and debit network interchange fees could increase our operating costs or otherwise adversely affect our operations.

We are obligated to pay interchange fees and other network fees set by the bankcard networks to the card issuing bank and the bankcard networks for each transaction we process through our network. From time to time, card associations and debit networks increase the organization and/or processing fees, known as interchange fees that they charge. Under our processing agreements with our customers, we are permitted to pass along these fee increases to our customers through corresponding increases in our processing fees. Passing along such increases could result in some of our customers canceling their contracts with us. Consequently, it is possible that competitive pressures will result in our Company absorbing some or all of the increases in the future, which would increase our operating costs, reduce our gross profit and adversely affect our business.

As of July 1, 2017, we entered into a three-year agreement with Visa, pursuant to which Visa has agreed to continue to make available to the Company certain promotional interchange reimbursement fees for small ticket debit and credit card transactions. Similarly, MasterCard has agreed to make available to us reduced interchange rates for small ticket debit card transactions through March 1, 2019, and for successive one-year periods thereafter unless the agreement between the parties is terminated by either party upon sixty days' notice prior to the end of any such one-year renewal period. During the term of the Visa Agreement, the Company does not anticipate accepting any debit cards with interchange fees that are higher than the rates provided under the Visa Agreement. The Company will continue to accept Visa- and MasterCard- branded debit cards in addition to all major credit cards, including Visa, MasterCard, Discover and American Express at its current processing rates. If the Visa or MasterCard Agreements are not extended, our financial results would be materially adversely affected unless we are able to pass these significant additional charges to our customers. The Company is having discussions with Visa on a new agreement.

Any increase in chargebacks not paid by our customers may adversely affect our results of operations, financial condition and cash flows.

In the event a dispute between a cardholder and a customer is not resolved in favor of the customer, the transaction is normally charged back to the customer and the purchase price is credited or otherwise refunded to the cardholder. When we serve as merchant of record, if we are unable to collect such amounts from the customer's account, or if the customer refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we bear the loss for the amount of the refund paid to the cardholder. We may experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by our customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. We have policies to manage customer-related credit risk and attempt to mitigate such risk by monitoring transaction activity. Notwithstanding our programs and policies for managing credit risk, it is possible that a default on such obligations by one or more of our customers could have a material adverse effect on our business.

Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could cause a loss of confidence in our financial reporting and adversely affect the trading price of our common stock.

Effective internal control over financial reporting is necessary for us to provide accurate financial information. Section 404 of the Sarbanes-Oxley Act requires us to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of our internal control over financial reporting in our Annual Report on Form 10-K. As discussed in Item 9A., our internal controls over financial reporting were not effective as of June 30, 2020 due to the existence of a material weakness in such controls. Management believes the controls are designed appropriately and is in the process of remediating the material weakness. We cannot provide assurance that our remediation efforts will be adequate to allow us to conclude that such controls will be effective as of June 30, 2021. If we are unable to adequately maintain our internal control over financial reporting in the future, we may not be able to accurately report our financial results, which could cause investors to lose confidence in our reported financial information, negatively affecting the trading price of our common stock, or our ability to access the capital markets.

The accounting review of our previously issued financial statements and the audits of prior fiscal years have been time-consuming and expensive, has resulted in the filing of class action lawsuits and the receipt of derivative demand letters, and may result in additional expense and/or litigation.

In fiscal year 2019, the Audit Committee, with the assistance of independent legal and forensic accounting advisors, conducted an internal investigation of then-current and prior period matters relating to certain of the Company’s contractual arrangements, including the accounting treatment, financial reporting and internal controls related to such arrangements (the “2019 Investigation”). Additionally in fiscal year 2019, significant financial reporting issues were identified which were unrelated to the internal investigation and which resulted in further adjustments to the Company’s previously issued or prior fiscal years’ unissued financial statements. As a result of the findings, the Company restated its consolidated financial statements as of and for the fiscal year

2017, our selected financial data as of and for the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, and our unaudited consolidated financial statements for the quarterly periods ended September 30, 2016, December 31, 2016, March 31, 2017, September 30, 2017, December 31, 2017, and March 31, 2018.

We have incurred significant expenses, including audit, legal, consulting and other professional fees, in connection with the 2019 Investigation, the review of our accounting, the audits, the restatements of previously filed financial statements, bank consents, the remediation of deficiencies in our internal control over financial reporting, the proxy solicitation, and professional services fees to assist the Company with accounting and compliance activities in fiscal year 2020 following the filing of the 2019 Form 10-K. For the years ended June 30, 2020 and 2019, the Company incurred $21.3 million and $16.1 million of those costs. To the extent that steps we are continuing to take to reduce errors in accounting determinations are not successful, we could be forced to incur significant additional time and expense. The incurrence of significant additional expense, or the requirement that management devote significant time that could reduce the time available to execute on our business strategies, could have a material adverse effect on our business, results of operations and financial condition.

Although we have completed the restatement, we cannot guarantee that we will not receive inquiries from the Securities and Exchange Commission ("SEC") or other regulatory authorities regarding our restated financial statements or matters relating thereto, or that we will not be subject to future claims, investigations or proceedings. Any future inquiries from the SEC or other regulatory authorities, or future claims or proceedings or any related regulatory investigation will, regardless of the outcome, likely consume a significant amount of our internal resources and result in additional legal and accounting costs.

We are also subject to a shareholder class action arising out of the misstatements in our financial statements or public filings. For additional discussion, see Item 3. Legal Proceedings and Note 19 to our Consolidated Financial Statements. Our management has been, and may in the future be, required to devote significant time and attention to this litigation, and this and any additional matters that arise could have a material adverse impact on our results of operations and financial condition as well as on our reputation. While we cannot estimate our potential exposure in these matters at this time, we have already incurred significant expense defending this litigation and expect to continue to need to incur significant expense.

We and certain of our former officers and directors have been named in shareholder class action lawsuits, which could require significant additional management time and attention, result in significant additional legal expenses or result in government enforcement actions.

We and certain of our former officers and directors have been named in shareholder class action lawsuits, and may become subject to further litigation, government investigations or proceedings arising therefrom. The pending litigation has been, and any future litigation, investigation or other actions that may be filed or initiated against us or our former officers or directors may be time consuming and expensive. We cannot predict what losses we may incur in these litigation matters, and contingencies related to our obligations under the federal and state securities laws, or in other legal proceedings or governmental investigations or proceedings related to these matters.

To date, we have incurred significant costs in connection with pending litigation and with the special litigation committee proceedings. Any legal proceedings, if decided adversely to us, could result in significant monetary damages, penalties and reputational harm, and will likely involve significant defense and other costs. We have entered into indemnification agreements with each of our directors and certain of our officers, and our bylaws require us to indemnify each of our directors and officers. Further, our insurance may not cover all claims that have been or may be brought against us, and insurance coverage may not continue to be available to us at a reasonable cost. As a result, we have been and may continue to be exposed to substantial uninsured liabilities, including pursuant to our indemnification obligations, which could materially adversely affect our business, prospects, results of operations and financial condition.

For additional discussion of these matters, refer to Item 3. "Legal Proceedings" and Note 19 to our Consolidated Financial Statements.

Matters relating to or arising from the restatement and the 2019 Investigation, including adverse publicity and potential concerns from our customers could continue to have an adverse effect on our business and financial condition.

We have restated our consolidated financial statements as of and for the fiscal year 2017, our selected financial data as of and for the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, and our unaudited consolidated financial statements for the quarterly periods ended September 30, 2016, December 31, 2016, March 31, 2017, September 30, 2017, December 31, 2017, and March 31, 2018. As a result, we have been and could continue to be the subject of negative publicity focusing on the restatement and adjustment of our financial statements, and may be adversely impacted by negative reactions from our customers or others with whom we do business. Concerns include the perception of the effort required to address our accounting and control environment

and the ability for us to be a long-term provider to our customers. The continued occurrence of any of the foregoing could harm our business and have an adverse effect on our financial condition. Additionally, as a result of the restatements, we have become subject to a number of additional risks and uncertainties, including substantial unanticipated costs for accounting and legal fees in connection with or related to the restatement. If litigation did occur, we may incur additional substantial defense costs regardless of their outcome. Likewise, such events might cause a diversion of our management's time and attention. If we do not prevail in any such litigation, we could be required to pay substantial damages or settlement costs.

Matters relating to recent Department of Justice ("DOJ") inquiries may require significant time and attention, result in substantial expenses and lead to adverse publicity.

We are and have been responding to inquiries from the DOJ related to the 2019 Investigation associated with fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015. While these inquiries to date relate to events that took place under prior management that was in place during those years, they will likely require time and attention from current management to provide access to any internal company records that may be requested.

We are unable to predict what consequences, if any, that the investigation performed by the DOJ may have on us. The investigation performed by the DOJ could result in substantial legal and accounting expenses, divert management's attention from other business concerns and harm our business. Any civil or criminal action commenced against us could result in administrative orders against us, the imposition of significant penalties and/or fines against us, and/or the imposition of civil or criminal sanctions against us or certain of our former officers, directors and/or employees. Any regulatory action could result in the filing of additional restatements of our prior financial statements or require that we take other actions. If we are subject to an adverse finding resulting from the investigation performed by the DOJ, we could be required to pay damages or penalties or have other remedies imposed upon us. The period of time necessary to resolve the investigations by the DOJ is uncertain, and these matters could require significant management and financial resources which could otherwise be devoted to the operation of our business. Additionally, as a result of these inquiries, we could be the subject of negative publicity including negative reactions from our customers or others with whom we do business.

The coronavirus disease 2019 ("COVID-19") pandemic has and will continue to significantly and adversely impact our business.

The global spread of the COVID-19 pandemic has created significant volatility, uncertainty and economic disruption on our business. Electronic payment transaction volume within unattended markets has decreased significantly since the pandemic accelerated in the United States in March 2020, as government authorities have imposed forced closure of non-essential businesses and social distancing protocols, significantly reducing foot traffic to distributed assets containing our electronic payment solutions and reducing discretionary spending by consumers.

The extent to which the COVID-19 pandemic impacts our business, operations and financial results will depend on numerous evolving factors that we are not able to accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; and the impact of the pandemic on economic activity and actions taken in response. Furthermore, even after containment measures are lifted there can be no assurance as to the time required to regain operations and sales at levels prior to the pandemic. There may also be increased marketplace consolidation as companies are challenged to respond to the COVID-19 impact.

A sustained downturn may also result in a decrease in the fair value of our goodwill or other intangible assets, causing them to exceed their carrying value. This may require us to recognize an impairment to those assets. Further, the COVID-19 pandemic could decrease consumer spending, adversely affect demand for our technology and services, cause one or more of our customers and partners to file for bankruptcy protection or go out of business, cause one or more of our customers to fail to renew, terminate, or renegotiate their contracts, affect the ability of our sales team to travel to potential customers, impact expected spending from new customers and negatively impact collections of accounts receivable, all of which could adversely affect our business, results of operations and financial condition. In response to the outbreak, we have agreed to concessions on price and/or payment terms with certain customers who have been negatively impacted by the COVID-19 pandemic, and may negotiate additional concessions on price and/or payment terms.

It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business, results of operations or financial condition at this time.

We may not be entitled to forgiveness of our recently received Paycheck Protection Program Loan, and our application for the Paycheck Protection Program Loan could in the future be determined to have been impermissible.

In the fourth quarter of fiscal year 2020, we received loan proceeds of approximately $3.1 million (the "PPP Loan") pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") administered by the U.S. Small Business Administration (the "SBA"). We intend to use the PPP Loan in accordance with the provisions of the CARES Act. The PPP Loan, if not forgiven, bears interest at a rate of 1.00% per annum, and is subject to the standard terms and conditions applicable to loans administered by the SBA under the CARES Act.

Under the CARES Act, as amended in June 2020, loan forgiveness is generally available for the sum of documented payroll costs, covered rent payments, covered mortgage interest and covered utilities during the Covered Period, which is 8 weeks or 24 weeks (at the election of the Company) beginning on the date of the first disbursement of the PPP Loan. The amount of the PPP Loan eligible to be forgiven may be reduced in certain circumstances, including as a result of certain headcount or salary reductions. We will be required to repay any portion of the outstanding principal that is not forgiven, along with accrued interest, and we cannot provide any assurance that we will be eligible for loan forgiveness, that we will apply for forgiveness, or that any amount of the PPP Loan will ultimately be forgiven by the SBA.

In order to apply for the PPP Loan, we were required to certify, among other things, that the current economic uncertainty made the PPP Loan request necessary to support our ongoing operations. We made this certification in good faith after analyzing, among other things, the maintenance of our workforce, our need for additional funding to continue operations, and our ability to access alternative forms of capital in the current market environment to offset the effects of the COVID-19 pandemic. Following this analysis, we believe that we satisfied all eligibility criteria for the PPP Loan, and that our receipt of the PPP Loan is consistent with the broad objectives of the CARES Act. The certification described above is subject to interpretation.

On April 23, 2020, the SBA issued guidance stating that it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith. The lack of clarity regarding loan eligibility under the Paycheck Protection Program has resulted in significant media coverage and controversy with respect to public companies applying for and receiving loans. If, despite our good-faith belief that given our circumstances we satisfied all eligible requirements for the PPP Loan, we are later determined to have not been in compliance with these requirements or it is otherwise determined that we were ineligible to receive the PPP Loan, we may be required to repay the PPP Loan in its entirety and/or be subject to additional penalties. Should we be audited or reviewed by federal or state regulatory authorities as a result of filing an application for forgiveness of the PPP Loan or otherwise, such audit or review could result in the diversion of management's time and attention and the incurrence of additional costs. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

Our ability to commercially manage the transition from the 3G network could lead to competitive disadvantage in the marketplace.

We will begin to plan transition away from the 3G network in 2021 as the network is being phased out in North America. This transition will affect a large portion of our active devices and will require a new customer retention initiative to ensure that our existing customer base is properly transitioned to the new platform. This change affects our industry and will also lead to changes with our competitors and their customers. Our ability to successfully transition and provide the new platform for our customers is critical to our strategy, our network and to the competitive balance in the marketplace.

Continued dependence on external providers and advisors could limit our ability to decrease operating expenses.

We continue to incur substantial fees associated with a series of external consultants and advisors who are supporting us with on-going accounting and reporting requirements and continued litigation. Our dependence upon these external parties to execute and complete large on-going projects and legal matters and our inability to transition these projects to internal resources may have a continued adverse impact on operating costs.

We may not successfully implement our go-to-market strategy which may adversely affect growth and profitability.

Our current core business is highly concentrated amongst several large customers in the vending industry. We have made inroads into other adjacent markets including laundry, gaming, entertainment and other commercial payments applications and continued expansion into these markets is a substantial piece of our potential future growth prospects. Changing technology, customer preferences, and competitor actions may limit our ability to successfully grow and expand beyond our core business.

Risks Relating to Our Common Stock

Our securities were delisted from Nasdaq and are now quoted on the OTC Markets. There can be no assurance that our securities will be relisted, or once relisted, our securities might not remain listed.

As a result of our failure to comply with our periodic reporting obligations, on September 26, 2019, our securities were suspended from trading on Nasdaq. The Company's securities were delisted from Nasdaq on February 18, 2020 and are currently quoted on the OTC Markets. The Company has applied to relist its common stock and preferred stock on Nasdaq, and the application is currently under review by the staff of the Nasdaq Listing Qualifications Department. There can be no assurance that the listing application will be granted by Nasdaq or granted in a timely manner. If our securities are relisted, there can be no assurance that our securities will remain listed on Nasdaq.

The OTC Market is a significantly more limited market than Nasdaq, and the quotation of our securities on the OTC Market may result in a less liquid market available for existing and potential shareholders to trade our securities. Securities traded in the OTC Market generally have less liquidity due to factors such as the reduced number of investors that will consider investing in the securities, the reduced number of market makers in the securities, and the reduced number of securities analysts that follow such securities. As a result, holders of shares of our securities may find it difficult to resell their shares at prices quoted in the market or at all. We may be subject to additional compliance requirements under applicable state laws relating to the issuance of our securities. This could have a long-term adverse effect on our ability to raise capital, which ultimately could adversely affect the market price of our securities. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

Upon certain fundamental transactions involving the Company, such as a merger or sale of substantially all of our assets, we may be required to distribute the liquidation preference then due to the holders of our Series A Preferred Stock which would reduce the amount of the distributions otherwise to be made to the holders of our common stock in connection with such transactions.

Our articles of incorporation provide that upon a merger or sale of substantially all of our assets or upon the disposition of more than 50% of our voting power, the holders of at least 60% of the preferred stock may elect to have such transaction treated as a liquidation and be entitled to receive their liquidation preference. Upon our liquidation, the holders of our preferred stock are entitled to receive a liquidation preference prior to any distribution to the holders of common stock which, as of June 30, 2020 was approximately $20.8 million.

Director and officer liability is limited.

As permitted by Pennsylvania law, our by-laws limit the liability of our directors for monetary damages for breach of a director's fiduciary duty except for liability in certain instances. As a result of our by-law provisions and Pennsylvania law, shareholders may have limited rights to recover against directors for breach of fiduciary duty. In addition, our by-laws and indemnification agreements entered into by the Company with each of the officers and directors provide that we shall indemnify our directors and officers to the fullest extent permitted by law.

If securities and/or industry analysts fail to continue publishing research about our business, if they change their recommendations adversely, or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly for any reason, including continued delisting of our securities by Nasdaq, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. In addition, it is likely that, in some future period, our operating results will be below the expectations of securities analysts or investors. If one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

Item 2. Properties.

The Company leases approximately 27,000 square feet of space located in Malvern, Pennsylvania, for its principal executive office and for general administrative functions, sales activities, product development, and customer support. The lease commenced in December 2016. The Company's monthly base rent for the premises at June 30, 2020 is approximately $57 thousand, and will increase each year up to a maximum monthly base rent of approximately $61 thousand. The lease expires in November 2023.

The Company leases approximately 7,800 square feet of office space in Metairie, Louisiana for general operations. The lease commenced in November 2018. The Company's monthly base rent for the premises at June 30, 2020 is approximately $15 thousand, and will increase each year up to a maximum monthly base rent of approximately $16 thousand. The lease expires in July 2024.

The Company leases approximately 16,700 square feet of office space in Denver, Colorado for general operations. The lease commenced in August 2019. The Company's monthly base rent for the premises at June 30, 2020 is approximately $45 thousand, and will increase each year up to a maximum monthly base rent of approximately $53 thousand. The lease expires in December 2026.

The Company leases approximately 4,600 square feet of office space in Atlanta, Georgia for general operations. The lease commenced in September 2020 with a one-time rental payment of approximately $82 thousand and expires in October 2021.

Item 3. Legal Proceedings.

Eastern District of Pennsylvania Consolidated Shareholder Class Actions

As previously reported, on September 11, 2018, Stéphane Gouet filed a putative class action complaint against the Company, Stephen P. Herbert, the Chief Executive Officer, and Priyanka Singh, the former Chief Financial Officer, in the United States District Court for the District of New Jersey. The class is defined as purchasers of the Company's securities from November 9, 2017 through September 11, 2018. The complaint alleges that the Company disclosed on September 11, 2018 that it was unable to timely file its Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (the "2018 Form 10-K"), and that the Audit Committee of the Company's Board of Directors was in the process of conducting an internal investigation of current and prior period matters relating to certain of the Company's contractual arrangements, including the accounting treatment, financial reporting and internal controls related to such arrangements. The complaint alleges that the defendants disseminated false statements and failed to disclose material facts and engaged in practices that operated as a fraud or deceit upon Gouet and others similarly situated in connection with their purchases of the Company's securities during the proposed class period. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") and Rule 10b-5 promulgated thereunder.

Two additional class action complaints, containing substantially the same factual allegations and legal claims, were filed against the Company, Herbert and Singh in the United States District Court for the District of New Jersey. On September 13, 2018, David Gray filed a putative class action complaint, and on October 3, 2018, Anthony E. Phillips filed a putative class action complaint. Subsequently, multiple shareholders moved to be appointed lead plaintiff, and on December 19, 2018, the Court consolidated the three actions, appointed a lead plaintiff (the "Lead Plaintiff"), and appointed lead counsel for the consolidated actions (the "Consolidated Action").

On February 28, 2019, the Court approved a Stipulation agreed to by the parties in the Consolidated Action for the filing of an amended complaint within fourteen days after the Company filed its 2018 Form 10-K. On January 22, 2019, the Company and Herbert filed a motion to transfer the Consolidated Action to the United States District Court for the Eastern District of Pennsylvania. On February 5, 2019, the Lead Plaintiff filed its opposition to the Motion to Transfer. On August 12, 2019, the University of Puerto Rico Retirement System ("UPR") filed a putative class action complaint in the United States District Court for the District of New Jersey against the Company, Herbert, Singh, the Company's Directors at the relevant time (Steven D. Barnhart, Joel Books, Robert L. Metzger, Albin F. Moschner, William J. Reilly and William J. Schoch) ("the Independent Directors"), and the investment banking firms who acted as underwriters for the May 2018 follow-on public offering of the Company (the "Public Offering"): William Blair & Company; LLC; Craig-Hallum Capital Group, LLC; Northland Securities, Inc.; and Barrington Research Associates, Inc. ("the Underwriters"). The class is defined as purchasers of the Company's shares pursuant to the registration statement and prospectus issued in connection with the Public Offering. Plaintiff seeks to recover damages caused by Defendants' alleged violations of the Securities Act of 1933 (as amended, the "1933 Act"), and specifically Sections 11, 12 and 15 thereof. The complaint generally seeks compensatory damages, rescissory damages and attorneys' fees and costs. The UPR complaint was consolidated into the Consolidated Action and the UPR docket was closed.

On September 30, 2019, the Court granted the motion to transfer and transferred the Consolidated Action to the United States District Court for the Eastern District of Pennsylvania, Docket No. 19-cv-04565. On November 20, 2019, Plaintiff filed an amended complaint that asserted claims under both the 1933 Act and the 1934 Act. Defendants filed motions to dismiss on February 3, 2020. Before briefing on the motions was completed, the parties participated in a private mediation on February 27, 2020, which resulted in a settlement. On May 29, 2020, the plaintiffs filed documents with the Court seeking preliminary approval of the settlement, with the defendants supporting approval of the settlement. On June 9, 2020, the Court granted preliminary approval of the settlement and issued a scheduling order for further action on the settlement. The settlement provides for a payment of $15.3 million which includes all administrative costs and plaintiff's attorneys' fees and expenses. The Company's insurance carriers paid $12.7 million towards the settlement and the Company paid $2.6 million towards the settlement, which was made in July

2020 and was recorded as a liability in the consolidated financial statements as of June 30, 2020. Payments will not be distributed pursuant to the settlement (except for administrative costs of up to $150,000) until and unless the Court grants final approval of the settlement. The Court scheduled the hearing for final settlement approval for October 30, 2020. The Company expects, but cannot assure, that the settlement approval will occur later in the 2020 calendar year. Should the settlement not be approved or be terminated for any reason, the parties will resume litigation of the claims.

Chester County, Pennsylvania Class Action

As previously reported, a putative shareholder class action complaint was filed against the Company, its chief executive officer and chief financial officer at the relevant time, its directors at the relevant time, and the Underwriters, in the Court of Common Pleas, Chester County, Pennsylvania, Docket No. 2019-04821-MJ. The complaint alleged violations of the Securities Act of 1933, as amended. As also previously reported, on September 20, 2019 the Court granted the defendants' Petition for Stay and stayed the Chester County action until the Consolidated Action reaches a final disposition. On October 18, 2019, plaintiff filed an appeal to the Pennsylvania Superior Court from the Order granting defendants' Petition for Stay, Docket No. 3100 EDA 2019. On December 6, 2019, the Pennsylvania Superior Court issued an Order stating that the Stay Order does not appear to be final or otherwise appealable and directed plaintiff to show cause as to the basis of the Pennsylvania Superior Court's jurisdiction. The plaintiff filed a Response to the Order to Show Cause on December 16, 2019, and the defendants filed an Application to Quash Appeal on December 26, 2019. On February 20, 2020, the Pennsylvania Superior Court quashed the appeal.

Department of Justice Subpoena

As previously reported, in the third quarter of fiscal year 2020, the Company responded to a subpoena received from the U.S. Department of Justice that sought records regarding Company activities that occurred during prior financial reporting periods, including restatements. The Company is cooperating fully with the agency's queries.

HEC Master Fund LP Lawsuit

On November 15, 2019, HEC Master Fund LP (together with related entities, including Hudson Executive Capital LP, "HEC") filed a lawsuit against the Company and its directors at the relevant time in the Court of Common Pleas of Chester County, Pennsylvania, Docket No. 2019-11640-MJ. The lawsuit alleged that the directors' adoption of an amendment to the Company's bylaws that prohibited shareholders from calling a special meeting of shareholders until the Company's next annual meeting of shareholders, along with other efforts by the directors to prevent HEC from soliciting consents to call a special meeting of shareholders, constituted impermissible entrenchment and interference with the shareholder franchise in violation of Pennsylvania law. On November 22, 2019, the Court, with the consent of HEC and the Company, ordered the Company to call and hold its annual meeting of shareholders on or before April 30, 2020. The Court also ordered that the directors stand for election at the annual meeting in accordance with the bylaws and prohibited the board of directors from making further amendments of any kind to the bylaws prior to the annual meeting. Following the entry of that order, HEC voluntarily discontinued the lawsuit. On March 27, 2020, HEC moved to strike the discontinuance and hold the Company in contempt of the Court's November 22, 2019 order. On April 26, 2020, the parties entered into a Letter Agreement pursuant to which HEC's action was dismissed with prejudice.

HEC Master Fund LP Shareholder Demand

By letter dated February 12, 2020, HEC demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors and other responsible parties for breach of fiduciary duties. The matters alleged to constitute breaches of duty related to the matters raised by HEC during the contest for the election of directors at the 2020 annual meeting. On April 26, 2020, the parties entered into a Letter Agreement pursuant to which HEC withdrew its shareholder demand for board action.

Other Shareholder Demand Letters

By letter dated October 12, 2018, Peter D'Arcy, a purported shareholder of the Company, demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors for breach of fiduciary duties. The letter alleged the officers and directors made false and misleading statements that failed to disclose that the Company's accounting treatment, financial reporting and internal controls related to certain of the Company's contractual agreements would result in an internal investigation and would delay the Company's filing of its 2018 Form 10-K, and that the Company failed to maintain adequate internal controls. By letter dated October 18, 2018, Chiu Jen-Ting, a purported shareholder of the Company, demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors for breach of fiduciary duties in connection with issues similar to those asserted by Mr. D'Arcy. By letter dated August 2, 2019, Stan Emanuel, a purported shareholder of the Company, demanded that

the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors for breach of fiduciary duties in connection with issues similar to those asserted by Mr. D'Arcy. In accordance with Pennsylvania law, the Board of Directors formed a special litigation committee (the "SLC"), currently consisting of Lisa P. Baird, Douglas L. Braunstein and Michael K. Passilla, in order to, among other things, investigate and evaluate the demand letters. The SLC and its counsel are currently investigating the matters raised in these letters.

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.

Our common stock was traded on The NASDAQ Global Market under the symbol "USAT" until September 26, 2019, when such trading was suspended by a Nasdaq Hearings Panel due to our failure to comply with our periodic filing obligations. The Company's securities were delisted from Nasdaq on February 18, 2020 and are currently quoted on the OTC Markets. The Company has applied to relist its common stock and preferred stock on Nasdaq, and the application is currently under review by the staff of the Nasdaq Listing Qualifications Department. Following the suspension of trading in its securities on Nasdaq, the Company's common stock has been quoted on the OTC Markets' Pink Open Market under the symbol "USAT." The Pink Open Market quotations reflect inter-dealer prices, without retail mark-up, mark down or commission and may not represent actual transactions.

As of August 31, 2020, there were 561 holders of record of our common stock and 249 record holders of the preferred stock. This number does not include stockholders for whom shares were held in a "nominee" or "street" name.

The holders of the common stock are entitled to receive such dividends as the Board of Directors of the Company may from time to time declare out of funds legally available for payment of dividends. Through the date hereof, no cash dividends have been declared on the Company's common stock or preferred stock. No dividend may be paid on the common stock until all accumulated and unpaid dividends on the preferred stock have been paid. As of August 31, 2020, such accumulated unpaid dividends amounted to approximately $16.7 million. The preferred stock is also entitled to a liquidation preference over the common stock which, as of June 30, 2020 equaled approximately $20.8 million.

As of August 31, 2020, shares of common stock reserved for future issuance were as follows:

- 23,978 shares issuable upon the exercise of common stock warrants at an exercise price of $5.00 per share;
- 105,140 shares issuable upon the conversion of outstanding preferred stock and cumulative preferred stock dividends;
- 105,687 shares underlying stock options issued or to be issued under the 2014 Stock Option Incentive Plan;
- 255,981 shares issuable, and shares underlying stock options issued, under the 2015 Equity Incentive Plan;
- 1,604,192 shares issuable, and shares underlying stock options to be issued, under the 2018 Equity Incentive Plan;
- 1,000,000 shares issuable to current CEO upon the exercise of stock options at an exercise price of $6.30 per share; and
- 140,000 shares issuable to our former CEO George R. Jensen, Jr. upon the occurrence of a USA Transaction.

Please see Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters" of this Form 10-K for disclosure relating to our equity compensation plans.

RECENT SALES OF UNREGISTERED SECURITIES

During the year ended June 30, 2020, we issued unregistered securities as follows:

1. On October 9, 2019, the Company sold 3,800,000 shares of the Company's common stock to Antara Capital Master Fund LP at a price of $5.25 per share for an aggregate purchase price of $20.0 million. The net proceeds from the transaction were used for working capital and general corporate purposes. William Blair & Company, L.L.C. acted as exclusive placement agent for the Company and received a cash placement fee of $1.2 million.

2. On June 30, 2020, the Company issued 635,593 shares of the Company's common stock to funds managed by Hudson Executive Capital LP ("HEC") in satisfaction of the reimbursement of $4.5 million of the third party costs and expenses incurred by HEC in connection with its proxy solicitation, which amount represented a substantial majority but less than the full amount of the third party costs and expenses incurred by HEC. The reimbursement and issuance is further described in Item 13, "Certain Relationships and Related Transactions, and Director Independence," of this Form 10-K.

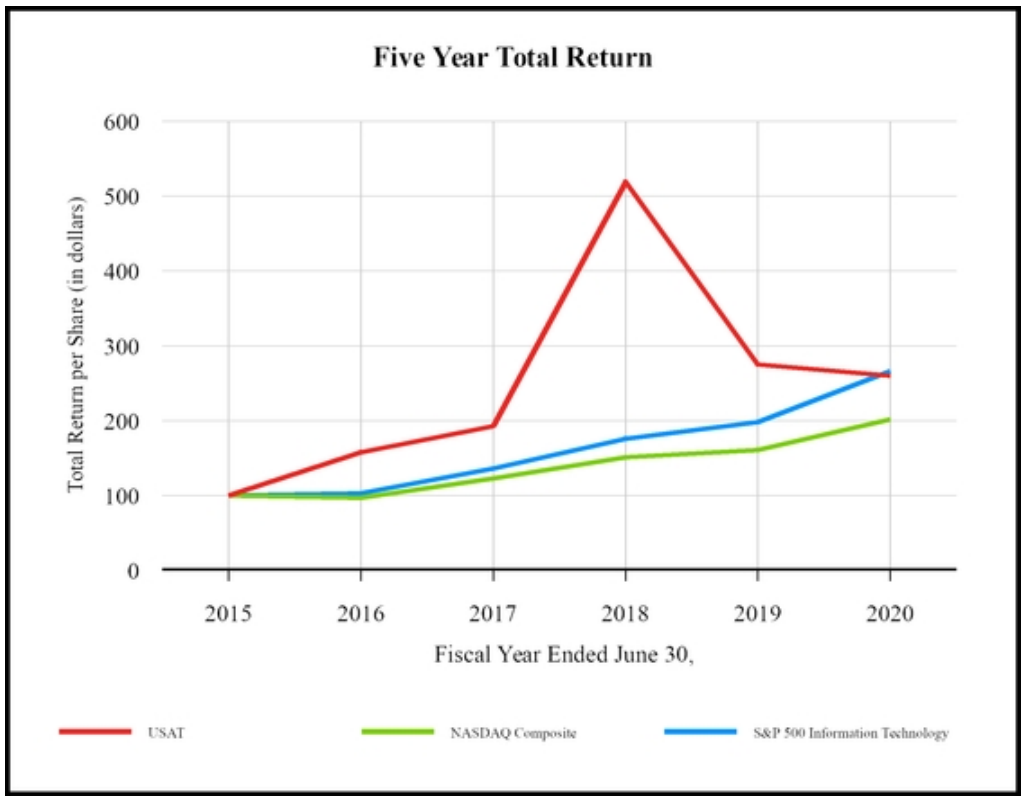
These securities were not registered under the Securities Act of 1933, as amended (the "Securities Act"). The issuances of the securities were undertaken in reliance upon exemptions from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof, to sophisticated and accredited recipients.

PERFORMANCE GRAPH

The following graph shows a comparison of the 5-year cumulative total shareholder return for our common stock with The NASDAQ Composite Index and the S&P 500 Information Technology Index in the United States. The graph assumes a $100 investment on June 30, 2015 in our common stock and in the NASDAQ Composite Index and the S&P 500 Information Technology Index, including reinvestment of dividends.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN

Among USA Technologies, Inc., The NASDAQ Composite Index and The S&P 500 Information Technology Index



Total Return For:	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
USA Technologies, Inc.	$ 100	$ 158	$ 193	$ 519	$ 275	$ 260
NASDAQ Composite	$ 100	$ 97	$ 123	$ 151	$ 161	$ 202
S&P 500 Information Technology Index	$ 100	$ 103	$ 136	$ 176	$ 198	$ 266

The information in the performance graph is not deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, as amended, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference into such a filing. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data.

The following selected financial data as of and for the four years ended June 30, 2020 is derived from the audited consolidated financial statements of USA Technologies. The selected financial data as of and for the year ended June 30, 2016 is unaudited and was derived from our unaudited consolidated financial statements which were prepared on the same basis as our audited consolidated financial statements. The selected financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related Notes thereto included in this 10-K under the caption Item 8, "Financial Statements and Supplementary Data."

	As of and for the year ended June 30,				
($ in thousands, except per share, connections, and transaction data)	**2020**	**2019 (4)**	**2018 (3)**	**2017**	**2016**
Consolidated Statement of Operations Data:					***(unaudited)***
Revenue [1]	$ 163,153	$ 144,466	$ 132,508	$ 101,436	$ 77,572
Operating loss	$ (39,592)	$ (28,183)	$ (9,223)	$ (4,134)	$ (3,121)
Net loss [2]	$ (40,595)	$ (29,882)	$ (11,284)	$ (7,465)	$ (38,337)
Cumulative preferred dividends	$ (668)	$ (668)	$ (668)	$ (668)	$ (668)
Net loss applicable to common shares	$ (41,263)	$ (30,550)	$ (11,952)	$ (8,133)	$ (39,005)
Net loss per common share - basic	$ (0.66)	$ (0.51)	$ (0.23)	$ (0.20)	$ (1.07)
Net loss per common share - diluted	$ (0.66)	$ (0.51)	$ (0.23)	$ (0.20)	$ (1.07)
Cash dividends per common share	—	—	—	—	—
Consolidated Balance Sheet Data:					
Total assets	$ 181,023	$ 183,375	$ 231,995	$ 67,544	$ 59,852
Line of credit, net	$ —	$ —	$ —	$ 7,036	$ 7,184
Finance lease obligations and long-term debt, including current portion	$ 15,763	$ 12,773	$ 35,766	$ 4,259	$ 6,859
Shareholders' equity	$ 98,215	$ 114,423	$ 142,688	$ 24,468	$ 19,328
Consolidated Statement of Cash Flows Data:					
Net cash (used in) provided by operating activities	$ (14,139)	$ (28,172)	$ 12,431	$ (6,072)	$ 11,976
Net cash used in investing activities	$ (2,494)	$ (4,759)	$ (68,861)	$ (3,439)	$ (7,434)
Net cash provided (used in) by financing activities	$ 20,882	$ (23,569)	$ 127,649	$ 2,984	$ 3,465
Net increase (decrease) in cash and cash equivalents	$ 4,249	$ (56,500)	$ 71,219	$ (6,527)	$ 8,007
Cash and cash equivalents at beginning of year	$ 27,464	$ 83,964	$ 12,745	$ 19,272	$ 11,374
Cash and cash equivalents at end of year	$ 31,713	$ 27,464	$ 83,964	$ 12,745	$ 19,381
Connections & Transaction Data (unaudited): [5]					
Net New Connections	151,000	141,000	460,000	140,000	95,000
Total Connections	1,320,000	1,169,000	1,028,000	568,000	428,000
New Customers Added	3,600	3,200	3,500	1,650	1,450
Total Customers	23,000	19,400	16,200	12,700	11,050
Total Number of Transactions (millions)	881.1	847.2	627.2	414.9	316.5
Transaction Volume ($ millions)	$ 1,729.4	$ 1,647.0	$ 1,197.5	$ 803.0	$ 584.8

(1) As discussed in Note 2—Accounting Policies, revenue for the years ended June 30, 2018 and prior is not comparable to revenue for the years ended June 30, 2019 and after due to our adoption of Accounting Standards Codification 606, Revenue from Contracts with Customers.
(2) Net loss for the year ended June 30, 2016 includes income tax expense of $30 million for the increase of tax valuation allowance.
(3) Financial statement results beginning in the year ended June 30, 2018 include the results of Cantaloupe since the acquisition by the Company.
(4) As discussed in Note 2—Accounting Policies, the Company identified certain adjustments that were required to be made to its previously disclosed fiscal year 2019 interim and annual financial statements.
(5) Connections are defined in Item 1. Business.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW OF THE COMPANY

USA Technologies, Inc. provides wireless networking, cashless transactions, asset monitoring, and other value-added services principally to the small ticket, unattended Point of Sale ("POS") market, primarily in North America. Our ePort® technology can be installed and/or embedded into everyday devices such as vending machines, a variety of kiosks, amusement games, and commercial laundry via either our ePort hardware or our Quick Connect solution. Our associated service, ePort Connect®, is a payment card compliant ("PCI")-compliant, comprehensive service that includes simplified credit/debit card processing and support, consumer engagement services as well as telemetry, Internet of Things ("IoT"), and machine-to-machine ("M2M") services, including the ability to remotely monitor, control and report on the results of distributed assets containing our electronic payment solutions.

The Company generates revenue in multiple ways. During the fiscal year ended June 30, 2020, we derived approximately 82% of our revenue from recurring license and transaction fees related to our ePort Connect service and approximately 18% of our revenue from equipment sales. Connections to our service stem from the sale or lease of our POS electronic payment devices, certified payment software, or the servicing of similar third-party installed POS terminals. Connections to the ePort Connect service are the most significant driver of the Company's revenue, particularly the recurring revenue from license and transaction fees. Customers can obtain POS electronic payment devices from us in the following ways:

- Purchasing devices directly from the Company or one of its authorized resellers;
- Financing devices under the Company's QuickStart Program, which are non-cancellable sixty month sales-type leases, through an unrelated equipment financing company, if available, or directly from the Company; and
- Renting devices under the Company's JumpStart Program, which are cancellable month-to-month operating leases.

Highlights of the Company are below:

- Over 23,000 customers and 1,320,000 connections (as defined in Item 1. Business) to our service;
- Three direct sales teams at the national, regional, and local customer-level and a growing number of OEMs and national distribution partners;
- 72 United States and foreign patents are in force;
- Over 140 employees;
- Principal locations including Malvern, Pennsylvania and Denver, Colorado;
- The Company's fiscal year ends June 30th.

COVID-19 Update

A novel strain of coronavirus (COVID-19) was first identified in China in December 2019 and subsequently declared a global pandemic in March 2020 by the World Health Organization. COVID-19 containment measures began in parts of the United States in March 2020 resulting in forced closure of non-essential businesses and social distancing protocols. As a result, COVID-19 has impacted our business, significantly reducing foot traffic to distributed assets containing our electronic payment solutions and reducing discretionary spending by consumers. The Company did not observe meaningful reductions in processing volume until mid-March, when average daily processing volume decreased approximately 40%. By mid-April, processing volumes began to recover and have shown a steady improvement by approximately 30% over the mid-March levels. At this time we are unable to reasonably estimate the length of time that containment measures will be needed in the United States. Furthermore, even after containment measures are lifted there can be no assurance as to the time required to regain operations and sales at levels prior to the pandemic.

In response to the outbreak and business disruption, first and foremost, we have prioritized the health and safety of our employees by implementing work-from-home measures while continuing to diligently serve our customers. Additionally, we have created an internal task force to lead measures to protect the business in light of the volatility and uncertainty caused by the COVID-19 pandemic, including ensuring the safety of our employees and our community by implementing work from home policies, conserving liquidity, evaluating cost saving actions, partnering with customers to position USAT for renewed growth post crisis,

and pausing on international expansion. The liquidity conservation and cost savings initiatives include but are not limited to: a 20% salary reduction for the senior leadership team until December 2020; deferral of all cash-based director fees until calendar year 2021; a temporary furlough of about 10% of our employee base; negotiations with and concessions from vendors in regard to cost reductions and/or payment deferrals; an increased collection effort to reduce outstanding accounts receivables; and various supply chain/inventory improvements. Our supply chain network has not been significantly disrupted and we are continuously monitoring for the impact of COVID-19.

We have agreed to concessions on price and/or payment terms with certain customers who have been negatively impacted by COVID-19 and may negotiate additional concessions on price and/or payment terms. These concessions did not have a material effect on our financial results as of and for the year ended June 30, 2020.

We continue to monitor the rapidly evolving situation and guidance from federal, state and local public health authorities. As such, given the dynamic nature of this situation, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. However, based on current trends and if the pandemic is not substantially contained in the near future, COVID-19 may have a material adverse impact on our revenue growth as well as our overall profitability in fiscal year 2021, and may lead to higher sales-related, inventory-related, and operating reserves. Further, a sustained downturn may also result in a decrease in the fair value of our goodwill or other intangible assets, causing them to exceed their carrying value. This may require us to recognize an impairment to those assets.

Paycheck Protection Program Loan

The Company has applied for, and has received, funds under the Paycheck Protection Program in the amount of $3.1 million. The application for these funds required the Company to, in good faith, to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. This certification further requires the Company to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are prepared applying certain critical accounting policies. The Securities and Exchange Commission (“SEC”) defines “critical accounting policies” as those that require application of management’s most difficult, subjective, or complex judgments. Critical accounting policies require numerous estimates and strategic or economic assumptions that may prove inaccurate or subject to variations and may significantly affect our reported results and financial position for the period or in future periods. Changes in underlying factors, assumptions, or estimates in any of these areas could have a material impact on our future financial condition and results of operations. Our financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), and they conform to general practices in our industry. We apply critical accounting policies consistently from period to period and intend that any change in methodology occur in an appropriate manner. Accounting policies currently deemed critical are listed below:

Revenue Recognition. The Company derives revenue primarily from the sale or lease of equipment and services to the small ticket, unattended POS market.

The Company’s application of the accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements may require significant judgment in contract interpretation to determine the appropriate accounting. Specifically, the determination of whether we are a principal to a transaction (gross revenue) or an agent (net revenue) can require considerable judgment.

The Company enters into arrangements with multiple performance obligations, which may include various combinations of equipment and services. Our equipment and service deliverables qualify as separate performance obligations and can be sold on a standalone basis. A deliverable constitutes a separate unit of accounting when it has standalone value and, where return rights exist, delivery or performance of the undelivered items is considered probable and substantially within the Company’s control. For these multiple deliverable arrangements, the Company allocates revenue to the deliverables based on their relative selling prices. To the extent that a deliverable is subject to specific guidance on whether and/or how to allocate the consideration in a multiple element arrangement, that deliverable is accounted for in accordance with such specific guidance. The Company limits the amount of revenue recognition for delivered items to the amount that is not contingent on the future delivery of products or services or meeting other future performance obligations.

Deferred Income Tax Assets and Liabilities. The carrying values of deferred income tax assets and liabilities reflect the application of our income tax accounting policies in accordance with applicable accounting standards and are based on management's assumptions and estimates regarding future operating results and levels of taxable income, as well as management's judgment regarding the interpretation of the provisions of applicable accounting standards. The carrying values of liabilities for income taxes currently payable are based on management's interpretations of applicable tax laws and incorporate management's assumptions and judgments regarding the use of tax planning strategies in various taxing jurisdictions.

We evaluate the recoverability of these deferred tax assets by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income inherently rely heavily on estimates. We use our historical experience and our short and long-term business forecasts to provide insight. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established. As of June 30, 2020 and June 30, 2019, we had federal and state net operating loss carryforwards of $403 million and $349 million, respectively, to offset future taxable income, the majority of which expire through approximately 2039. Federal and some state net operating loss carryforwards generated in tax years ending after December 31, 2017 can be carried forward indefinitely. These federal and state net operating loss carryforwards are reserved with a full valuation allowance because, based on the available evidence, we believe it is more likely than not that we would not be able to utilize those deferred tax assets in the future. If the actual amounts of taxable income differ from our estimates, the amount of our valuation allowance could be materially impacted. Federal operating loss carryforwards start to expire in 2022 and certain state operating loss carryforwards are currently expiring.

Goodwill. Pursuant to applicable accounting standards, we test goodwill for impairment at least annually by comparing the fair value of our reporting unit to its carrying value using a market approach. An impairment charge is recognized for the amount by which, if any, the carrying value exceeds the reporting unit's fair value. However, the loss recognized cannot exceed the reporting unit's goodwill balance.

The Company has selected April 1 as its annual test date. The Company has concluded there has been no impairment of goodwill during the years ended June 30, 2020, 2019, or 2018. As of the date of our annual impairment test for fiscal year 2020, the fair value of our reporting unit exceeded its carrying value by a margin of approximately $350 million. As of June 30, 2020, if our estimate of the fair value of our reporting unit was 10% lower, no goodwill impairment would have existed.

Impairment of Long-Lived Assets. Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the expected future undiscounted cash flow is less than the carrying amount of the asset, an impairment is indicated. A loss is then recognized for the difference, if any, between the fair value of the asset (as estimated by management using its best judgment) and the carrying value of the asset. If actual market value is less favorable than that estimated by management, additional write-downs may be required.

Allowances for Doubtful Accounts. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. Estimating this amount requires us to analyze the financial strengths of our customers. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. By its nature, such an estimate is highly subjective, and it is possible that the amount of accounts receivable that we are unable to collect may be different than the amount initially estimated. Our allowance for doubtful accounts on June 30, 2020 and 2019 was $7.7 million and $4.9 million, respectively. The increase in the allowance for doubtful accounts was primarily due to an increase in the aging of our trade accounts receivable from June 30, 2019 to June 30, 2020. To the extent the actual collectability of our accounts receivable differs from our estimates by 10%, our June 30, 2020 net income would be higher or lower by approximately $0.8 million, on an after-tax basis, depending on whether the actual collectability was better or worse, respectively, than the estimated allowance.

Inventories. We determine the value of inventories using the lower of cost or net realizable value. We write down inventories for the difference between the carrying value of the inventories and their net realizable value. If actual market conditions are less favorable than those projected by management, additional write-downs may be required.

We estimate our reserves for inventory obsolescence by continuously examining our inventories to determine if there are indicators that carrying values exceed net realizable values. Experience has shown that significant indicators that could require the need for additional inventory write-downs are the age of the inventory, the length of its product life cycles, anticipated demand for our products, changes to technical standards required by payment companies or by law, and current economic conditions. While we believe that adequate write-downs for inventory obsolescence have been made in the consolidated financial statements, actual demand could be less than forecasted demand for our products and we could experience additional inventory write-downs in the future. Our inventory reserve on June 30, 2020 and 2019 was $2.8 million and $5.9 million, respectively. The decrease in the inventory reserve was primarily due to the disposal of inventory during the year ended June 30, 2020. To the extent that actual obsolescence of our inventory differs from our estimate by 10%, our June 30, 2020 net income would be higher or lower by approximately $0.3 million, on an after-tax basis.

Loss Contingencies. Loss contingencies are uncertain and unresolved matters that arise in the ordinary course of business and result from events or actions by others that have the potential to result in a future loss. Such contingencies include, but are not limited to, litigation.

When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low-end of such range. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss.

Disclosure is provided for material loss contingencies when a loss is probable but a reasonable estimate cannot be made, and when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded provision. We regularly review all contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. As discussed above, development of a meaningful estimate of loss or a range of potential loss is complex when the outcome is directly dependent on negotiations with or decisions by third parties, such as regulatory agencies, the court system and other interested parties. Such factors bear directly on whether it is possible to reasonably estimate a range of potential loss and boundaries of high and low estimates.

See Note 19 to the consolidated financial statements for further information.

RESULTS OF OPERATIONS

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of our historical results is not necessarily indicative of the results that may be expected in the future.

Certain prior period amounts have been reclassified to conform with current year presentation. Additionally, in connection with the preparation of the condensed consolidated financial statements for the three months ended December 31, 2019, the Company identified certain adjustments that are required to be made to its fiscal year 2019 annual financial statements which resulted in a $2.1 million decrease in net loss for the year ended June 30, 2019. The Company does not believe these adjustments are material to the previously issued financial statements.

Revenue and Gross Profit

	Year Ended June 30,			Percent Change	
($ in thousands)	**2020**	**2019**	**2018**	**2020 v. 2019**	**2019 v. 2018**
Revenue:					
License and transaction fees	$ 133,167	$ 122,908	$ 96,872	8.3%	26.9 %
Equipment sales	29,986	21,558	35,636	39.1%	(39.5)%
Total revenue	163,153	144,466	132,508	12.9%	9.0 %
Cost of sales:					
Cost of services	82,980	79,980	61,175	3.8%	30.7 %
Cost of equipment	33,900	24,301	35,657	39.5%	(31.8)%
Total cost of sales	116,880	104,281	96,832	12.1%	7.7 %
Gross profit:					
License and transaction fees	50,187	42,928	35,697	16.9%	20.3 %
Equipment sales	(3,914)	(2,743)	(21)	42.7%	*NM*
Total gross profit	$ 46,273	$ 40,185	$ 35,676	15.1%	12.6 %

NM — not meaningful

Revenue

Total revenue for the year ended June 30, 2020 was $163.2 million, consisting of $133.2 million of license and transactions fees and $30.0 million of equipment sales, compared to $144.5 million for the year ended June 30, 2019, consisting of $122.9 million

of license and transaction fees and $21.6 million of equipment sales. The $18.7 million increase in total revenue from the prior fiscal year was attributable to a $10.3 million increase in license and transaction fees driven primarily by an increase in connection count compared to the same period last year and a $8.4 million increase in equipment sales driven primarily by higher shipments compared to the same period last year due to a large equipment sale made to a strategic customer during the first three quarters of fiscal year 2020. To date, the fee concessions through June 30, 2020 granted to customers whose locations were affected by COVID-19 shutdowns totaled approximately $0.7 million, which was not material to the financial results as of and for the year ended June 30, 2020.

Total revenue for the year ended June 30, 2019 was $144.5 million, consisting of $122.9 million of license and transactions fees and $21.6 million of equipment sales, compared to $132.5 million for the year ended June 30, 2018, consisting of $96.9 million of license and transaction fees and $35.6 million of equipment sales. The $12.0 million increase in total revenue from the prior fiscal year was attributable to a $26.0 million increase in license and transaction fees offset by a $14.1 million decrease in equipment sales. The increase in license and transaction fees is driven by approximately 141,000 net new connections in FY2019. The decrease in equipment sales is driven by lower shipments in 2019.

Cost of sales

Total cost of sales for the year ended June 30, 2020 was $116.9 million, consisting of $83.0 million of cost of services and $33.9 million of equipment costs, compared to $104.3 million for the year ended June 30, 2019, consisting of $80.0 million of cost of services and $24.3 million of equipment costs. The $12.6 million increase in total cost of sales from the prior fiscal year was attributable to a $3.0 million increase in cost of services driven primarily by an increase in connection count compared to the same period last year and a $9.6 million increase in equipment costs driven primarily by higher shipments compared to the same period last year.

Total cost of sales for the year ended June 30, 2019 was $104.3 million, consisting of $80.0 million of cost of services and $24.3 million of equipment costs, compared to $96.8 million for the year ended June 30, 2018, consisting of $61.2 million of cost of services and $35.7 million of equipment costs. The $7.4 million increase in total cost of sales from the prior fiscal year was attributable to a $18.8 million increase in cost of services offset by a $11.4 million decrease in equipment costs, driven by lower shipments in fiscal year 2019.

Gross Margin

Overall gross margin increased from 27.8% for fiscal year 2019 to 28.4% for fiscal year 2020. This increase is attributable to an increase in the license and transaction fee margin from 34.9% for fiscal year 2019 to 37.7% for fiscal year 2020 and a relatively flat change in equipment margin from (12.7)% for fiscal year 2019 to (13.1)% for fiscal year 2020. The increase in the license and transaction fee margin is primarily due to higher license and transaction fee margin earned in fiscal year 2020 from a strategic customer.

Overall gross margin increased from 26.9% for fiscal year 2018 to 27.8% for fiscal year 2019. This increase occurred despite decreases in the license and transaction fee margin from 36.8% for fiscal year 2018 to 34.9% for fiscal year 2019 and the equipment margin from (0.1)% for fiscal year 2018 to (12.7)% for fiscal year 2019. Low or negative margin equipment sales were a much lower proportion of total revenue in fiscal year 2019 at 15% compared to 27% in fiscal year 2018.

Operating Expenses

	Year ended June 30,			Percent Change	
Category ($ in thousands)	**2020**	**2019**	**2018**	**2020 v. 2019**	**2019 v. 2018**
Selling, general and administrative expenses	$ 60,266	$ 46,527	$ 34,647	29.5%	34.3%
Investigation, proxy solicitation and restatement expenses	21,292	16,073	—	32.5%	*NM*
Integration and acquisition costs	—	1,338	7,048	*NM*	(81.0%)
Depreciation and amortization	4,307	4,430	3,204	(2.8%)	38.3%
Total operating expenses	$ 85,865	$ 68,368	$ 44,899	25.6%	52.3%

NM — not meaningful

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2020 were $60.3 million, compared to $46.5 million for the year ended June 30, 2019. The $13.7 million increase from the prior fiscal year was primarily attributable to $7.5 million in increased employee related costs due to higher headcount in 2020 to further invest in the Company's strategic plans for growth and increased severance and stock compensation related to employee and officer transitions, a $3.8 million increase in professional fees due to increased staff augmentation costs to support the Company's operations and $2.6 million of additional sales tax related liabilities**.**

Selling, general and administrative expenses for the year ended June 30, 2019 were $46.5 million, compared to $34.6 million for the year ended June 30, 2018. The $11.9 million increase from the prior fiscal year was attributable to a $5.3 million net increase of employee related costs, $2.2 million of tax expense driven by sales tax exposure, $2.1 million of increased reserve for bad debt expense, and $0.7 million of increased expenses related to the Company's premises. The Company also experienced increased audit fees related to all of the Company's fiscal year 2019 filings and associated restatements.

Investigation, proxy solicitation and restatement expenses

In fiscal year 2019, the Audit Committee, with the assistance of independent legal and forensic accounting advisors, conducted an internal investigation of then-current and prior period matters relating to certain of the Company's contractual arrangements, including the accounting treatment, financial reporting and internal controls related to such arrangements (the "2019 Investigation"). Additionally in fiscal year 2019, significant financial reporting issues were identified which were unrelated to the internal investigation and which resulted in further adjustments to the Company's previously issued or prior fiscal years' unissued financial statements. As a result of the findings, the Company restated its consolidated financial statements as of and for the fiscal year 2017, our selected financial data as of and for the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, and our unaudited consolidated financial statements for the quarterly periods ended September 30, 2016, December 31, 2016, March 31, 2017, September 30, 2017, December 31, 2017, and March 31, 2018.

Investigation, proxy solicitation and restatement expenses were incurred both in fiscal years 2020 and 2019 in connection with the 2019 Investigation and the restatements of previously filed financial statements, bank consents, the remediation of deficiencies in our internal control over financial reporting, the proxy solicitation, and professional services fees to assist with accounting and compliance activities in fiscal year 2020 following the filing of the 2019 Form 10-K.

The Company incurred $21.3 million for accounting and legal services during fiscal year 2020 and $16.1 million during fiscal year 2019 in connection with these expenses.

Integration and acquisition costs

The Company did not incur integration and acquisition costs for the year ended June 30, 2020.

Integration and acquisition costs for the year ended June 30, 2019 were $1.3 million, compared to $7.0 million incurred for the year ended June 30, 2018. The Company acquired Cantaloupe and incurred the majority of integration and acquisition costs in the year ended June 30, 2018, and completed those costs in the year ended June 30, 2019.

Depreciation and amortization

Depreciation and amortization expenses for the year ended June 30, 2020 were $4.3 million, compared to $4.4 million for the year ended June 30, 2019. The change was consistent with the same period in prior year.

Depreciation and amortization expenses for the year ended June 30, 2019 were $4.4 million, compared to $3.2 million for the year ended June 30, 2018. The $1.2 million increase from the prior fiscal year was attributable to intangible asset amortization resulting from the acquisition of Cantaloupe in fiscal year 2018.

Other Expense, Net

Category ($ in thousands)	Year ended June 30, 2020	2019	2018	Percent Change 2020 v. 2019	2019 v. 2018
Other income (expense):					
Interest income	$ 1,595	$ 1,555	$ 943	2.6%	64.9%
Interest expense	(2,597)	(2,992)	(3,105)	(13.2%)	(3.6%)
Total other expense, net	$ (1,002)	$ (1,437)	$ (2,162)	(30.3%)	(33.5%)

NM — not meaningful

Total Other Expense, Net

Total other expense, net for the fiscal year ended June 30, 2020 was $1.0 million, compared to $1.4 million for the fiscal year ended June 30, 2019. The change was primarily driven by a $0.8 million decrease in the fair value of the embedded derivative liability related to the senior secured term loan facility (“2020 Antara Term Facility”) with Antara Capital Master Fund LP (“Antara”) offset by $0.3 million of additional interest expense related to our sales tax accrual.

Total other expense, net for the fiscal year ended June 30, 2019 was $1.4 million, compared to $2.2 million for the fiscal year ended June 30, 2018. The $0.7 million decrease is primarily due to an increase in interest income from agreements under the Company's Quick Start Program.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure which is not required by or defined under GAAP. We use these non-GAAP financial measures for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to metrics used by our management in its financial and operational decision making. The presentation of this financial measure is not intended to be considered in isolation or as a substitute for the financial measures prepared and presented in accordance with GAAP, including our net income or net loss or net cash used in operating activities. Management recognizes that non-GAAP financial measures have limitations in that they do not reflect all of the items associated with our net income or net loss as determined in accordance with GAAP, and are not a substitute for or a measure of our profitability or net earnings. Adjusted EBITDA is presented because we believe it is useful to investors as a measure of comparative operating performance. Additionally, we utilize Adjusted EBITDA as a metric in our executive officer and management incentive compensation plans.

For the fiscal year ended June 30, 2020, the Company had Adjusted EBITDA of $(8.3) million compared to Adjusted EBITDA of $(1.5) million for the fiscal year ended June 30, 2019 and Adjusted EBITDA of $7.4 million for the fiscal year ended June 30, 2018. Reconciliation of net loss to Adjusted EBITDA for the fiscal years ended June 30, 2020, 2019, and 2018 is as follows:

($ in thousands)	Year ended June 30, 2020	2019	2018
Net loss	$ (40,595)	$ (29,882)	$ (11,284)
Less: interest income	(1,595)	(1,555)	(943)
Plus: interest expense	2,597	2,992	3,105
Plus (less): income tax provision (benefit)	1	262	(101)
Plus: depreciation expense included in cost of sales for rentals	2,711	3,074	4,625
Plus: depreciation and amortization expense in operating expenses	4,307	4,430	3,204
EBITDA	(32,574)	(20,679)	(1,394)
Plus: stock-based compensation	3,029	1,750	1,794
Plus: investigation, proxy solicitation and restatement expenses	21,292	16,073	—
Plus: integration and acquisition costs	—	1,338	7,048
Adjustments to EBITDA	24,321	19,161	8,842
Adjusted EBITDA	$ (8,253)	$ (1,518)	$ 7,448

For the three months ended June 30, 2020, the Company had Adjusted EBITDA of $(0.1) million compared to Adjusted EBITDA of $(4.6) million for the three months ended June 30, 2019. Reconciliation of net loss to Adjusted EBITDA for the three months ended June 30, 2020 and 2019 is as follows:

($ in thousands)	Three months ended June 30, 2020	2019
Net loss	$ (11,414)	$ (9,850)
Less: interest income	(607)	(310)
Plus: interest expense	1,686	474
Plus (less): income tax provision (benefit)	(45)	202
Plus: depreciation expense included in cost of sales for rentals	727	534
Plus: depreciation and amortization expense in operating expenses	1,098	1,071
EBITDA	(8,555)	(7,879)
Plus: stock-based compensation	576	357
Plus: investigation, proxy solicitation and restatement expenses	7,894	2,662
Plus: integration and acquisition costs	—	211
Adjustments to EBITDA	8,470	3,230
Adjusted EBITDA	$ (85)	$ (4,649)

As used herein, Adjusted EBITDA represents net loss before interest income, interest expense, income taxes, depreciation, amortization, non-recurring fees and charges that were incurred in connection with the acquisition and integration of businesses, non-recurring fees and charges that were incurred in connection with the 2019 Investigation and financial statement restatement activities as well as proxy solicitation costs, and stock-based compensation expense.

We have excluded the non-cash expense, stock-based compensation, as it does not reflect our cash-based operations. We have excluded the non-recurring costs and expenses incurred in connection with business acquisitions in order to allow more accurate comparison of the financial results to historical operations. We have excluded the professional fees incurred in connection with the non-recurring costs and expenses related to the 2019 Investigation, financial statement restatement activities, and proxy solicitation costs because we believe that they represent charges that are not related to our operations.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have financed our operations primarily through cash from operating activities, debt financings, and equity issuances. Our principal source of liquidity is cash totaling $31.7 million and $27.5 million as of June 30, 2020 and June 30, 2019, respectively. On July 25, 2017 and May 25, 2018, the Company closed its underwritten public offerings resulting in gross proceeds, before deducting underwriting discounts and commissions and other offering expenses of approximately $43.1 million and $69.6 million, respectively. In October 2019, the Company also sold shares to Antara for gross proceeds of $20.0 million and entered into the 2020 Antara Term Facility to draw $15.0 million on a $30.0 million senior secured term loan facility.

On August 14, 2020, the Company repaid all amounts outstanding under the 2020 Antara Term Facility and entered into a credit agreement (the "2021 JPMorgan Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan"). The 2021 JPMorgan 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 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.

Operating Activities

For the year ended June 30, 2020, net cash used in operating activities was $14.1 million. The foregoing reflects a net benefit for non-cash operating activities of $21.6 million, and net cash provided by the change in various operating assets and liabilities of $4.9 million. Major non-cash charges included $7.0 million of depreciation and amortization expense, $1.3 million of non-cash interest expense, $3.0 million of stock compensation expense, $4.5 million for the reimbursement of shareholder proxy costs, and $3.0 million of bad debt expense.

For the year ended June 30, 2019, net cash used in operating activities was $28.2 million. The foregoing reflects a net benefit for non-cash operating activities of $15.9 million, and net cash provided by the change in various operating assets and liabilities of $14.2 million. Major non-cash charges included $7.5 million of depreciation and amortization expense and $1.8 million of stock compensation expense.

For the year ended June 30, 2018, net cash provided by operating activities was $12.4 million. The foregoing reflects a net benefit for non-cash operating activities of $11.5 million, and net cash provided by the change in various operating assets and liabilities of $12.3 million, which includes an increase in accounts payable and accrued expenses of $16.9 million. Major non-cash charges included $7.8 million of depreciation and amortization expense, $0.2 million due to deferred income taxes, and $1.8 million of stock compensation expense.

Investing Activities

During the fiscal year ended June 30, 2020, $2.5 million of cash was used in investing activities primarily for the purchase of property and equipment.

During the fiscal year ended June 30, 2019, $4.8 million of cash was used in investing activities primarily for the purchase of property and equipment.

During the fiscal year ended June 30, 2018, $68.9 million of cash was used in investing activities of which $65.2 million was cash paid for the Cantaloupe acquisition and the remainder was primarily cash used for the purchase of property and equipment.

Financing Activities

Net cash provided by financing activities during the fiscal year ended June 30, 2020 was $20.9 million, primarily from the sale of shares to Antara for $20.0 million and draw on the 2020 Antara Term Facility for $15.0 million, partially offset by the repayment of borrowings under a line of credit provided by JPMorgan (“2018 JPMorgan Revolving Credit Facility”) of $10.0 million as well as the repayments of other long-term debt and finance lease obligations.

Net cash used in financing activities during the fiscal year ended June 30, 2019 was $23.6 million, generated by the repayments of long-term debt and finance lease obligations.

Net cash provided by financing activities during the fiscal year ended June 30, 2018 was $127.6 million, generated predominantly by proceeds from the issuance of common stock of $104.8 million, $37.6 million from the proceeds of issuance of long-term debt and draws from the 2018 JPMorgan Revolving Credit Facility, and $1.1 million from the transfer of finance receivables, partially offset by $15.0 million in repayments of long-term debt and capital lease obligations.

Sources and Uses of Cash

The Company has the following primary sources of capital available: (1) cash and cash equivalents on hand of $31.7 million as of June 30, 2020; (2) the cash which may be provided by operating activities; and (3) amounts borrowed from the 2021 JPMorgan Credit Agreement after repayment of the 2020 Antara Term Facility. In addition, management has recently implemented efficiencies in working capital that are designed to increase our cash balances.

On September 30, 2019, the Company prepaid the remaining principal balance of the term loan with JPMorgan (“2018 JPMorgan Term Loan”) of $1.5 million and agreed to permanently reduce the amount available under the 2018 JPMorgan Revolving Credit Facility to $10 million which represented the outstanding balance on the date thereof.

Pursuant to a Stock Purchase Agreement dated October 9, 2019 between the Company and Antara, the Company sold to Antara 3,800,000 shares of the Company’s common stock at a price of $5.25 per share for gross proceeds of $19,950,000 and incurred a cash placement fee of $1.2 million. In connection with the Stock Purchase Agreement, the Company also agreed to file a registration statement under the Securities Act of 1933 with the Securities and Exchange Commission covering the resale of the shares by Antara. Subsequently, Antara and the Company agreed to terminate the obligation of the Company to register the shares in exchange for $1.2 million, paid during the third quarter of fiscal year 2020.

On October 9, 2019, the Company also entered into a commitment letter (“Commitment Letter”) with Antara, pursuant to which Antara committed to extend to the Company a $30.0 million term facility. Upon the execution of the Commitment Letter, the Company paid to Antara a non-refundable commitment fee of $1.2 million and incurred a cash placement fee of $750,000. On October 31, 2019, the Company entered into a Financing Agreement with Antara to draw $15.0 million on the 2020 Antara Term

Facility. The proceeds of the initial draw were used to repay the outstanding balance of the 2018 JPMorgan Revolving Credit Facility in the amount of $10.1 million, including accrued interest, and to pay transaction expenses.

As of June 30, 2020, the Company intended to prepay the principal amount outstanding on the 2020 Antara Term Facility. The Company recorded a liability for the commitment termination fee and prepayment premium for $1.2 million as of June 30, 2020. In addition, all of the Company's unamortized issuance costs and debt discount related to the 2020 Antara Term Facility will be recognized as interest expense during the fiscal quarter ending September 30, 2020, which as of June 30, 2020 was $2.6 million. On August 14, 2020, the Company entered into the 2021 JPMorgan Credit Agreement with JPMorgan. The 2021 JPMorgan 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 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. In connection with the consummation of the 2021 JPMorgan Credit Agreement, the Company repaid all amounts outstanding under the 2020 Antara Term Facility.

As of June 30, 2019 the Company disclosed and recorded potential sales tax and related interest and penalty liabilities, which the Company estimated to be $20.0 million in the aggregate as of June 30, 2020. The Company continues to evaluate these liabilities and the amount and timing of any such payments.

During the year ended June 30, 2020, the Company reached a settlement of a shareholder class action lawsuit pending in federal court. The Company's insurance carriers paid $12.7 million towards the settlement and the Company paid $2.6 million towards the settlement, which was made in July 2020. As discussed in Note 19, those amounts are contingent upon certain future events, but are expected to be distributed pursuant to the settlement during the next 12 months. The Company recorded the $2.6 million as a liability in the consolidated financial statements as of June 30, 2020.

The Company believes that its current financial resources will be sufficient to fund its current twelve-month operating budget from the date of issuance of these consolidated financial statements.

CONTRACTUAL OBLIGATIONS

As of June 30, 2020, the Company had certain contractual obligations due over a period of time as summarized in the following table:

	Payments Due by Fiscal Year				
($ in thousands)	Total	2021	2022-2023	2024-2025	2026 and Beyond
Debt Obligations	$ 19,499	$ 4,486	$ 13	$ 15,000	$ —
Finance Lease Obligations	65	46	18	1	—
Operating Lease Obligations	6,944	1,440	2,954	1,657	893
Total Contractual Obligations	$ 26,508	$ 5,972	$ 2,985	$ 16,658	$ 893

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2020 and 2019, we were exposed to market risk related to changes in interest rates on our outstanding borrowings.

As of June 30, 2020, the Company was in active negotiations to refinance its senior secured term loan facility ("2020 Antara Term Facility") bearing interest at 9.75% per annum, which were successfully completed on August 14, 2020. A 10% change in the level of interest rates on the 2020 Antara Term Facility would not have a material impact on our interest expense or consolidated financial statements at June 30, 2020.

As of June 30, 2019, the Company had borrowed $10,000,000 outstanding under a line of credit and approximately $1,500,000 under a term loan with JP Morgan Chase Bank, N.A. which was repaid during the year ended June 30, 2020. The applicable interest rate on the loans as of June 30, 2019 was LIBOR plus 4%. A 10% change in LIBOR would not have a material impact on our interest expense or consolidated financial statements.

We are also exposed to market risk related to changes in interest rates on our cash investments. We invest our excess cash in money market funds that we believe are highly liquid and marketable in the short term. These investments earn a floating rate of interest and are not held for trading or other speculative purposes. Consequently, our exposure to market risks for interest rate changes related to our money market funds is not material. Market risks related to fluctuations of foreign currencies are not material and we have no freestanding derivative instruments as of June 30, 2020 or 2019.

Item 8. Financial Statements and Supplementary Data.

USA TECHNOLOGIES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements:

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
USA Technologies, Inc.
Malvern, Pennsylvania

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of USA Technologies, Inc. (the "Company") as of June 30, 2020 and 2019, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2020, and the related notes and schedules listed in Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have 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 June 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated September 11, 2020 expressed an adverse opinion thereon.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, effective July 1, 2019, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Codification ("ASC") Topic 842, *Leases*, and effective July 1, 2018, the Company changed its method of accounting for recognizing revenue from contracts with customers due to the adoption of ASC Topic 606, *Revenue from Contracts with Customers*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2019.
Philadelphia, Pennsylvania
September 11, 2020

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
USA Technologies, Inc.
Malvern, Pennsylvania

Opinion on Internal Control over Financial Reporting

We have audited USA Technologies, Inc.'s (the "Company's") internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of June 30, 2020, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any remedial measures taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of June 30, 2020 and 2019, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2020, and the related notes and financial statement schedule listed in Item 15 (collectively referred to as "the financial statements") and our report dated September 11, 2020 expressed an unqualified opinion thereon.

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 "Item 9A, 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness regarding management's failure to maintain controls over non-routine and complex transactions has been identified and described in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2020 financial statements, and this report does not affect our report dated September 11, 2020 on those financial statements.

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 consolidated 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 consolidated 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/ BDO USA, LLP

Philadelphia, Pennsylvania
September 11, 2020

USA Technologies, Inc.
Consolidated Balance Sheets

($ in thousands, except per share data)	As of June 30, 2020	As of June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 31,713	$ 27,464
Accounts receivable, less allowance of $7,676 and $4,866, respectively	17,273	21,906
Finance receivables, net	7,468	6,727
Inventory, net	9,128	11,273
Prepaid expenses and other current assets	1,782	1,558
Total current assets	67,364	68,928
Non-current assets:		
Finance receivables due after one year, net	11,213	12,642
Other assets	1,993	2,099
Property and equipment, net	7,872	9,590
Operating lease right-of-use assets	5,603	—
Intangibles, net	23,033	26,171
Goodwill	63,945	63,945
Total non-current assets	113,659	114,447
Total assets	$ 181,023	$ 183,375
Liabilities, convertible preferred stock and shareholders' equity		
Current liabilities:		
Accounts payable	$ 27,058	$ 27,584
Accrued expenses	30,265	23,705
Finance lease obligations and current obligations under long-term debt	3,328	12,497
Deferred revenue	1,698	1,681
Total current liabilities	62,349	65,467
Long-term liabilities:		
Deferred income taxes	137	71
Finance lease obligations and long-term debt, less current portion	12,435	276
Operating lease liabilities, non-current	4,749	—
Total long-term liabilities	17,321	347
Total liabilities	$ 79,670	$ 65,814
Commitments and contingencies (Note 19)		
Convertible preferred stock:		
Series A convertible preferred stock, 900,000 shares authorized, 445,063 issued and outstanding, with liquidation preferences of $20,779 and $20,111 at June 30, 2020 and 2019, respectively	3,138	3,138
Shareholders' equity:		
Preferred stock, no par value, 1,800,000 shares authorized, no shares issued	—	—
Common stock, no par value, 640,000,000 shares authorized, 65,196,882 and 60,008,481 shares issued and outstanding at June 30, 2020 and 2019, respectively	401,240	376,853
Accumulated deficit	(303,025)	(262,430)
Total shareholders' equity	98,215	114,423
Total liabilities, convertible preferred stock and shareholders' equity	$ 181,023	$ 183,375

See accompanying notes.

USA Technologies, Inc.
Consolidated Statements of Operations

($ in thousands, except per share data)	Year ended June 30, 2020	2019	2018
Revenue:			
License and transaction fees	$ 133,167	$ 122,908	$ 96,872
Equipment sales	29,986	21,558	35,636
Total revenue	163,153	144,466	132,508
Costs of sales:			
Cost of services	82,980	79,980	61,175
Cost of equipment	33,900	24,301	35,657
Total costs of sales	116,880	104,281	96,832
Gross profit	46,273	40,185	35,676
Operating expenses:			
Selling, general and administrative	60,266	46,527	34,647
Investigation, proxy solicitation and restatement expenses	21,292	16,073	—
Integration and acquisition costs	—	1,338	7,048
Depreciation and amortization	4,307	4,430	3,204
Total operating expenses	85,865	68,368	44,899
Operating loss	(39,592)	(28,183)	(9,223)
Other income (expense):			
Interest income	1,595	1,555	943
Interest expense	(2,597)	(2,992)	(3,105)
Total other expense, net	(1,002)	(1,437)	(2,162)
Loss before income taxes	(40,594)	(29,620)	(11,385)
Benefit (provision) for income taxes	(1)	(262)	101
Net loss	(40,595)	(29,882)	(11,284)
Preferred dividends	(668)	(668)	(668)
Net loss applicable to common shares	$ (41,263)	$ (30,550)	$ (11,952)
Net loss per common share			
Basic	$ (0.66)	$ (0.51)	$ (0.23)
Diluted	$ (0.66)	$ (0.51)	$ (0.23)
Weighted average number of common shares outstanding			
Basic	62,980,193	60,061,243	51,840,518
Diluted	62,980,193	60,061,243	51,840,518

See accompanying notes.

USA Technologies, Inc.
Consolidated Statements of Shareholders' Equity

($ in thousands, except shares)	Common Stock Shares	Common Stock Amount	Accumulated Deficit	Total
Balance, June 30, 2017	40,331,645	$ 245,999	$ (221,531)	$ 24,468
Issuance of common stock in relation to public offering, net of offering costs incurred of $7,964 [a]	15,913,781	104,796	—	104,796
Issuance of common stock as merger consideration [b]	3,423,367	23,279	—	23,279
Stock based compensation	374,823	1,935	—	1,935
Excess tax benefit from stock plans	—	—	67	67
Retirement of common stock [c]	(44,805)	(573)	—	(573)
Net loss	—	—	(11,284)	(11,284)
Balance, June 30, 2018	59,998,811	$ 375,436	$ (232,748)	$ 142,688
Cumulative effect adjustment for ASC 606 adoption	—	—	200	200
Stock based compensation	20,627	1,618	—	1,618
Repurchase of stock option awards	—	(120)	—	(120)
Retirement of common stock	(10,957)	(81)	—	(81)
Net loss	—	—	(29,882)	(29,882)
Balance, June 30, 2019	60,008,481	$ 376,853	$ (262,430)	$ 114,423
Stock based compensation	752,808	3,110	—	3,110
Issuance of common stock in relation to private placement, net of offering costs incurred of $1,102 [a]	3,800,000	16,777	—	16,777
Issuance of common stock to Hudson Executive Capital LP [a]	635,593	4,500	—	4,500
Net loss	—	—	(40,595)	(40,595)
Balance, June 30, 2020	65,196,882	$ 401,240	$ (303,025)	$ 98,215

(a) Refer to Note 14 regarding the public offering issued during July 2017 and May 2018, the private placement during October 2019, and the issuance of shares as reimbursement to Hudson Executive Capital LP for costs in connection with its proxy solicitation.
(b) Refer to Note 5 regarding the business acquisition executed during November 2017.
(c) Includes 3,577 shares previously held in escrow in relation to the Cantaloupe acquisition.

See accompanying notes.

USA Technologies, Inc.
Consolidated Statements of Cash Flows

($ in thousands)	Year ended June 30, 2020	2019	2018
OPERATING ACTIVITIES:			
Net loss	$ (40,595)	$ (29,882)	$ (11,284)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Non-cash stock-based compensation	3,029	1,750	1,794
(Gain) loss on disposal of property and equipment	335	672	(131)
Non-cash interest and amortization of debt discount	1,283	301	140
Reimbursement of shareholder proxy solicitation costs	4,500	—	—
Bad debt expense	2,958	2,534	471
Provision for inventory reserve	681	3,172	1,467
Depreciation and amortization included in operating expenses	4,307	4,430	3,204
Depreciation included in cost of sales for rentals	2,710	3,074	4,625
Non-cash lease expense	1,698	—	—
Excess tax benefits	—	—	67
Deferred income taxes, net	70	(7)	(183)
Changes in operating assets and liabilities:			
Accounts receivable	1,818	(8,706)	(6,234)
Finance receivables	547	(669)	2,228
Sale of finance receivables	—	—	2,280
Inventory	1,463	(5,607)	(3,661)
Prepaid expenses and other current assets	(563)	(395)	377
Accounts payable and accrued expenses	2,988	1,293	16,920
Operating lease liabilities	(1,384)	—	—
Deferred revenue	16	(132)	351
Net cash (used in) provided by operating activities	(14,139)	(28,172)	12,431
INVESTING ACTIVITIES:			
Purchase of property and equipment	(2,538)	(4,875)	(3,978)
Proceeds from sale of property and equipment	44	116	298
Cash paid for acquisitions, net of cash acquired	—	—	(65,181)
Net cash used in investing activities	(2,494)	(4,759)	(68,861)
FINANCING ACTIVITIES:			
Proceeds from collateralized borrowing from the transfer of finance receivables	—	—	1,075
Cash used in retirement of common stock	—	(81)	(552)
Proceeds from exercise of common stock options	192	42	141
Proceeds from long-term debt issuance by Antara	14,248	—	—
Proceeds from equity issuance by Antara	17,879	—	—
Proceeds from PPP Loan	3,065	—	—
Cash used for repurchase of common stock awards	—	(120)	—
Payment of debt issuance costs	(1,980)	(156)	(445)
Proceeds from issuance of long-term debt	—	—	25,100
Proceeds from revolving credit facility	—	—	12,500
Repayment of revolving credit facility	(10,000)	—	(2,500)
Issuance of common stock in public offering, net	—	—	104,796
Repayment of line of credit	—	—	(7,111)
Repayment of finance lease obligations and long-term debt	(2,522)	(23,254)	(5,355)
Net cash (used in) provided by financing activities	20,882	(23,569)	127,649
Net increase (decrease) in cash and cash equivalents	4,249	(56,500)	71,219
Cash and cash equivalents at beginning of year	27,464	83,964	12,745
Cash and cash equivalents at end of year	$ 31,713	$ 27,464	$ 83,964
Supplemental disclosures of cash flow information:			
Interest paid in cash	$ 1,314	$ 2,793	$ 2,878
Supplemental disclosures of noncash financing and investing activities:			
Equity issued in connection with Cantaloupe acquisition, net of post-working capital adjustment for retired shares	$ —	$ —	$ 23,279

Settlement of collateralized borrowing from the sale of finance receivables	$ —	$ —	$ 987
Equipment and software acquired under finance lease	$ 12	$ 5	$ 217

See accompanying notes.

USA Technologies, Inc.
Notes to Consolidated Financial Statements

1. BUSINESS

Overview

USA Technologies, Inc. (the "Company", "We", "USAT", or "Our") was incorporated in the Commonwealth of Pennsylvania in January 1992. We are a provider of technology-enabled solutions and value-added services that facilitate electronic payment transactions and consumer engagement services primarily within the unattended Point of Sale ("POS") market. We are a leading provider in the small ticket, beverage and food vending industry in the United States and are expanding our solutions and services to other unattended market segments, such as amusement, commercial laundry, kiosk and others. Since our founding, we have designed and marketed systems and solutions that facilitate electronic payment options, as well as telemetry and Internet of Things services, which include the ability to remotely monitor, control, and report on the results of distributed assets containing our electronic payment solutions. Historically, these distributed assets have relied on cash for payment in the form of coins or bills, whereas, our systems allow them to accept cashless payments such as through the use of credit or debit cards or other emerging contactless forms, such as mobile payment. The connection to the ePort Connect platform also enables consumer loyalty programs, national rewards programs and digital content, including advertisements and product information to be delivered at the point of sale.

On November 9, 2017, the Company acquired all of the outstanding equity interests of Cantaloupe Systems, Inc. ("Cantaloupe"), pursuant to the Agreement and Plan of Merger ("Merger Agreement"). Cantaloupe is a premier provider of cloud and mobile solutions for vending, micro markets, and office coffee service. The acquisition expanded the Company's existing platform to become an end-to-end enterprise platform integrating Cantaloupe's Seed Cloud which provides cloud and mobile solutions for dynamic route scheduling, automated pre-kitting, responsive merchandising, inventory management, warehouse and accounting management, as well as cashless vending. The combined companies offer a complete value proposition for customers by providing both top-line revenue generating services as well as bottom line business efficiency services to help operators of unattended retail machines run their businesses better. The combined product offering provides the data-rich Seed system with USAT's consumer benefits, providing operators with valuable consumer data that results in customized experiences. In addition to new technology and services, due to Cantaloupe's existing customer base, the acquisition expands the Company's footprint into new markets.

COVID-19

A novel strain of coronavirus (COVID-19) was first identified in China in December 2019 and subsequently declared a global pandemic in March 2020 by the World Health Organization. COVID-19 containment measures began in parts of the United States in March 2020 resulting in forced closure of non-essential businesses and social distancing protocols. As a result, COVID-19 has impacted our business, significantly reducing foot traffic to distributed assets containing our electronic payment solutions and reducing discretionary spending by consumers. The Company did not observe meaningful reductions in processing volume until mid-March, when average daily processing volume decreased approximately 40%. By mid-April, processing volumes began to recover and have shown a steady improvement by approximately 30% over the mid-March levels. At this time we are unable to reasonably estimate the length of time that containment measures will be needed in the United States. Furthermore, even after containment measures are lifted there can be no assurance as to the time required to regain operations and sales at levels prior to the pandemic.

In response to the outbreak and business disruption, first and foremost, we have prioritized the health and safety of our employees by implementing work-from-home measures while continuing to diligently serve our customers. Additionally, we have created an internal task force to lead measures to protect the business in light of the volatility and uncertainty caused by the COVID-19 pandemic, including ensuring the safety of our employees and our community by implementing work from home policies, conserving liquidity, evaluating cost saving actions, partnering with customers to position USAT for renewed growth post crisis, and pausing on international expansion. The liquidity conservation and cost savings initiatives include but are not limited to: a 20% salary reduction for the senior leadership team until December 2020; deferral of all cash-based director fees until calendar year 2021; a temporary furlough of about 10% of our employee base; negotiations with and concessions from vendors in regard to cost reductions and/or payment deferrals; an increased collection effort to reduce outstanding accounts receivables; and various supply chain/inventory improvements. Our supply chain network has not been significantly disrupted and we are continuously monitoring for the impact of COVID-19.

We have agreed to concessions on price and/or payment terms with certain customers who have been negatively impacted by COVID-19 and may negotiate additional concessions on price and/or payment terms. These concessions did not have a material impact on our financial results for the year ended June 30, 2020.

We continue to monitor the rapidly evolving situation and guidance from federal, state and local public health authorities. As such, given the dynamic nature of this situation, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. However, based on current trends and if the pandemic is not substantially contained in the near future, COVID-19 may have a material adverse impact on our revenue growth as well as our overall profitability in fiscal year 2021, and may lead to higher sales-related, inventory-related, and operating reserves. Further, a sustained downturn may also result in a decrease in the fair value of our goodwill or other intangible assets, causing them to exceed their carrying value. This may require us to recognize an impairment to those assets.

Ability to Continue as a Going Concern

During the three years ending June 30, 2020, the Company has incurred significant net losses for each fiscal year. Also, as noted in Note 12, at June 30, 2020, the Company was not in compliance with certain covenants under its then-existing 2020 Antara Term Facility (as defined in Note 12).

At June 30, 2020, the Company had $31.7 million in cash and a working capital surplus of $5.0 million. In addition, as more fully discussed in Note 21, on August 14, 2020, the Company repaid all amounts outstanding under the 2020 Antara Term Facility and entered into a credit agreement (the "2021 JPMorgan Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan"). As a result, the Company has the following primary sources of capital available: (1) cash and cash equivalents on hand of $31.7 million as of June 30, 2020; (2) the cash which may be provided by operating activities; and (3) amounts borrowed from the 2021 JPMorgan Credit Agreement after repayment of the 2020 Antara Term Facility. In addition, management has recently implemented efficiencies in working capital that are designed to increase our cash balances.

The Company believes that its current financial resources, as of the date of the issuance of these consolidated financial statements, are sufficient to fund its current twelve month operating budget, alleviating any substantial doubt raised by our historical operating results and satisfying our estimated liquidity needs for twelve months from the issuance of these consolidated financial statements.

2. ACCOUNTING POLICIES

CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform with current year presentation, including the classification of Selling, general and administrative expenses and Investigation, proxy solicitation and restatement expenses on the Consolidated Statements of Operations as more fully described in Note 20.

In connection with the preparation of the condensed consolidated financial statements for the three months ended December 31, 2019, the Company identified certain adjustments that are required to be made to its fiscal year 2019 interim and annual financial statements. As a result, the Company has revised in this filing certain prior year interim amounts in Note 20 and annual amounts in its consolidated balance sheets, statements of operations and statements of cash flows and related disclosures. Such adjustments resulted in a $0.7 million decrease in net loss for the three months ended June 30, 2019 and a $2.1 million decrease in net loss for the year ended June 30, 2019. The Company does not believe these adjustments are material to the previously issued financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents represent all highly liquid investments with original maturities of three months or less from time of purchase. Cash equivalents are comprised of money market funds. The Company maintains its cash in bank deposit accounts where accounts may exceed federally insured limits at times. The Company deems this credit risk not to be significant as cash is held at well-capitalized financial institutions in the U.S.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable include amounts due to the Company for sales of equipment, other amounts due from customers, merchant service receivables, and unbilled amounts due from customers, net of the allowance for uncollectible accounts.

The Company maintains an allowance for doubtful accounts for probable incurred losses resulting from the inability of its customers to make required payments, including from a shortfall in the customer transaction fund flow from which the Company would normally collect amounts due.

The allowance is determined through an analysis of various factors including the financial condition of the customer, the aging of the accounts receivable, the strength of the relationship with the customer, the capacity of the customer transaction fund flow to satisfy the amount due from the customer, and an assessment of collection costs and other factors. The allowance for doubtful accounts receivable is management's best estimate as of the respective reporting date. The Company writes off receivable balances against the allowance for doubtful accounts when management determines the balance is uncollectible and the Company ceases collection efforts. Management believes that the allowance recorded is adequate to provide for its estimated credit losses.

FINANCE RECEIVABLES

The Company offers extended payment terms to certain customers for equipment sales under its Quick Start Program. In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification® ("ASC") Topic 842, "Leases", agreements under the Quick Start Program qualify for sales-type lease accounting. Accordingly, the future minimum lease payments are classified as finance receivables in the Company's consolidated balance sheets. Finance receivables or Quick Start leases are generally for a sixty month term. Finance receivables are carried at their contractual amount net of allowance of credit losses when management determines that it is probable a loss has been incurred. Finance receivables are charged off against the allowance for credit losses when management determines that the finance receivables are uncollectible and the Company ceases collection efforts. The Company recognizes a portion of the note or lease payments as interest income in the accompanying consolidated financial statements based on the effective interest rate method.

INVENTORY, NET

Inventory consists of finished goods. The company's inventories are valued at the lower of cost or net realizable value, generally using a weighted-average cost method.

The Company establishes allowances for slow-moving inventory based upon quality considerations and assumptions about future demand and market conditions.

PROPERTY AND EQUIPMENT, NET

Property and equipment are recorded at either cost or, in the instance of an acquisition, the estimated fair value on the date of the acquisition, and are depreciated on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized on the straight-line basis over the lesser of the estimated useful life of the asset or the respective lease term. Depreciation expense on our property and equipment, excluding property and equipment used for rentals, is included in "Depreciation and amortization" in the Consolidated Statements of Operations. Depreciation expense on our property and equipment used for rentals is included in "Cost of services" in the Consolidated Statements of Operations. Additions and improvements that extend the estimated lives of the assets are capitalized, while expenditures for repairs and maintenance are expensed as incurred.

GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill represents the excess of cost over fair value of the net assets purchased in acquisitions. Under ASC 350, goodwill is not amortized to earnings, but instead is subject to periodic testing for impairment. Testing for impairment is to be done at least annually and at other times if events or circumstances arise that indicate that impairment may have occurred. We test goodwill for impairment by comparing the fair value of our reporting unit to its carrying value using a market approach. An impairment charge is recognized for the amount by which, if any, the carrying value exceeds the reporting unit's fair value. However, the loss recognized cannot exceed the reporting unit's goodwill balance. The Company has selected April 1 as its annual test date. The Company has concluded there has been no impairment of goodwill during the years ended June 30, 2020, 2019, or 2018.

The Company's intangible assets include trademarks, non-compete agreements, brand, developed technology, customer relationships and tradenames and were acquired in a purchase business combination. The Company carries these intangibles at

cost, less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful lives of the respective assets, which span between three and eighteen years, and are included in “Depreciation and amortization" in the Consolidated Statements of Operations.

There were no indefinite-lived intangible assets at June 30, 2020 or 2019.

LONG-LIVED ASSETS

The Company reviews its definite lived long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amount of an asset or group of assets exceeds its net realizable value, the asset will be written down to its fair value.

Definite lived long-lived assets are reported as held for sale when management commits to a plan to sell the asset or disposal group, the asset or disposal group is available for immediate sale and is being actively marketed for sale at a price that is reasonable in relation to its current fair value, an active program to sell has been initiated, the sale of the asset or disposal group is probable and is expected to qualify for recognition as a sale within one year, and it is unlikely significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale are not depreciated or amortized and the assets are reported at the lower of carrying value or fair value less costs to sell.

The Company has concluded that the carrying amount of definite lived long-lived assets is recoverable as of June 30, 2020 and 2019.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received in the sale of an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

Level 1- Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2- Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3- Inputs are unobservable and reflect the Company’s assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available.

CONCENTRATION OF RISKS

Concentration of revenue with customers subject the Company to operating risks. Approximately 16%, 17% and 16% of the Company’s revenue for the years ended June 30, 2020, 2019 and 2018, respectively, were concentrated with one customer. The Company’s customers are principally located in the United States.

REVENUE RECOGNITION

On July 1, 2018, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective transition method to all open contracts with customers that were not completed as of June 30, 2018. Results for reporting periods beginning after July 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company’s historic revenue recognition methodology under ASC 605.

Revenue Recognition Under ASC 606 (Periods Subsequent to July 1, 2018)

The new revenue recognition guidance provides a single model to determine when and how revenue is recognized. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company recognizes revenue using a five-step model resulting in revenue being recognized as performance

obligations within a contract have been satisfied. The steps within that model include: (i) identifying the existence of a contract with a customer; (ii) identifying the performance obligations within the contract; (iii) determining the contract's transaction price; (iv) allocating the transaction price to the contract's performance obligations; and, (v) recognizing revenue as the contract's performance obligations are satisfied. Judgment is required to apply the principles-based, five-step model for revenue recognition. Management is required to make certain estimates and assumptions about the Company's contracts with its customers, including, among others, the nature and extent of its performance obligations, its transaction price amounts and any allocations thereof, the events which constitute satisfaction of its performance obligations, and when control of any promised goods or services is transferred to its customers. The new standard also requires certain incremental costs incurred to obtain or fulfill a contract to be deferred and amortized on a systematic basis consistent with the transfer of goods or services to the customer.

The Company provides an end-to-end payment solution which integrates hardware, software, and payment processing in the self-service retail market. The Company has contractual agreements with customers that set forth the general terms and conditions of the relationship, including pricing of goods and services, payment terms and contract duration. Revenue is recognized when the obligation under the terms of the Company's contract with its customer is satisfied and is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services.

The Company's business model is to act as the Merchant of Record for its sellers. We provide cashless vending payment services in exchange for monthly service fees, in addition to collecting usage-based consideration for completed transactions. The contracts we enter into with third-party suppliers provide us with the right to access and direct their services when processing a transaction. The Company combines the services provided by third-party suppliers to enable customers to accept cashless payment transactions, indicating that it controls all inputs in directing their use to create the combined service. Additionally, USAT sells cashless payment devices (e.g., e-Ports, Seed), which are either directly sold or leased through the Company's QuickStart or JumpStart programs.

Cashless vending services represent a single performance obligation as the combination of the services provided gives the customer the ability to accept cashless payments. The Company's customers are contracting for integrated cashless services in connection with purchasing or leasing unattended point-of-sale devices. The activities when combined together are so integral to the customer's ability to derive benefit from the service, that the activities are effectively inputs to a single promise to the customer. Certain services are distinct, but are not accounted for separately as the rights are coterminous, they are transferred concurrently and the outcome is the same as accounting for the services as individual performance obligations. The single performance obligation is determined to be a stand-ready obligation to process payments whenever a consumer intends to make a purchase at a point-of-sale device. As the Company is unable to predict the timing and quantity of transactions to be processed, the assessment of the nature of the performance obligation is focused on each time increment rather than the underlying activity. Therefore, cashless vending services are viewed to comprise a series of distinct days of service that are substantially the same and have the same pattern of transfer to the customer. As a result, the promise to stand ready is accounted for as a single performance obligation.

Revenue related to cashless vending services is recognized over the period in which services are provided, with usage-based revenue recognized as transactions occur. Consideration for this service includes fixed fees for standing ready to process transactions, and generally also includes usage-based fees, priced as a percentage of transaction value and/or a specified fee per transaction processed. The total transaction price of usage-based services is determined to be variable consideration as it is based on unknown quantities of services to be performed over the contract term. The underlying variability is satisfied each day the service is performed and provided to the customer. Clients are billed for cashless vending services on a monthly basis and for transaction processing as transactions occur. Payment is due based on the Company's standard payment terms which is typically within 30 to 60 days of invoice issuance.

Equipment sales represent a separate performance obligation, the majority of which is satisfied at a point in time through outright sales or sales-type leases (ASC 840 for years ended June 30, 2019 and prior and ASC 842 for years after) when the equipment is delivered to the customer. Revenues related to JumpStart equipment are recognized over time as the customer obtains the right to use the equipment through an operating lease. Clients are billed for equipment sales on a monthly basis, with payment due based on the Company's standard payment terms which is typically within 30 to 60 days of invoice issuance.

USAT will occasionally offer volume discounts, rebates or credits on certain contracts, which is considered variable consideration. USAT uses either the most-likely or estimated value method to estimate the amount of the consideration, based on what the Company expects to better predict the amount of consideration to which it will be entitled to on a contract-by-contract basis. The Company will qualitatively assess if the variable consideration should be constrained to prevent possible significant reversal of revenue, as applicable.

The Company assesses the goods and/or services promised in each customer contract and separately identifies a performance obligation for each promise to transfer to the customer a distinct good or service. The Company then allocates the transaction price to each performance obligation in the contract using relative standalone selling prices. The Company determines standalone selling

prices based on the price at which a good or service is sold separately. If the standalone selling price is not observable through historic data, the Company estimates the standalone selling price by considering all reasonably available information, including market data, trends, as well as other company- or customer-specific factors.

The Company recognizes fees charged to our customers primarily on a gross basis as transaction revenue when we are the principal in respect of completing a payment transaction. As a principal to the transaction, when we are the Merchant of Record, we control the service of completing payments for our customers through the payment ecosystem. The fees paid to payment processors and other financial institutions are recognized as transaction expense. For certain transactions in which we act in the capacity as an agent, these transactions are recorded on a net basis. These are transactions in which we are not the Merchant of Record, and the customer is entering into a separate arrangement with a third party payment processor for the fulfillment of the payment service.

Warranties and Returns

The Company offers standard warranties that provide the customer with assurance that its equipment will function in accordance with contract specifications. The Company's standard warranties are not sold separately, but are included with each customer purchase. Warranties are not considered separate performance obligations and, therefore, are estimated and recorded at the time of sale. The Company estimates an allowance for equipment returns at the date of sale on a monthly basis. The estimate of expected returns is calculated in the same way as other variable consideration. The expected value method is generally used to predict the amount of consideration to which the Company will be entitled.

Accounts Receivable and Contract Liabilities

A contract with a customer creates legal rights and obligations. As the Company satisfies performance obligations under customer contracts, a right to unconditional consideration is recorded as an account receivable.

Contract liabilities represent consideration received from customers in excess of revenues recognized (i.e., deferred revenue). Contract liabilities are classified as current or noncurrent based on the nature of the underlying contractual rights and obligations.

Contract Costs

The Company incurs costs to obtain contracts with customers, primarily in the form of commissions to sales employees. The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover these costs. The Company currently does not incur material costs to fulfill its obligations under a contract once it is obtained but before transferring goods or services to the customer. Contract costs are amortized on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates. A straight-line or proportional amortization method is used depending upon which method best depicts the pattern of transfer of the goods or services to the customer. The Company’s contracts frequently contain performance obligations satisfied at a point in time and overtime. In these instances, the Company amortizes the contract costs proportionally with the timing and pattern of revenue recognition. Amortization of costs to obtain a contract are classified as selling, general and administrative expense. In addition, these contract costs are evaluated for impairment by comparing, on a pooled basis, the expected future net cash flows from underlying customer relationships to the carrying amount of the capitalized contract costs.

In order to determine the appropriate amortization period for contract costs, the Company considers a number of factors, including expected early terminations, estimated terms of customer relationships, the useful lives of technology USAT uses to provide goods and services to its customers, whether future contract renewals are expected and if there is any incremental commission to be paid on a contract renewal. The Company amortizes these assets over the expected period of benefit. Costs to obtain a contract with an expected period of benefit of one year or less are expensed when incurred.

Revenue Recognition Under ASC 605 (Periods Prior to July 1, 2018)

Revenue from the sale of QuickStart lease of equipment is recognized on the terms of free-on-board shipping point. Transaction processing revenue is recognized upon the usage of the Company’s cashless payment and control network. License fees for access to the Company’s devices and network services are recognized on a monthly basis. In all cases, revenue is only recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable, and collection of the resulting receivable is reasonably assured. The Company estimates an allowance for product returns at the date of sale and license and transaction fee refunds on a monthly basis.

Hardware is available to customers under the QuickStart program pursuant to which the customer would enter into a five-year non-cancelable lease with either the Company or a third-party leasing company for the devices. The Company utilizes its best

estimate of selling price when calculating the revenue to be recorded under these leases. The QuickStart contracts qualify for sales type lease accounting. At lease inception, the Company recognizes revenue and creates a finance receivable in an amount that represents the present value of minimum lease payments. Accordingly, a portion of the lease payments are recognized as interest income. At the end of the lease period, the customer would have the option to purchase the device at its residual value. Any customer payments received in advance and prior to the Company satisfying any performance obligations are recorded as deferred revenue and amortized as revenue is recognized.

Equipment Rental

The Company offers its customers a rental program for its hardware devices, the JumpStart program ("JumpStart"). JumpStart terms are typically 36 months and are cancellable with 30 to 60 days' written notice. In accordance with ASC 840, "Leases", the Company classifies the rental agreements as operating leases, with service fee revenue related to the leases included in license and transaction fees in the Consolidated Statements of Operations. Costs for the JumpStart revenue, which consist of depreciation expense on the JumpStart equipment, are included in cost of services in the Consolidated Statements of Operations. Equipment utilized by the JumpStart program is included in property and equipment, net on the Consolidated Balance Sheets.

LEASES

Lessee Accounting

The Company determines if an arrangement is a lease at inception. The Company has operating and finance leases for office space, warehouses, automobiles and office equipment. USAT's leases have lease terms of one year to eight years and some include options to extend and/or terminate the lease. The exercise of lease renewal options is at the Company's sole discretion. When deemed reasonably certain of exercise, the renewal options are included in the determination of the lease term. The Company's lease agreements do not contain any material variable lease payments, material residual value guarantees or any material restrictive covenants.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease Right-of-Use ("ROU") assets and liabilities are recognized at commencement date of the lease based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate, which is the collateralized rate of interest that we would pay to borrow over a similar term an amount equal to the lease payments, based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. USAT has lease agreements with lease and non-lease components. The Company elected the practical expedient related to treating lease and non-lease components as a single lease component for all leases as well as electing a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the ROU assets and lease liabilities. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Variable lease payments that are not based on an index or that result from changes to an index subsequent to the initial measurement of the corresponding lease liability are not included in the measurement of lease ROU assets or liabilities and instead are recognized in earnings in the period in which the obligation for those payments is incurred.

Lessor Accounting

Lessor accounting remained substantially unchanged with the adoption of Topic 842. The Company offers its customers financing for the lease of our POS electronic payment devices. We account for these transactions as sales-type leases. Our sales-type leases generally have a non-cancellable term of 60 months. Certain leases contain an end-of-term purchase option that is generally insignificant and is reasonably certain to be exercised by the lessee. Leases that do not meet the criteria for sales-type lease accounting are accounted for as operating leases, typically our JumpStart program leases. JumpStart terms are typically 36 months and are cancellable with 30 to 60 days' written notice.

The Company also elected the practical expedient related to treating lease and non-lease components as a single component for those leases where the timing and pattern of transfer for the non-lease component and associated lease component are the same and the stand-alone lease component would be classified as an operating lease if accounted for separately. The combined component is then accounted for under Topic 606 or Topic 842 depending on the predominant characteristic of the combined component, which was Topic 606 for the Company's operating leases. All QuickStart leases are sales-type and do not qualify for the election.

Lessor consideration is allocated between lease components and the non-lease components using the requirements under Topic 606. Revenue from sales-type leases is recognized upon shipment to the customer and the interest portion is deferred and recognized

as earned. The revenues related to the sales-type leases are included in Equipment sales in the Consolidated Statements of Operations and a portion of the lease payments as interest income. Revenue from operating leases is recognized ratably over the applicable service period with service fee revenue related to the leases included in License and transaction fees in the Consolidated Statements of Operations.

SHIPPING AND HANDLING

Shipping and handling fees billed to our customers in connection with sales are recorded as revenue. The costs incurred for shipping and handling of our product are recorded as cost of equipment.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are expensed as incurred and primarily consist of personnel, contractors and product development costs. Research and development expenses, which are included in selling, general and administrative expenses in the Consolidated Statements of Operations, were approximately $3.8 million, $4.6 million and $1.3 million, for the fiscal years ended June 30, 2020, 2019, and 2018, respectively. Our research and development initiatives focus on adding features and functionality to our system solutions through the development and utilization of our processing and reporting network and new technology.

SOFTWARE DEVELOPMENT COSTS

We capitalize qualifying internally-developed software development costs incurred during the application development stage, as long as it is probable the project will be completed, and the software will be used to perform the function intended. Capitalization of such costs ceases once the project is substantially complete and ready for its intended use. Capitalized software development costs are included in “Property and equipment, net” on our consolidated balance sheets and are amortized on a straight-line basis over their expected useful lives

ACCOUNTING FOR EQUITY AWARDS

The cost of employee services received in exchange for an award of equity instruments is based on the grant-date fair value of the award and allocated over the requisite service period of the award. These costs are recorded in selling, general and administrative expenses.

LOSS CONTINGENCIES

From time to time, we are involved in litigation, claims, contingencies and other legal matters. We record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) the range of the loss can be reasonably estimated. We expense legal costs, including those legal costs expected to be incurred in connection with a loss contingency, as incurred.

INCOME TAXES

Income taxes are computed using the asset and liability method of accounting. Under the asset and liability method, a deferred tax asset or liability is recognized for estimated future tax effects attributable to temporary differences and carryforwards. The measurement of deferred income tax assets is adjusted by a valuation allowance, if necessary, to recognize future tax benefits only to the extent, based on available evidence, it is more likely than not such benefits will be realized.

Tax positions must meet a “more-likely-than-not” recognition threshold to be recognized. The Company recognizes interest and penalties, if any, related to uncertain tax positions in selling, general and administrative expenses. Interest and penalties related to uncertain tax positions incurred during the fiscal years ended June 30, 2020, 2019, and 2018 were immaterial.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. The tax years ended June 30, 2017 through June 30, 2020 remain open to examination by taxing jurisdictions to which the Company is subject. While the statute of limitations has expired for years prior to the year ended June 30, 2017, changes in reported losses for those years could be made examination by tax authorities to the extent that operating loss carryforwards from those prior years impact upon taxable income in current years. As of June 30, 2020, the Company did not have any income tax examinations in process.

EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per share are calculated by dividing net income (loss) applicable to common shares by the weighted average common shares outstanding for the period. Diluted earnings (loss) per share are calculated by dividing net income (loss) applicable to common shares by the weighted average common shares outstanding for the period plus the dilutive effects of common stock equivalents unless the effects of such common stock equivalents are anti-dilutive. For the years ended June 30, 2020, 2019 and 2018, no effect for common stock equivalents was considered in the calculation of diluted earnings (loss) per share because their effect was anti-dilutive.

RECENT ACCOUNTING PRONOUNCEMENTS

Accounting pronouncements adopted

ASC Topic 842 - Leases

On July 1, 2019, the Company adopted Topic 842 using the modified retrospective transition method applying the guidance to leases existing as of the effective date. Topic 842 requires, among other items, lessees to recognize an ROU asset and a related lease liability for most leases on the balance sheet. Lessees and lessors are required to disclose quantitative and qualitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Company determined that there was no cumulative effect adjustment to beginning retained earnings on the consolidated balance sheet. We will continue to report periods prior to July 1, 2019 in our financial statements under prior guidance as outlined in Topic 840.

The Company's adoption of Topic 842 resulted in an increase in the Company's assets and liabilities of approximately $3.9 million at July 1, 2019, and did not have a material impact to the Company's consolidated statements of operations or its consolidated statements of cash flows. Further, there was no impact on the Company's covenant compliance under its then-current debt agreements as a result of the adoption of Topic 842. The Company elected the package of practical expedients included in this guidance, which allowed it to not reassess: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and, (iii) the initial direct costs for existing leases.

ASU 2018-07 - Compensation - Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting

On July 1, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2018-07, "Compensation - Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting." The standard simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The adoption of this ASU did not have a material effect on the Company's condensed consolidated financial statements.

ASU 2018-09 - Codification Improvements

On July 1, 2019, the Company adopted ASU No. 2018-09, "Codification Improvements". These amendments provide clarifications and corrections to certain ASC subtopics including "Compensation - Stock Compensation - Income Taxes" (Topic 718-740), "Business Combinations - Income Taxes" (Topic 805-740) and "Fair Value Measurement - Overall" (Topic 820-10). The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

Accounting pronouncements to be adopted

The Company is evaluating whether the effects of the following recent accounting pronouncements, or any other recently issued but not yet effective accounting standards, will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

ASC Topic 326 - Credit Losses

The FASB issued Topic 326, "Financial Instruments-Credit Losses." The new guidance requires companies to record an allowance for expected credit losses over the contractual term of financial assets, including, but not limited to, trade and lease receivables, and expands disclosure requirements for credit quality of financial assets. This pronouncement will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Upon adoption of the new standard on July 1, 2020, we began recognizing an allowance for credit losses based on the estimated lifetime expected credit loss related to

our financial assets. The Company expects that the adoption of this ASU will not have a material impact on its consolidated financial statements.

ASU 2018-15 - Intangibles—Goodwill and Other (Topic 350): Internal-Use Software

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles—Goodwill and Other (Topic 350): Internal-Use Software." This standard aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, which means that it will be effective for us in the first quarter of our fiscal year beginning July 1, 2020. The Company expects that the adoption of this ASU will not have a material impact on its consolidated financial statements.

ASU 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 is intended to simplify accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The Company does not expect the changes to have a material impact on its financial statements.

3. LEASES

Lessee accounting

At June 30, 2020, the Company has the following balances recorded in the balance sheet related to its lease arrangements:

($ in thousands)	Classification	As of June 30, 2020
Assets		
Operating leases	Operating lease right-of-use assets	$ 5,603
Finance leases	Property and equipment, net	48
Liabilities		
Current:		
Operating leases	Accrued expenses	1,075
Finance leases	Finance lease obligations and current obligations under long-term debt	42
Non-current:		
Operating leases	Operating lease liabilities, non-current	4,749
Finance leases	Finance lease obligations and long-term debt, less current portion	$ 18

Components of lease cost are as follows:

($ in thousands)	Year ended June 30, 2020
Finance lease costs:	
Amortization of ROU assets	$ 103
Interest on lease assets	10
Operating lease costs*	2,525
Total	$ 2,638

* Includes short-term lease and variable lease costs, which are not material.

Supplemental cash flow information and non-cash activity related to our leases are as follows:

($ in thousands)	Year ended June 30, 2020
Supplemental cash flow information:	
Cash paid for amounts included in the measurement of lease liabilities	
Financing cash flows from finance leases	$ 91
Operating cash flows from finance leases	10
Operating cash flows from operating leases	1,784
Non-cash activity	
Right-of-use assets obtained in exchange for lease obligations:	
Finance lease liabilities	12
Operating lease liabilities	$ 3,384

Weighted-average remaining lease term and discount rate for our leases are as follows:

	Year ended June 30, 2020
Weighted-average remaining lease term (years)	
Finance leases	1.4
Operating leases	5.2
Weighted-average discount rate	
Finance leases	10.0%
Operating leases	6.8%

Maturities of lease liabilities by fiscal year for our leases are as follows:

($ in thousands)	Operating Leases	Finance Leases
2021	$ 1,440	$ 46
2022	1,461	16
2023	1,493	2
2024	1,030	1
2025	627	—
Thereafter	893	—
Total lease payments	$ 6,944	$ 65
Less: Imputed interest	(1,120)	(5)
Present value of lease liabilities	$ 5,824	$ 60

Prior Year Disclosures

As we have not restated prior year information related to the adoption of ASC 842, certain prior year disclosures are reported under ASC 840 guidance.

Rent expense for operating leases was approximately $1.6 million and $1.2 million for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019, capital lease obligations were $0.1 million. The total for gross assets under capital leases was approximately $2.4 million and accumulated amortization totaled $2.4 million as of June 30, 2019. Capital lease amortization of $0.1 million and $0.4 million is included in depreciation expense for the years ended June 30, 2019 and 2018, respectively.

The Company's future minimum lease commitments as of June 30, 2019, under ASC Topic 840 are as follows:

($ in thousands)	Operating Leases	Capital Leases
2020	$ 1,326	$ 106
2021	1,151	34
2022	1,180	12
2023	1,208	1
2024	859	1
Thereafter	1,550	—
Total minimum lease payments	$ 7,274	$ 154
Less: interest		(14)
Present value of minimum lease payments, net		140
Less: current obligations under capital leases		(106)
Obligations under capital leases, noncurrent		$ 34

Lessor accounting

Property and equipment used for the operating lease rental program consisted of the following:

($ in thousands)	June 30, 2020	June 30, 2019
Cost	$ 32,445	36,190
Accumulated depreciation	(27,745)	(30,473)
Net	$ 4,700	$ 5,717

The Company's net investment in sales-type leases (carrying value of lease receivables) and the future minimum amounts to be collected on these lease receivables as of June 30, 2020 are disclosed within Note 8 - Finance Receivables.

4. REVENUE

Disaggregated Revenue

Based on similar operational and economic characteristics, the Company's revenue from contracts with customers is disaggregated by License and transaction fees and Equipment sales, as reported in the Company's Consolidated Statements of Operations. The Company believes these revenue categories depict how the nature, amount, timing, and uncertainty of its revenue and cash flows are influenced by economic factors, and also represent the level at which management makes operating decisions and assesses financial performance.

Transaction Price Allocated to Future Performance Obligations

In determining the transaction price allocated to unsatisfied performance obligations, we did not include non-recurring charges. Further, we applied the practical expedient to not consider arrangements with an original expected duration of one year or less, which are primarily month to month rental agreements. The majority of contracts are considered to have a contractual term of between 36 and 60 months based on implied and explicit termination penalties. These amounts will be converted into revenue in future periods as work is performed, primarily based on the services provided or at delivery and acceptance of products, depending on the applicable accounting method.

The following table reflects the estimated fees to be recognized in the future related to performance obligations that are unsatisfied at the end of the period:

($ in thousands)	As of June 30, 2020
2021	$ 12,437
2022	10,836
2023	8,695
2024	4,478
2025 and thereafter	1,184
Total	$ 37,630

Contract Liabilities

The Company's contract liability (i.e., deferred revenue) balances are as follows:

	Year ended June 30,	
($ in thousands)	2020	2019
Deferred revenue, beginning of the period	$ 1,681	$ 511
Plus: adjustment for adoption of ASC 606	—	1,303
Deferred revenue, beginning of the period, as adjusted	1,681	1,814
Deferred revenue, end of the period	1,698	1,681
Revenue recognized in the period from amounts included in deferred revenue at the beginning of the period	777	306

The change in the contract liabilities year-over-year is primarily the result of timing difference between the Company's satisfaction of a performance obligation and payment from the customer.

Contract Costs

At June 30, 2020, the Company had net capitalized costs to obtain contracts of $0.4 million included in Prepaid expenses and other current assets and $1.8 million included in Other noncurrent assets on the Consolidated Balance Sheet. None of these capitalized contract costs were impaired. During the year ended June 30, 2020, amortization of capitalized contract costs was $0.5 million.

At June 30, 2019, the Company had net capitalized costs to obtain contracts of $0.3 million included in Prepaid expenses and other current assets and $1.5 million included in Other noncurrent assets on the Consolidated Balance Sheet. None of these capitalized contract costs were impaired. During the year ended June 30, 2019, amortization of capitalized contract costs was $0.3 million.

5. ACQUISITION

CANTALOUPE SYSTEMS, INC.

On November 9, 2017, the Company acquired all of the outstanding equity interests of Cantaloupe Systems, Inc. ("Cantaloupe") pursuant to the Merger Agreement, for $88.2 million in aggregate consideration. Cantaloupe is a premier provider of cloud and mobile solutions for vending, micro markets, and office coffee services.

The acquisition expanded the Company’s existing platform to become an end-to-end enterprise platform integrating Cantaloupe’s Seed Cloud which provides cloud and mobile solutions for dynamic route scheduling, automated pre-kitting, responsive merchandising, inventory management, warehouse and accounting management, as well as cashless vending. In addition to new technology and services, due to Cantaloupe’s existing customer base, the acquisition expands the Company’s footprint into new markets.

The fair value of the purchase price consideration consisted of the following:

($ in thousands)		
Cash consideration, net of cash acquired	$	65,181
USAT shares issued as stock consideration		23,279
Post-closing adjustment for working capital		(253)
Total consideration	$	88,207

The Company financed a portion of the purchase price with proceeds from a $25.0 million term loan and $10.0 million of borrowings under a line of credit, provided by JPMorgan, for an aggregate principal amount of $35.0 million. Refer to Note 12 for additional details.

The acquisition of Cantaloupe was accounted for as a business combination using the acquisition method. Under the acquisition method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at the date of acquisition at their respective fair values using assumptions that are subject to change. The Company has finalized its valuation of certain assets and liabilities recorded in connection with this transaction as of June 30, 2018.

The following table summarizes the fair value of total consideration transferred to the holders of all the outstanding equity interests of Cantaloupe at the acquisition date of November 9, 2017:

($ in thousands)	November 9, 2017
Accounts receivable	$ 2,897
Finance receivables	2,332
Inventory	282
Prepaid expense and other current assets	646
Finance receivables due after one year	3,603
Other assets	50
Property and equipment	1,610
Intangible assets	30,800
Total assets acquired	42,220
Accounts payable	(1,591)
Accrued expenses	(2,401)
Deferred revenue	(518)
Capital lease obligations and current obligations under long-term debt	(666)
Capital lease obligations and long-term debt, less current portion	(1,134)
Deferred income tax liabilities	(157)
Total identifiable net assets	35,753
Goodwill	52,454
Total fair value	$ 88,207

Amounts allocated to intangible assets included $18.9 million related to customer relationships, $10.3 million related to developed technology, and $1.6 million related to trade names. The fair value of the acquired customer relationships was determined using the excess earnings method. The fair value of both the acquired developed technology and the acquired trade names was determined using the relief from royalty method. The estimated useful life of the acquired intangible assets ranged from 6 to 18 years, with a weighted average estimated useful life of 13 years. The related amortization is recorded on a straight-line basis.

Goodwill of $52.5 million arising from the acquisition includes the expected synergies between Cantaloupe and the Company, the value of the employee workforce, and intangible assets that do not qualify for separate recognition at the time of acquisition. The goodwill, which is not deductible for income tax purposes, was assigned to the Company's only reporting unit.

The amount of Cantaloupe revenue included in the Company's Consolidated Statement of Operations for the year ended June 30, 2018 was $19.2 million. The amount of Cantaloupe earnings included in the Company's Consolidated Statement of Operations for the year ended June 30, 2018 was $0.2 million.

Supplemental disclosure of pro forma information

The following supplemental unaudited pro forma information presents the combined results of USAT and Cantaloupe as if the acquisition of Cantaloupe occurred on July 1, 2016. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been made on July 1, 2016, nor are they indicative of any future results.

The pro forma results include adjustments for the purchase accounting impact of the Cantaloupe acquisition (including, but not limited to, amortization associated with the acquired intangible assets, and the interest expense and amortization of debt issuance costs associated with the term loan and line of credit with JPMorgan that were used to finance a portion of the purchase price, along with the related tax impacts) and the alignment of accounting policies. Other material non-recurring adjustments are reflected in the pro forma and described below:

	Year ended June 30,	
($ in thousands, except per share data)	**2018**	**2017**
Revenue	$ 140,575	$ 121,373
Net loss attributable to USAT	(7,256)	(13,828)
Net loss attributable to USAT common shares	$ (7,924)	$ (14,496)
Net loss per share:		
Basic	$ (0.15)	$ (0.27)
Diluted	$ (0.15)	$ (0.27)
Weighted average number of common shares outstanding:		
Basic	53,717,133	52,849,217
Diluted	53,717,133	52,849,217

The supplemental unaudited pro forma earnings for the year ended June 30, 2018 were adjusted to exclude $7.1 million of integration and acquisition costs. Conversely, the supplemental unaudited pro forma earnings for the year ended June 30, 2017 were adjusted to include $7.1 million of integration and acquisition costs.

6. RESTRUCTURING/INTEGRATION COSTS

Subsequent to the Cantaloupe acquisition, the Company initiated workforce reductions to integrate the Cantaloupe business for which costs totaled $2.1 million for the year ended June 30, 2018. The Company included these charges under “Integration and acquisition costs” within the Consolidated Statements of Operations, with the remaining outstanding balance included within “Accrued expenses” on the Consolidated Balance Sheet. All amounts were paid as of June 30, 2020.

No additional material severance activity related to the integration of the Cantaloupe business was recorded in fiscal year 2020. The following table summarizes the Company's severance activity for the years ended June 30, 2020, 2019, and 2018 related to the workforce reductions to integrate the Cantaloupe business:

($ in thousands)	**Workforce reduction**
Balance at July 1, 2017	$ —
Plus: additions	2,122
Less: cash payments	(1,102)
Balance at June 30, 2018	1,020
Plus: additions	266
Less: cash payments	(1,111)
Balance at June 30, 2019	$ 175
Plus: additions	35
Less: cash payments	(210)
Balance at June 30, 2020	$ —

7. LOSS PER SHARE CALCULATION

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share, applicable only to years ended with reported income, is computed by dividing net income by the weighted average number of common shares outstanding during the period plus the dilutive effect of outstanding stock options and restricted stock-based awards using the treasury stock method. The calculation of basic and diluted loss per share is presented below:

	Year ended June 30,		
($ in thousands, except per share data)	**2020**	**2019**	**2018**
Numerator for basic and diluted loss per share			
Net loss	$ (40,595)	$ (29,882)	$ (11,284)
Preferred dividends	(668)	(668)	(668)
Net loss available to common shareholders	$ (41,263)	$ (30,550)	$ (11,952)
Denominator for basic loss per share - Weighted average shares outstanding	62,980,193	60,061,243	51,840,518
Effect of dilutive potential common shares	—	—	—
Denominator for diluted loss per share - Adjusted weighted average shares outstanding	62,980,193	60,061,243	51,840,518
Basic loss per share	$ (0.66)	$ (0.51)	$ (0.23)
Diluted loss per share	$ (0.66)	$ (0.51)	$ (0.23)

Antidilutive shares excluded from the calculation of diluted loss per share were 2,779,222, 1,297,073, and 1,134,845 for the years ended June 30, 2020, 2019 and 2018, respectively.

8. FINANCE RECEIVABLES

The Company's finance receivables consist of financed devices under the QuickStart program and Cantaloupe devices contractually associated with the Seed platform. Predominately all of the Company's finance receivables agreements are classified as non-cancellable sixty month sales-type leases. As of June 30, 2020 and 2019, finance receivables consist of the following:

	As of June 30,	
($ in thousands)	**2020**	**2019**
Current finance receivables, net	$ 7,468	$ 6,727
Finance receivables due after one year, net	11,213	12,642
Total finance receivables, net of allowance of $150 and $606, respectively	$ 18,681	$ 19,369

The Company routinely evaluates outstanding finance receivables for impairment based on past due balances or accounts otherwise determined to be at a higher risk of loss. A finance receivable is classified as nonperforming if it is considered probable the Company will be unable to collect all contractual interest and principal payments as scheduled.

At June 30, 2020 and 2019, credit quality indicators consisted of the following:

	As of June 30,	
($ in thousands)	**2020**	**2019**
Performing	$ 18,681	$ 19,369
Nonperforming	150	606
Gross finance receivables	$ 18,831	$ 19,975

As part of the financing under the Quickstart program and Cantaloupe devices contractually associated with the Seed platform, the Company has contractually granted deferred payment terms, where the entire sequence of up to 60 monthly payments are deferred by an agreed upon period. The "Deferred Payment Arrangements / Timing" column represents amounts subject to the agreed upon deferral period or amounts subject to adjustments related to situations where a third party is financing the receivable. The "Other Finance Receivables" column represents an aging schedule for finance receivables not subject to such deferral arrangements and other non-performing receivables.

	As of June 30, 2020			As of June 30, 2019		
($ in thousands)	**Deferred Payment Arrangements / Timing**	**Other Finance Receivables**	**Total**	**Deferred Payment Arrangements / Timing**	**Other Finance Receivables**	**Total**
Current	$ 17,534	$ 27	$ 17,561	$ 18,780	$ 353	$ 19,133
30 days and under	168	100	268	178	12	190
31 - 60 days	28	12	40	38	11	49
61 - 90 days	103	35	138	135	11	146
Greater than 90 days	566	258	824	238	219	457
Total finance receivables	$ 18,399	$ 432	$ 18,831	$ 19,369	$ 606	$ 19,975

Cash to be collected on our performing finance receivables due for each of the fiscal years after June 30, 2020 are as follows:

($ in thousands)	
2021	$ 9,129
2022	5,627
2023	4,237
2024	2,459
2025	886
Total amounts to be collected	$ 22,338
Less: interest	(3,507)
Less: allowance for nonperforming receivables	(150)
Total finance receivables	$ 18,681

Sale of Finance Receivables

The Company accounts for transfers of finance receivables as sales when it has surrendered control over the related assets. Whether control has been relinquished requires, among other things, an evaluation of relevant legal considerations and an assessment of the nature and extent of the Company's continuing involvement with the assets transferred. During fiscal year 2018, the Company transferred certain groups of finance receivables with no recourse to third-party financing entities for approximately $2.3 million. The transfers were accounted for as sales with derecognition of the associated finance receivables. Gains and losses stemming from such transfers are immaterial.

Transfers of finance receivables that do not qualify for sale accounting are reported as collateralized borrowings. Accordingly, the related assets remain on the Company's balance sheet and continue to be reported and accounted for as if the transfer had not occurred. Cash proceeds from these transfers are reported as financing obligations (debt), with attributable interest expense recognized over the life of the related transactions. During December 2017, the Company transferred certain groups of finance receivables to third-party financing entities for approximately $1.1 million. Such transfers are subject to recourse provisions for the first 3 months after the date of transfer, after which the recourse provisions expire. Accordingly, the related finance receivables remained on the balance sheet at December 31, 2017 and the cash proceeds of approximately $1.1 million were reported as financing obligations at December 31, 2017. During March 2018, the recourse provisions expired resulting in the finance receivables and financing obligations being derecognized.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

($ in thousands)	Useful Lives	As of June 30, 2020 Cost	Accumulated Depreciation	Net
Computer equipment and software	3-7 years	$ 6,555	$ (6,183)	$ 372
Internal-use software	3-5 years	3,744	(1,344)	2,400
Property and equipment used for rental program	5 years	32,445	(27,745)	4,700
Furniture and equipment	3-7 years	1,554	(1,252)	302
Leasehold improvements	(1)	286	(188)	98
		$ 44,584	$ (36,712)	$ 7,872

($ in thousands)	Useful Lives	As of June 30, 2019 Cost	Accumulated Depreciation	Net
Computer equipment and software	3-7 years	$ 6,745	$ (5,840)	$ 905
Internal-use software	3-5 years	3,126	(716)	2,410
Property and equipment used for rental program	5 years	36,190	(30,473)	5,717
Furniture and equipment	3-7 years	1,543	(1,116)	427
Leasehold improvements	(1)	286	(155)	131
		$ 47,890	$ (38,300)	$ 9,590

(1) Lesser of lease term or estimated useful life

Total depreciation expense for the years ended June 30, 2020, 2019, and 2018 was $3.9 million, $4.4 million and $5.7 million, respectively. Depreciation expense allocated within our cost of sales for rental equipment was $2.7 million, $3.1 million, and $4.6 million for the years ended June 30, 2020, 2019, and 2018, respectively.

10. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible asset balances consisted of the following:

($ in thousands)	As of June 30, 2020 Gross	Accumulated Amortization	Net	Amortization Period
Intangible assets:				
Non-compete agreements	$ 2	$ (2)	$ —	2 years
Brand and tradenames	1,695	(699)	996	3 - 7 years
Developed technology	10,939	(5,110)	5,829	5 - 6 years
Customer relationships	19,049	(2,841)	16,208	10 - 18 years
Total intangible assets	$ 31,685	$ (8,652)	$ 23,033	
Goodwill	63,945	—	63,945	Indefinite
Total intangible assets and goodwill	$ 95,630	$ (8,652)	$ 86,978	

($ in thousands)	As of June 30, 2019 Gross	Accumulated Amortization	Net	Amortization Period
Intangible assets:				
Non-compete agreements	$ 2	$ (2)	$ —	2 years
Brand and tradenames	1,695	(470)	1,225	3 - 7 years
Developed technology	10,939	(3,266)	7,673	5 - 6 years
Customer relationships	19,049	(1,776)	17,273	10 - 18 years
Total intangible assets	$ 31,685	$ (5,514)	$ 26,171	
Goodwill	63,945	—	63,945	Indefinite
Total intangible assets and goodwill	$ 95,630	$ (5,514)	$ 90,116	

For the years ended June 30, 2020, 2019 and 2018, amortization expense related to intangible assets was $3.1 million, $3.2 million and $2.1 million, respectively. The weighted-average remaining useful life of the finite-lived intangible assets was 11.8 years as of June 30, 2020, of which the weighted-average remaining useful life for the brand and tradenames was 4.3 years, for the developed technology was 3.3 years, and for the customer relationships was 15.3 years.

Estimated annual amortization expense for intangible assets is as follows (in thousands):

2021	$ 3,074
2022	3,010
2023	3,010
2024	1,909
2025	1,147
Thereafter	10,883
	$ 23,033

11. ACCRUED EXPENSES

Accrued expenses consisted of the following as of June 30, 2020 and 2019:

($ in thousands)	As of June 30, 2020	2019
Accrued sales tax	$ 20,036	$ 16,559
Accrued compensation and related sales commissions	2,757	2,139
Operating lease liabilities - current	1,075	—
Accrued professional fees	924	2,872
Income taxes payable	123	254
Accrued other taxes and filing fees	220	209
Accrued other, including settlement of shareholder class action lawsuit	5,130	1,672
Total accrued expenses	30,265	23,705

12. DEBT AND OTHER FINANCING ARRANGEMENTS

The Company's debt and other financing arrangements as of June 30, 2020 and 2019 consisted of the following:

($ in thousands)	As of June 30, 2020	2019
2020 Antara Term Facility	$ 15,000	$ —
2018 JPMorgan Revolving Credit Facility	$ —	$ 10,000
2018 JPMorgan Term Loan	—	1,458
Other, including finance lease obligations	3,358	1,323
Less: unamortized issuance costs and debt discount	(2,595)	(8)
Total	15,763	12,773
Less: debt and other financing arrangements, current	(3,328)	(12,497)
Debt and other financing arrangements, noncurrent	$ 12,435	$ 276

Details of interest expense presented on the Consolidated Statements of Operations are as follows:

($ in thousands)	Year ended June 30, 2020	2019	2018
2020 Antara Term Facility	$ 1,218	$ —	$ —
Heritage Line of Credit	$ —	$ —	$ 203
2018 JPMorgan Revolving Credit Facility	303	658	449
2018 JPMorgan Term Loan	160	1,232	892
Other interest expense	916	1,102	1,561
Total interest expense	$ 2,597	$ 2,992	$ 3,105

Term Facility with Antara

On October 9, 2019, the Company entered into a commitment letter with Antara Capital Master Fund LP ("Antara"), pursuant to which Antara committed to extend to the Company a $30.0 million senior secured term loan facility ("2020 Antara Term Facility"). On October 31, 2019, the Company entered into a Financing Agreement with Antara to draw $15.0 million on the 2020 Antara Term Facility and agreed to draw an additional $15.0 million at any time between July 31, 2020 and April 30, 2021, subject to the terms of the Financing Agreement. If the Company fails to make the subsequent draw on the Term Facility by April 30, 2021, the Company shall pay Antara a commitment termination fee equal to 3% of the subsequent draw commitment. The outstanding amount of the draws under the 2020 Antara Term Facility bore interest at 9.75% per annum, payable monthly in arrears. The proceeds of the initial draw were used to repay the outstanding balance of the 2018 Revolving Credit Facility (as defined below) due to JPMorgan. in the amount of $10.1 million, including accrued interest, and to pay transaction expenses. As of June 30, 2020, the Company was in compliance with its capital expenditures financial covenant. As of June 30, 2020, the Company was not in

compliance with the minimum fixed charge coverage ratio and the minimum consolidated EBITDA of its 2020 Antara Term Facility.

As discussed in Note 14, on October 9, 2019, the Company also sold shares of the Company's common stock to Antara at a price below market value. Since the 2020 Antara Term Facility and equity issuance were negotiated in contemplation of each other and executed within a short period of time, the Company evaluated the debt and equity financing as a combined arrangement, and estimated the fair values of the debt and equity components to allocate the proceeds, net of the registration rights agreement liability (Note 14) on a relative fair value basis between the debt and equity components. The non-lender fees incurred to establish the debt and equity financing arrangement were allocated to the debt and equity components on a relative fair value basis and capitalized on the Company's balance sheet. $0.9 million was allocated to debt issuance costs and $0.1 million was allocated to debt commitment fees. The 2020 Antara Term Facility agreement also contained a mandatory prepayment feature that was determined to be an embedded derivative, requiring bifurcation and fair value recognition for the derivative liability. The allocation of the proceeds to the debt component and the bifurcation of the embedded derivative liability resulted in a $2.1 million debt discount.

The Company would incur a prepayment premium of 5% of the principal balance if prepaid on or prior to December 31, 2020. As of June 30, 2020, the Company intended to prepay the principal amount outstanding on the 2020 Antara Term Facility. The Company recorded a liability for the commitment termination fee and prepayment premium for $1.2 million as of June 30, 2020. The Company classified the commitment termination fee and prepayment premium as current liabilities as of June 30, 2020. See Note 13 for additional information about the prepayment feature that was determined to be an embedded derivative. In addition, all of the Company's unamortized issuance costs and debt discount related to the 2020 Antara Term Facility will be recognized as interest expense during the fiscal quarter ended September 30, 2020, which as of June 30, 2020 was $2.6 million. On August 14, 2020, the Company repaid all amounts outstanding under the 2020 Antara Term Facility and entered into the 2021 JPMorgan Credit Agreement") with JPMorgan. See Note 21 for additional information about the 2021 JPMorgan Credit Agreement.

Revolving Credit Facility and Term Loan with JPMorgan Chase

On November 9, 2017, in connection with the acquisition of Cantaloupe, the Company entered into a five year credit agreement among the Company, as the borrower, its subsidiaries, as guarantors, and JPMorgan, as the lender and administrative agent for the lender (the "Lender"), pursuant to which the Lender (i) made a $25 million term loan ("2018 JPMorgan Term Loan") to the Company and (ii) provided the Company with a line of credit ("2018 JPMorgan Revolving Credit Facility") under which the Company may borrow revolving credit loans in an aggregate principal amount not to exceed $12.5 million at any time.

The proceeds of the 2018 JPMorgan Term Loan and borrowings under the 2018 JPMorgan Revolving Credit Facility, in an aggregate principal amount equal to $35.0 million, were used by the Company to finance a portion of the purchase price for the acquisition of Cantaloupe ($27.8 million) and repay existing indebtedness to Heritage Bank of Commerce ($7.2 million). All advances under the 2018 JPMorgan Revolving Credit Facility and all other obligations were required to be paid in full at maturity on November 9, 2022.

Loans under the five year credit agreement bore interest, at the Company's option, by reference to a base rate or a rate based on LIBOR, in either case, plus an applicable margin determined quarterly based on the Company's total leverage ratio as of the last day of each fiscal quarter. The applicable interest rate on the loans for the year to date ended October 31, 2019 was LIBOR plus 4%. The 2018 JPMorgan Term Loan and 2018 JPMorgan Revolving Credit Facility contained customary representations and warranties and affirmative and negative covenants and required the Company to maintain a minimum quarterly total leverage ratio and fixed charge coverage ratio. The 2018 JPMorgan Term Loan and 2018 JPMorgan Revolving Credit Facility also required the Company to furnish various financial information on a quarterly and annual basis. As of June 30, 2019, the Company was not in compliance with the fixed charge coverage ratio and the total leverage ratio, which represented an event of default under the credit agreement and the Company classified all amounts outstanding under the 2018 JPMorgan Term Loan and 2018 JPMorgan Revolving Credit Facility as current liabilities as of June 30, 2019.

Due to the Company's delay in filing its periodic reports, between September 28, 2018, and September 30, 2019, the parties entered into various agreements to provide for the extension of the delivery of the Company's financial information required under the terms of the credit agreement. In connection with these agreements, the Company incurred extension fees due to the lender, totaling $0.2 million, between September 28, 2018 and September 30, 2019. Additionally, during the quarter ended March 31, 2019, the Company prepaid $20.0 million of the balance outstanding under the 2018 JPMorgan Term Loan, and on September 30, 2019, the Company prepaid the remaining principal balance of the 2018 JPMorgan Term Loan of $1.5 million and agreed to permanently reduce the amount available under the 2018 JPMorgan Revolving Credit Facility to $10 million which represented the outstanding balance on the date thereof. On October 31, 2019, the Company repaid the outstanding balance on the 2018 JPMorgan Revolving Credit Facility.

Heritage Line of Credit

In March 2016, the Company entered into a Loan and Security Agreement with Heritage Bank of Commerce ("Heritage Bank"), providing for a secured revolving line of credit in an amount of up to $12.0 million (the "Heritage Line of Credit") at an interest rate calculated based on the Federal Reserve's Prime plus 2.25%. On November 9, 2017, the Company paid all amounts due on the Loan and Security Agreement with Heritage Bank of Commerce. The Company recorded a charge of $0.1 million to write-off any remaining debt issuance costs related to the Heritage Line of Credit to interest expense in the quarter ending December 31, 2017. Pursuant to such payment, all commitments of Heritage Bank of Commerce were terminated, and the Heritage Loan and Security Agreement was terminated.

Other Long-Term Borrowings

In connection with the acquisition of Cantaloupe, the Company assumed debt of $1.8 million with an outstanding balance of $0.2 million and $0.8 million as of June 30, 2020 and 2019, respectively, comprised of; (1) $0.2 million of promissory notes as of June 30, 2019 bearing an interest rate of 5% that matured on April 5, 2020, (2) $0.2 million and $0.4 million of promissory notes as of June 30, 2020 and 2019 bearing an interest rate of 10% and maturing on April 1, 2021 with principal and interest payments due quarterly and (3) $0.1 million of promissory notes as of June 30, 2019 bearing an interest rate of 12% that matured on December 15, 2019.

In the fourth quarter of fiscal year 2020, we received loan proceeds of approximately $3.1 million (the "PPP Loan") pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") administered by the U.S. Small Business Administration (the "SBA"). We intend to use the PPP Loan in accordance with the provisions of the CARES Act. The loan bears a fixed interest rate of 1% over a two year term from the approval date of April 28, 2020. The application for these funds required the Company to, in good faith, to certify that the current economic uncertainty caused by COVID-19 made the loan request necessary to support the ongoing operations of the Company. This certification further required the Company to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

The expected maturities associated with the Company's outstanding debt and other financing arrangements (excluding finance lease obligations) as of June 30, 2020, were as follows:

2021	$ 4,486
2022	10
2023	3
2024	—
2025	15,000
Thereafter	—
	$ 19,499

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recorded at fair value. The carrying amounts of certain of the Company's financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued expenses, are carried at cost which approximates fair value due to the short-term maturity of these instruments and are Level 1 assets or liabilities of the fair value hierarchy.

The Company's embedded derivative liability was measured at fair value using a probability-weighted discounted cash flow model and was classified as a Level 3 liability of the fair value hierarchy due to the use of significant unobservable inputs. The liability was included as a component of Accrued expenses on the consolidated balance sheets and subject to remeasurement to fair value at the end of each reporting period. For the year ended June 30, 2020, the Company recognized the change as a component of Interest expense in its consolidated statements of operations. The assumptions used in the discounted cash flow model of the embedded derivative liability include: (1) management's estimates of the probability and timing of future cash flows and related events which was estimated to be 100% as of June 30, 2020; (2) the Company's risk-adjusted discount rate that includes a company-specific risk premium; and (3) the Company's cost of debt.

There were no transfers between Level 1, Level 2, and Level 3 during the periods presented. The following table provides a reconciliation for the opening and closing balances of the embedded derivative liability from October 31, 2019 to June 30, 2020:

($ in millions)	
Balance at October 31, 2019	$ 1.5
Net change in fair value	—
Balance at December 31, 2019	1.5
Net change in fair value	(1.1)
Balance at March 31, 2020	0.4
Net change in fair value	0.4
Balance at June 30, 2020	$ 0.8

The Company's obligations under its long-term debt agreements are carried at amortized cost, which approximates their fair value as of June 30, 2019. The fair value of the Company's obligations under its long-term debt agreements with JPMorgan Chase as of June 30, 2019 were considered Level 2 liabilities of the fair value hierarchy because these instruments have interest rates that reset frequently. As of June 30, 2020, the Company was in active negotiations to refinance its 2020 Antara Term Facility, which were successfully completed on August 14, 2020. At June 30, 2020, the fair value of the Company's obligations under its 2020 Antara Term Facility was approximately $15.8 million, which approximates the face value of the debt plus the prepayment premium discussed in Note 12, and considered a Level 3 liability of the fair value hierarchy because this instrument used significant unobservable inputs consistent with those used in determining the embedded derivative liability values.

14. EQUITY

Stock Offerings

On July 25, 2017, the Company closed its underwritten public offering of 9,583,332 shares of its common stock at a public offering price of $4.50 per share. The foregoing included the full exercise of the underwriters' option to purchase 1,249,999 additional shares from the Company. The gross proceeds to the Company from the offering, before deducting underwriting discounts and commissions and other offering expenses, was approximately $43.1 million.

On November 6, 2017, the Company entered into a Merger Agreement with Cantaloupe for cash and 3,423,367 shares of the Company's stock valued at $23.3 million. Refer to Note 5 for details on the Merger Agreement.

On May 25, 2018, the Company and the selling shareholders closed an underwritten public offering of 6,330,449 shares and 553,187 shares, respectively, of the Company's common stock at a public offering price of $11.00 per share. The foregoing included the full exercise of the underwriters' option to purchase 897,866 additional shares from the Company. The gross proceeds to the Company from the offering, before deducting underwriting discounts and commissions and other offering expenses, was approximately $69.6 million.

On October 9, 2019, the Company sold to Antara 3,800,000 shares of the Company's common stock at a below market value price of $5.25 per share for gross cash proceeds of $20.0 million. Since the 2020 Antara Term Facility and equity issuance were negotiated in contemplation of each other and executed within a short period of time, the Company evaluated the debt and equity financing as a combined arrangement, and estimated the fair values of the debt and equity components to allocate the total proceeds on a relative fair value basis between the debt and equity components, resulting in a $17.9 million allocation to equity, less $1.1 million in issuance fees allocated to the equity component on a relative fair value basis.

On June 29, 2020, the Board of Directors of the Company (the "Board") unanimously approved the reimbursement of $4.5 million of the third party costs and expenses incurred by Hudson Executive Capital LP ("Hudson Executive") in connection with its proxy solicitation (the "Reimbursement"). The Board determined to pay the Reimbursement in the form of shares of common stock, no par value, of the Company ("Common Stock"), with the value of the Common Stock calculated based on the average of the high and low trading price on the date of Board approval. On June 30, 2020, the Company issued 635,593 shares of Common Stock to funds managed by Hudson Executive in satisfaction of the Reimbursement.

REGISTRATION RIGHTS AGREEMENT

In connection with the Stock Purchase Agreement on October 9, 2019 with Antara, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with Antara, pursuant to which the Company agreed, at its expense, to file a registration statement under the Securities Act of 1933 with the Securities and Exchange Commission (the "SEC") covering the resale of the shares by Antara (the "Registration Statement").

Pursuant to an Amendment to Registration Rights Agreement dated as of January 31, 2020 (the "Amendment"), Antara and the Company agreed to terminate the obligation of the Company to register the shares in exchange for a payment of approximately $1.2 million by the Company to Antara. The Amendment provided that the payment would be in full satisfaction of any and all liquidated damages which may be due by the Company to Antara under the Registration Rights Agreement for the failure to timely file the Form S-1 registration statement and/or to obtain and maintain the effectiveness thereof.

Under the Registration Rights Agreement, and prior to the Amendment, the Company was required to file the registration statement by no later than November 8, 2019 (extended by agreement of the parties until November 26, 2019). The Company informed Antara that it would not be able to file the Registration Statement without unreasonable effort and expense because the applicable rules of the SEC require the Company to include certain pre-acquisition financial statements of Cantaloupe in the Registration Statement.

These pre-acquisition financial statements had been filed by the Company as exhibit 99.1 to the Form 8-K/A filed on January 24, 2018. As part of the audit process and subsequent to June 30, 2019, the Company performed an extensive analysis relating to certain of the accounts of Cantaloupe for periods subsequent to the acquisition and made certain adjustments to previously issued financial statements, all of which were described in the Company's annual report on Form 10-K for the year ended June 30, 2019 and the Amendment No. 1 thereto. The Company determined that to perform such an analysis in connection with the pre-acquisition financial statements required to be included in the registration statement would be unduly time consuming and expensive. The Company also sought to obtain a waiver from the staff of the SEC from the regulations which require the inclusion of these pre-acquisition financial statements in the registration statement. By letter dated December 30, 2019, the SEC staff indicated that it was unable to provide such a waiver.

15. INCOME TAXES

The Company has significant deferred tax assets, a substantial amount of which result from operating loss carryforwards. The Company routinely evaluates its ability to realize the benefits of these assets to determine whether it is more likely than not that such benefit will be realized. In periods prior to the year ended June 30, 2014, the Company's evaluation of its ability to realize the benefit from its deferred tax assets resulted in a full valuation allowance against such assets. Based upon earnings performance that the Company had achieved along with the belief that such performance would continue into future years, the Company determined during the year ended June 30, 2014 that it was more likely than not that a substantial portion of its deferred tax assets would be realized with approximately $64 million of its operating loss carryforwards being utilized to offset corresponding future years' taxable income resulting in a reduction in its valuation allowances recorded in prior years. However, due to the adjustments to earnings and management's reassessment of the underlying factors it uses in estimating future taxable income, and in accordance with the history of losses generated, the Company believes that for the year ended June 30, 2016 and onward, it is more likely than not that its deferred tax assets will not be realized. Accordingly, the Company re-established a full valuation allowance on its net deferred tax assets.

The benefit (provision) for income taxes for the years ended June 30, 2020, 2019 and 2018 is comprised of the following:

	Year ended June 30,		
($ in thousands)	**2020**	**2019**	**2018**
Current:			
Federal	$ 126	$ —	$ (22)
State	(57)	(269)	(60)
Total current	69	(269)	(82)
Deferred:			
Federal	(156)	(11)	183
State	86	18	—
Total deferred	(70)	7	183
Total income tax (provision) benefit	$ (1)	$ (262)	$ 101

On March 27, 2020, in response to COVID-19 and its detrimental impact to the global economy, President Trump signed the CARES Act into law, which provides a stimulus to the U.S. economy in the form of various individual and business assistance programs as well as temporary changes to existing tax law. The changes to the provision in business tax laws include a five-year net operating loss carryback for the 2018, 2019 and 2020 tax years, a deferral of the employer's portion of the social security tax, and an increase in the interest expense limitation under Section 163(j) from 30% to 50% for the 2019 and 2020 tax years, among other things. The CARES Act did not have a material impact on the Company's income taxes. The Company will continue to monitor for additional legislation related to COVID-19 and its impact on our results of operations.

On December 22, 2017, the "Tax Cuts and Jobs Act" (the "Act") was signed into law. Substantially all of the provisions of the Act are effective for taxable years beginning after December 31, 2017. The Act includes significant changes to the Internal Revenue Code of 1986 (as amended, the "Code"), including amendments which significantly change the taxation of individuals and business entities. The Act contains numerous provisions impacting the Company, the most significant of which reduces the Federal corporate statutory tax rate from 34% to 21%, as well as the elimination of the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized, the creation of a new limitation on deductible interest expense, and the change in rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

The various provisions under the Act deemed most relevant to the Company have been considered in preparation of its financial statements as of June 30, 2020 and 2019. To the extent that clarifications or interpretations materialize in the future that would impact upon the effects of the Act incorporated into the June 30, 2020 and 2019 financial statements, those effects will be reflected in the future as or if they materialize.

The benefit for income taxes for the year ended June 30, 2018 was $0.1 million, which included a benefit of $0.1 million due to the ability to recognize additional deferred tax assets related to the Company's alternative minimum tax credit as a result of the Act.

A reconciliation of the benefit (provision) for income taxes for the years ended June 30, 2020, 2019 and 2018 to the indicated benefit (provision) based on income (loss) before benefit (provision) for income taxes at the federal statutory rate of 21.0% for the fiscal year ended June 30, 2020 and for the fiscal year ended June 30, 2019 and 27.5% for the fiscal year ended June 30, 2018 is as follows:

	Year ended June 30,		
($ in thousands)	**2020**	**2019**	**2018**
Indicated benefit (provision) at federal statutory rate	$ 8,514	$ 6,671	$ 3,131
Effects of permanent differences			
Stock compensation	(226)	(140)	(46)
Acquisition related costs	—	—	(759)
Other permanent differences	(106)	(76)	(157)
State income taxes, net of federal benefit	1,393	663	448
Changes related to prior years	489	—	(7)
Changes in valuation allowances	(10,139)	(7,319)	(2,544)
Other	74	(61)	35
	$ (1)	$ (262)	$ 101

At June 30, 2020, the Company had federal and state operating loss carryforwards of approximately $182 million and $221 million, respectively, to offset future taxable income. The timing and extent to which the Company can utilize operating loss carryforwards in any year may be limited because of provisions of the Internal Revenue Code regarding changes in ownership of corporations (i.e. IRS Code Section 382). Federal and state operating loss carryforwards start to expire in 2022 and certain state operating loss carryforwards are currently expiring.

The net deferred tax assets arose primarily from net operating loss carryforwards, as well as the use of different accounting methods for financial statement and income tax reporting purposes as follows:

	As of June 30,	
($ in thousands)	**2020**	**2019**
Deferred tax assets:		
Net operating loss carryforwards	$ 45,670	$ 38,486
Asset reserves	8,534	7,211
Deferred research and development	1,625	1,448
Stock-based compensation	668	418
Other	1,485	983
	57,982	48,546
Deferred tax liabilities:		
Intangibles	(5,566)	(6,203)
Deferred tax assets, net	52,416	42,343
Valuation allowance	(52,553)	(42,414)
Deferred tax liabilities	$ (137)	$ (71)

As of June 30, 2020, the Company had total unrecognized income tax benefits of $0.2 million related to its nexus in certain state tax jurisdictions. If recognized in future years, $0.2 million of these currently unrecognized income tax benefits would impact the

income tax provision and effective tax rate. The following table summarizes the activity related to unrecognized income tax benefits:

	Year ended June 30,		
($ in thousands)	2020	2019	2018
Balance at the beginning of the year	$ 210	$ —	$ —
Gross increases and decreases related to current period tax positions	—	180	—
Gross increases and decreases related to prior period tax positions	(3)	—	—
Accrued interest and penalties	—	30	—
Balance at the end of the year	$ 207	$ 210	$ —

The Company records accrued interest as well as penalties related to uncertain tax positions in selling, general and administrative expenses. As of June 30, 2020 the Company had recorded $30 thousand of accrued interest and penalties related to uncertain tax positions on the Consolidated Balance Sheet.

16. STOCK BASED COMPENSATION PLANS

The Company has four active stock based compensation plans at June 30, 2020 as shown in the table below:

Date Approved	Name of Plan	Type of Plan	Authorized Shares
June 2013	2013 Stock Incentive Plan	Stock	500,000
June 2014	2014 Stock Option Incentive Plan	Stock options	750,000
June 2015	2015 Equity Incentive Plan	Stock & stock options	1,250,000
April 2018	2018 Equity Incentive Plan	Stock & stock options	4,000,000
			6,500,000

As of June 30, 2020, the Company had reserved shares of Common Stock for future issuance for the following:

Common Stock	Reserved Shares
Issuance upon exercise of Common Stock Warrants	23,978
Conversions of Preferred Stock and cumulative Preferred Stock dividends	104,806
Issuance upon exercise of stock options granted to current CEO	1,000,000
Issuance of shares to former CEO George Jensen upon the occurrence of a USA Transaction [(1)]	140,000
Issuance under 2013 Stock Incentive Plan	—
Issuance under 2014 Stock Option Incentive Plan	105,687
Issuance under 2015 Equity Incentive Plan	255,981
Issuance under 2018 Equity Incentive Plan	2,357,192
Total shares reserved for future issuance	3,987,644

(1) Represents 140,000 shares issuable to our former CEO George Jensen upon the occurrence of a USA Transaction as such term is defined in the Jensen Stock Agreement dated September 27, 2011 by and between the Company and George R. Jensen.

WARRANTS

The Company had 23,978 warrants outstanding as of June 30, 2020 and 2019, all of which were exercisable at $5.00 per share. The warrants have an expiration date of March 29, 2021.

STOCK OPTIONS

Stock options are granted at exercise prices equal to the fair market value of the Company's common stock at the date of grant. The options typically vest over a three to four-year period and each option, if not exercised or terminated, expires on the seventh anniversary of the grant date.

The Company estimates the grant date fair value of the stock options it grants using a Black-Scholes valuation model. The Company's assumption for expected volatility is based on its historical volatility data related to market trading of its own common stock. The Company uses the simplified method to determine expected term, as the Company does not have adequate historical exercise and forfeiture behavior on which to base the expected life assumption. The dividend yield assumption is based on dividends expected to be paid over the expected life of the stock option. The risk-free interest rate assumption is determined by using the U.S. Treasury rates of the same period as the expected option term of each stock option.

The fair value of options granted during the years ended June 30, 2020, 2019, and 2018 was determined using the following assumptions:

	For the year ended June 30,		
	2020	2019	2018
Expected volatility	74.6 - 90.1%	58.4 - 70.9%	50.2 - 50.9%
Expected life (years)	3.5 - 4.8	4.2 - 4.5	4.0 - 4.5
Expected dividends	0.0%	0.0%	0.0%
Risk-free interest rate	0.3-1.6%	2.23-2.91%	1.64-1.75%

The following tables provide information about outstanding options for the years ended June 30, 2020, 2019, and 2018:

	For the year ended June 30, 2020			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding options, beginning of period	1,127,098	$ 4.84	4.3	$ 2,917
Granted	2,075,760	$ 6.47		
Exercised	(440,435)	$ 2.48		$ (595)
Forfeited	(324,998)	$ 6.55		
Expired	—	$ —		
Outstanding options, end of period	2,437,425	$ 6.43	6.2	$ 1,411
Exercisable options, end of period	560,871	$ 6.01	4.8	$ 559

	For the year ended June 30, 2019			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding options, beginning of period	904,766	$ 3.31	4.3	$ 9,664
Granted	470,000	$ 8.22		
Exercised	(11,669)	$ 5.40		$ —
Forfeited	(235,999)	$ 5.70		
Expired	—	$ —		
Outstanding options, end of period	1,127,098	$ 4.84	4.3	$ 2,917
Exercisable options, end of period	638,988	$ 2.86	3.4	$ 2,923

	For the year ended June 30, 2018			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding options, beginning of period	895,221	$ 2.79	5.2	$ 2,160
Granted	179,047	$ 5.66		
Exercised	(93,169)	$ 1.92		$ —
Forfeited	(76,333)	$ 4.30		
Expired	—	$ —		
Outstanding options, end of period	904,766	$ 3.31	4.3	$ 9,664
Exercisable options, end of period	632,737	$ 2.55	3.9	$ 7,242

The weighted average grant date fair value per share for the Company's stock options granted during the years ended June 30, 2020, 2019, and 2018 was $3.84, $4.15, and $2.42, respectively. The total fair value of stock options vested during the years ended June 30, 2020, 2019, and 2018 was $1.7 million, $0.2 million, and $0.4 million, respectively.

STOCK GRANTS

The Company grants shares of common stock to executive officers pursuant to long-term stock incentive plans ("LTIPs") under which executive officers are awarded shares of common stock of the Company in the event that certain targets are achieved. These achievement targets are typically aligned with specified ranges of year-over-year percentage growth in metrics such as total number of connections and adjusted EBITDA. If none of the minimum threshold year-over-year percentage target goals are achieved, the executive officers would not be awarded any shares. Assuming the minimum threshold year-over-year percentage target goal would be achieved for a particular metric, the number of shares to be awarded for that metric would be determined on a pro rata basis, provided that the award would not exceed the maximum distinguished award for that metric. The shares awarded under the LTIPs typically vest as follows: one-third at the time of issuance; one-third on the one-year anniversary of the fiscal year end for which the shares were awarded; and one-third on the two-year anniversary of the fiscal year end for which the shares were awarded.

The Company also grants shares of restricted common stock and restricted stock units (RSUs) to members of the board of directors as compensation for their service on the board as well as to employees as additional compensation. These stock awards typically vest over a one to three year period.

A summary of the status of the Company's nonvested common shares and RSUs as of June 30, 2020, 2019, and 2018, and changes during the years then ended is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at June 30, 2017	122,556	$ 3.96
Granted	275,547	5.31
Vested	(232,267)	4.92
Nonvested at June 30, 2018	165,836	$ 4.85
Granted	40,062	13.90
Vested	(166,927)	6.01
Nonvested at June 30, 2019	38,971	$ 9.19
Granted	651,715	7.28
Vested	(109,050)	7.52
Forfeited	(368,622)	7.89
Nonvested at June 30, 2020	213,014	$ 6.50

STOCK BASED COMPENSATION EXPENSE

The Company applies the fair value method to recognize compensation expense for stock-based awards. Using this method, the estimated grant-date fair value of the award is recognized over the requisite service period using the accelerated attribution method. The Company accounts for forfeitures as they occur.

A summary of the Company's stock-based compensation expense recognized during the years ended June 30, 2020, 2019, and 2018 is as follows (in thousands):

	For the year ended June 30,		
Award type	2020	2019	2018
Stock options	$ 2,181	$ 822	$ 485
Stock grants	848	928	1,309
Total stock-based compensation expense	$ 3,029	$ 1,750	$ 1,794

The Company recognized tax benefits of $0.5 million, $0.3 million, and $0.3 million related to stock compensation expense for the years ended June 30, 2020, 2019, and 2018.

A summary of the Company's unrecognized stock-based compensation expense as of June 30, 2020 is as follows:

	As of June 30, 2020	
Award type	Unrecognized Expense (in thousands)	Weighted Average Recognition Period (in years)
Stock options	$ 5,807	2.1
Stock grants	$ 1,125	1.3

17. PREFERRED STOCK

The authorized Preferred Stock may be issued from time to time in one or more series, each series with such rights, preferences or restrictions as determined by the Board of Directors. As of June 30, 2020 each share of Series A Preferred Stock is convertible

into 0.1988 of a share of Common Stock and each share of Series A Preferred Stock is entitled to 0.1988 of a vote on all matters on which the holders of Common Stock are entitled to vote. Series A Preferred Stock provides for an annual cumulative dividend of $1.50 per share, payable when, and if declared by the Board of Directors, to the shareholders of record in equal parts on February 1 and August 1 of each year. Any and all accumulated and unpaid cash dividends on the Series A Preferred Stock must be declared and paid prior to the declaration and payment of any dividends on the Common Stock.

The Series A Preferred Stock may be called for redemption at the option of the Board of Directors for a price of $11.00 per share plus payment of all accrued and unpaid dividends. No such redemption has occurred as of June 30, 2020. In the event of any liquidation as defined in the Company's Articles of Incorporation, the holders of shares of Series A Preferred Stock issued shall be entitled to receive $10.00 for each outstanding share plus all cumulative unpaid dividends. If funds are insufficient for this distribution, the assets available will be distributed ratably among the preferred shareholders. The Series A Preferred Stock liquidation preference as of June 30, 2020 and 2019 is as follows:

($ in thousands)	June 30, 2020	June 30, 2019
For shares outstanding at $10.00 per share	$ 4,451	$ 4,451
Cumulative unpaid dividends	16,328	15,660
	$ 20,779	$ 20,111

The Company has determined that its convertible preferred stock is contingently redeemable due to the existence of deemed liquidation provisions contained in its certificate of incorporation, and therefore classifies its convertible preferred stock outside of permanent equity.

Cumulative unpaid dividends are convertible into common shares at $1,000 per common share at the option of the shareholder. During the years ended June 30, 2020, 2019 and 2018, no shares of Preferred Stock nor cumulative preferred dividends were converted into shares of common stock.

18. RETIREMENT PLAN

The Company's 401(k) Plan (the "Retirement Plan") allows employees who have completed six months of service to make voluntary contributions up to a maximum of 100% of their annual compensation, as defined in the Retirement Plan. The Company may, in its discretion, make a matching contribution, a profit sharing contribution, a qualified non-elective contribution, and/or a safe harbor 401(k) contribution to the Retirement Plan. The Company must make an annual election, at the beginning of the plan year, as to whether it will make a safe harbor contribution to the plan. In fiscal years 2020, 2019 and 2018, the Company elected and made safe harbor matching contributions of 100% of the participant's first 3% and 50% of the next 2% of compensation deferred into the Retirement Plan. The Company's safe harbor contributions for the years ended June 30, 2020, 2019 and 2018 approximated $0.5 million, $0.4 million and $0.3 million, respectively.

19. COMMITMENTS AND CONTINGENCIES

LITIGATION

Eastern District of Pennsylvania Consolidated Shareholder Class Actions

As previously reported, on September 11, 2018, Stéphane Gouet filed a putative class action complaint against the Company, Stephen P. Herbert, the Chief Executive Officer, and Priyanka Singh, the former Chief Financial Officer, in the United States District Court for the District of New Jersey. The class is defined as purchasers of the Company's securities from November 9, 2017 through September 11, 2018. The complaint alleges that the Company disclosed on September 11, 2018 that it was unable to timely file its Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (the "2018 Form 10-K"), and that the Audit Committee of the Company's Board of Directors was in the process of conducting an internal investigation of current and prior period matters relating to certain of the Company's contractual arrangements, including the accounting treatment, financial reporting and internal controls related to such arrangements. The complaint alleges that the defendants disseminated false statements and failed to disclose material facts and engaged in practices that operated as a fraud or deceit upon Gouet and others similarly situated in connection with their purchases of the Company's securities during the proposed class period. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") and Rule 10b-5 promulgated thereunder.

Two additional class action complaints, containing substantially the same factual allegations and legal claims, were filed against the Company, Herbert and Singh in the United States District Court for the District of New Jersey. On September 13, 2018, David

Gray filed a putative class action complaint, and on October 3, 2018, Anthony E. Phillips filed a putative class action complaint. Subsequently, multiple shareholders moved to be appointed lead plaintiff, and on December 19, 2018, the Court consolidated the three actions, appointed a lead plaintiff (the "Lead Plaintiff"), and appointed lead counsel for the consolidated actions (the "Consolidated Action").

On February 28, 2019, the Court approved a Stipulation agreed to by the parties in the Consolidated Action for the filing of an amended complaint within fourteen days after the Company filed its 2018 Form 10-K. On January 22, 2019, the Company and Herbert filed a motion to transfer the Consolidated Action to the United States District Court for the Eastern District of Pennsylvania. On February 5, 2019, the Lead Plaintiff filed its opposition to the Motion to Transfer. On August 12, 2019, the University of Puerto Rico Retirement System ("UPR") filed a putative class action complaint in the United States District Court for the District of New Jersey against the Company, Herbert, Singh, the Company's Directors at the relevant time (Steven D. Barnhart, Joel Books, Robert L. Metzger, Albin F. Moschner, William J. Reilly and William J. Schoch) ("the Independent Directors"), and the investment banking firms who acted as underwriters for the May 2018 follow-on public offering of the Company (the "Public Offering"): William Blair & Company; LLC; Craig-Hallum Capital Group, LLC; Northland Securities, Inc.; and Barrington Research Associates, Inc. ("the Underwriters"). The class is defined as purchasers of the Company's shares pursuant to the registration statement and prospectus issued in connection with the Public Offering. Plaintiff seeks to recover damages caused by Defendants' alleged violations of the Securities Act of 1933 (as amended, the "1933 Act"), and specifically Sections 11, 12 and 15 thereof. The complaint generally seeks compensatory damages, rescissory damages and attorneys' fees and costs. The UPR complaint was consolidated into the Consolidated Action and the UPR docket was closed.

On September 30, 2019, the Court granted the motion to transfer and transferred the Consolidated Action to the United States District Court for the Eastern District of Pennsylvania, Docket No. 19-cv-04565. On November 20, 2019, Plaintiff filed an amended complaint that asserted claims under both the 1933 Act and the 1934 Act. Defendants filed motions to dismiss on February 3, 2020. Before briefing on the motions was completed, the parties participated in a private mediation on February 27, 2020, which resulted in a settlement. On May 29, 2020, the plaintiffs filed documents with the Court seeking preliminary approval of the settlement, with the defendants supporting approval of the settlement. On June 9, 2020, the Court granted preliminary approval of the settlement and issued a scheduling order for further action on the settlement. The settlement provides for a payment of $15.3 million which includes all administrative costs and plaintiff's attorneys' fees and expenses. The Company's insurance carriers paid $12.7 million towards the settlement and the Company paid $2.6 million towards the settlement, which was made in July 2020 and was recorded as a liability in the consolidated financial statements as of June 30, 2020. Payments will not be distributed pursuant to the settlement (except for administrative costs of up to $150,000) until and unless the Court grants final approval of the settlement. The Court scheduled the hearing for final settlement approval for October 30, 2020. The Company expects, but cannot assure, that the settlement approval will occur later in the 2020 calendar year. Should the settlement not be approved or be terminated for any reason, the parties will resume litigation of the claims.

Chester County, Pennsylvania Class Action

As previously reported, a putative shareholder class action complaint was filed against the Company, its chief executive officer and chief financial officer at the relevant time, its directors at the relevant time, and the Underwriters, in the Court of Common Pleas, Chester County, Pennsylvania, Docket No. 2019-04821-MJ. The complaint alleged violations of the Securities Act of 1933, as amended. As also previously reported, on September 20, 2019 the Court granted the defendants' Petition for Stay and stayed the Chester County action until the Consolidated Action reaches a final disposition. On October 18, 2019, plaintiff filed an appeal to the Pennsylvania Superior Court from the Order granting defendants' Petition for Stay, Docket No. 3100 EDA 2019. On December 6, 2019, the Pennsylvania Superior Court issued an Order stating that the Stay Order does not appear to be final or otherwise appealable and directed plaintiff to show cause as to the basis of the Pennsylvania Superior Court's jurisdiction. The plaintiff filed a Response to the Order to Show Cause on December 16, 2019, and the defendants filed an Application to Quash Appeal on December 26, 2019. On February 20, 2020, the Pennsylvania Superior Court quashed the appeal.

Department of Justice Subpoena

As previously reported, in the third quarter of fiscal year 2020, the Company responded to a subpoena received from the U.S. Department of Justice that sought records regarding Company activities that occurred during prior financial reporting periods, including restatements. The Company is cooperating fully with the agency's queries.

HEC Master Fund LP Lawsuit

On November 15, 2019, HEC filed a lawsuit against the Company and its directors at the relevant time in the Court of Common Pleas of Chester County, Pennsylvania, Docket No. 2019-11640-MJ. The lawsuit alleged that the directors' adoption of an amendment to the Company's bylaws that prohibited shareholders from calling a special meeting of shareholders until the

Company's next annual meeting of shareholders, along with other efforts by the directors to prevent HEC from soliciting consents to call a special meeting of shareholders, constituted impermissible entrenchment and interference with the shareholder franchise in violation of Pennsylvania law. On November 22, 2019, the Court, with the consent of HEC and the Company, ordered the Company to call and hold its annual meeting of shareholders on or before April 30, 2020. The Court also ordered that the directors stand for election at the annual meeting in accordance with the bylaws and prohibited the board of directors from making further amendments of any kind to the bylaws prior to the annual meeting. Following the entry of that order, HEC voluntarily discontinued the lawsuit. On March 27, 2020, HEC moved to strike the discontinuance and hold the Company in contempt of the Court's November 22, 2019 order. On April 26, 2020, the parties entered into a Letter Agreement pursuant to which HEC's action was dismissed with prejudice.

HEC Master Fund LP Shareholder Demand

By letter dated February 12, 2020, HEC demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors and other responsible parties for breach of fiduciary duties. The matters alleged to constitute breaches of duty related to the matters raised by HEC during the contest for the election of directors at the 2020 annual meeting. On April 26, 2020, the parties entered into a Letter Agreement pursuant to which HEC withdrew its shareholder demand for board action.

Other Shareholder Demand Letters

By letter dated October 12, 2018, Peter D'Arcy, a purported shareholder of the Company, demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors for breach of fiduciary duties. The letter alleged the officers and directors made false and misleading statements that failed to disclose that the Company's accounting treatment, financial reporting and internal controls related to certain of the Company's contractual agreements would result in an internal investigation and would delay the Company's filing of its 2018 Form 10-K, and that the Company failed to maintain adequate internal controls. By letter dated October 18, 2018, Chiu Jen-Ting, a purported shareholder of the Company, demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors for breach of fiduciary duties in connection with issues similar to those asserted by Mr. D'Arcy. By letter dated August 2, 2019, Stan Emanuel, a purported shareholder of the Company, demanded that the Board of Directors investigate, remedy and commence proceedings against certain of the Company's current and former officers and directors for breach of fiduciary duties in connection with issues similar to those asserted by Mr. D'Arcy. In accordance with Pennsylvania law, the Board of Directors formed a special litigation committee (the "SLC"), currently consisting of Lisa P. Baird, Douglas L. Braunstein and Michael K. Passilla, in order to, among other things, investigate and evaluate the demand letters. The SLC and its counsel are currently investigating the matters raised in these letters.

20. UNAUDITED QUARTERLY DATA

	Three months ended			
($ in thousands, except per share data)	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	**June 30, 2020**
	(unaudited)	***(unaudited)***	***(unaudited)***	***(unaudited)***
Revenue	$ 43,359	$ 44,051	$ 43,098	$ 32,645
Gross profit	$ 11,416	$ 12,762	$ 10,998	$ 11,097
Operating loss	$ (11,278)	$ (7,756)	$ (10,178)	$ (10,380)
Net loss	$ (11,508)	$ (8,378)	$ (9,295)	$ (11,414)
Cumulative preferred dividends	$ (334)	$ —	$ (334)	$ —
Net loss applicable to common shares	$ (11,842)	$ (8,378)	$ (9,629)	$ (11,414)
Net loss per common share - basic	$ (0.20)	$ (0.13)	$ (0.15)	$ (0.18)
Net loss per common share - diluted	$ (0.20)	$ (0.13)	$ (0.15)	$ (0.18)
Weighted average number of common shares outstanding - basic	60,096,852	63,664,256	64,096,778	64,154,252
Weighted average number of common shares outstanding - diluted	60,096,852	63,664,256	64,096,778	64,154,252

	Three months ended			
($ in thousands, except per share data)	**September 30, 2018**	**December 31, 2018**	**March 31, 2019**	**June 30, 2019 (1)**
	(unaudited)	***(unaudited)***	***(unaudited)***	***(unaudited)***
Revenue	$ 33,768	$ 34,486	$ 37,704	$ 38,508
Gross profit	$ 11,058	$ 9,435	$ 9,953	$ 9,739
Operating loss	$ (4,973)	$ (10,008)	$ (3,718)	$ (9,484)
Net loss	$ (5,288)	$ (10,438)	$ (4,306)	$ (9,850)
Cumulative preferred dividends	$ (334)	$ —	$ (334)	$ —
Net loss applicable to common shares	$ (5,622)	$ (10,438)	$ (4,640)	$ (9,850)
Net loss per common share - basic	$ (0.09)	$ (0.17)	$ (0.08)	$ (0.16)
Net loss per common share - diluted	$ (0.09)	$ (0.17)	$ (0.08)	$ (0.16)
Weighted average number of common shares outstanding - basic	60,053,912	60,059,936	60,065,053	60,065,978
Weighted average number of common shares outstanding - diluted	60,053,912	60,059,936	60,065,053	60,065,978

(1) As discussed in Note 2—Accounting Policies, the Company identified certain adjustments that were required to be made to its previously disclosed fiscal year 2019 interim and annual financial statements.

During the fourth quarter of fiscal year 2020, the Company reclassified certain operating expenses previously reported in the first three quarters of fiscal year 2020 as Selling, general and administrative expenses to Investigation, proxy solicitation and restatement expenses. The reclassifications resulted from management's conclusion that those operating expenses related to non-recurring professional services fees to assist the Company with accounting and compliance activities following the filing of the 2019 Form 10-K, as well as the proxy solicitation costs incurred in fiscal year 2020. These reclassifications did not affect total operating expenses or net income.

Operating expenses for each of the first three quarters of fiscal year 2020 are as follows, before the reclassifications:

	Three months ended		
($ in thousands)	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**
Selling, general and administrative	$ 18,107	$ 18,700	$ 20,069
Investigation and restatement expenses	3,565	738	—
Depreciation and amortization	1,022	1,080	1,107
Total operating expenses	$ 22,694	$ 20,518	$ 21,176

Operating expenses for each of the first three quarters of fiscal year 2020 are as follows, after the reclassifications:

	Three months ended		
($ in thousands)	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**
Selling, general and administrative	$ 17,196	$ 12,520	$ 18,065
Investigation, proxy solicitation and restatement expenses	4,476	6,918	2,004
Depreciation and amortization	1,022	1,080	1,107
Total operating expenses	$ 22,694	$ 20,518	$ 21,176

21. SUBSEQUENT EVENTS

JPMorgan Chase Bank Credit Agreement

On August 14, 2020, the Company repaid all amounts outstanding under the 2020 Antara Term Facility and entered into the 2021 JPMorgan Credit Agreement.

The 2021 JPMorgan Credit Agreement provides for a $5 million secured revolving credit facility (the “2021 JPMorgan Revolving Facility”) and a $15 million secured term facility (the “2021 JPMorgan Secured Term Facility” and together with the 2021 JPMorgan Revolving Facility, the “2021 JPMorgan 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. In connection with the consummation of the 2021 JPMorgan Credit Agreement, the Company repaid all amounts outstanding under the 2020 Antara Term Facility. All of the Company's unamortized issuance costs and debt discount related to the 2020 Antara Term Facility will be recognized as interest expense during the fiscal quarter ended September 30, 2020, which as of June 30, 2020 was $2.6 million, reflecting the difference between the carrying value of the 2020 Antara Term Facility and the amount due upon repayment.

The 2021 JPMorgan Credit Facility has a three year maturity, with interest based, at the Company’s option, on a base rate of LIBOR plus an applicable margin tied to the Company’s total leverage ratio and having ranges between 2.75% and 3.75% for base rate loans and between 3.75% and 4.75% for LIBOR loans. In the event of default, the interest rate may be increased by 2.00%. The 2021 JPMorgan Credit Facility will also carry a commitment fee of 0.50% per annum on the unused portion. Through December 31, 2021, the applicable interest rate will be LIBOR plus 4.75%. Principal payments are due in quarterly installments of $187,500 beginning December 31, 2020 for a total annual repayment of $750,000.

The Company’s obligations under the 2021 JPMorgan Credit Facility are secured by first priority security interests in substantially all of the assets of the Company. The 2021 JPMorgan Credit Agreement includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including a financial covenant requiring the Company to maintain an adjusted quick ratio of not less than 2.00 to 1.00, not less than 2.50 to 1.00 beginning October 1, 2020, not less than 2.75 to 1.00 beginning January 1, 2021 and 3.00 to 1.00 beginning April 1, 2021, and a financial covenant requiring 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.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures

(i) Evaluation of Disclosure Controls and Procedures.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded that, due to the existence of one deficiency that rose to the level of a material weakness, and based on the evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15, that the Company's disclosure controls and procedures were not effective as of June 30, 2020.

Notwithstanding the existence of the material weakness described below, management believes that the consolidated financial statements and related financial information included in this Form 10-K fairly present, in all material respects, our financial position, results of operations and cash flows as of and for the periods presented, in conformity with generally accepted accounting principles in the United States of America ("GAAP").

(ii) Management's Report on Internal Control over Financial Reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, 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.

Management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission's 2013 Internal Control-Integrated Framework. It is management's assessment that the Company did not maintain, in all material respects, effective internal control over financial reporting as of June 30, 2020. Management has identified a weakness related to assessing the accounting impact of a non-routine and complex transaction. Specifically this related to the Company's August 14, 2020 debt re-financing activities whereby management, in assessing the impact of the anticipated refinancing on the June 30, 2020 financial statements, originally reached the wrong conclusion related to the accounting for debt issuance costs related to the senior secured term loan facility with Antara Capital Master Fund LP. However, the proper accounting treatment for such costs was applied in both the fourth quarter and full year 2020 financial results reported in this Form 10-K. As described previously, this re-financing was a unique transaction, would not be expected to re-occur within the normal course of business and occurred subsequent to the Company's fiscal year-end of June 30, 2020.

BDO USA, LLP, the Company's independent registered public accounting firm that audited our financial statements included in this Form 10-K, has issued an attestation report on our internal control over financial reporting, which is included herein.

(iii) (a). Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting Identified in Prior Years.

As more fully disclosed in our June 30, 2019 Form 10-K, we identified and reported several material weaknesses in the Company's internal control over financial reporting related to the timeliness of our internal controls, application of our accounting methodologies and financial controls associated with the company's integration of Cantaloupe Systems in fiscal year 2018. Consistent with our remediation plan, we have designed, implemented, and tested these controls to fully remediate these prior year material weaknesses.

Remediation actions taken include:

- Implemented a risk-based internal controls program and integrated specific internal controls into major business processes including customer contracting, revenue recognition and financial closing to ensure consistent application, appropriate documentation and timeliness of completion.
- Developed formal accounting methodologies and policies for financial accounting processes that are based upon assumptions, are technical and complex in nature, and require judgment to conclude on the appropriate accounting and reporting treatment.
- Completed the integration of major business processes associated with the Cantaloupe acquisition including combining external customer-facing sales and customer support activities in addition to internal support functions including contracts and billing administration, accounts payable, payroll, information technology administration and accounting and reporting.

Additionally, management has improved the overall internal control environment by improving the flow of information and communication across the organization, implemented processes designed to identify and manage risk, and established a compliance organization to ensure that the monitoring of key internal controls and processes is performed.

These remediation efforts were designed in conjunction with the Company's remediation plan and implemented according to internal control standards adopted by the Company in this fiscal year. ***Using this foundation of internal control, and as supported by the current leadership team, management has and will continue to make enhancements to various business and administrative processes and information systems to help ensure that new processes and controls are properly designed, meet the company's internal controls requirements, and are formalized to support independent monitoring and testing.***

(iii) (b). Remediation Plan for Material Weakness in Internal Control over Financial Reporting Identified in the Current Year.

Specific to the current year's material weakness, as disclosed above, and the re-classification of certain costs associated with the August 14, 2020 re-financing, management has reinforced its existing internal control structure designed to ensure that one-time, large and unusual transactions are subject to timely and formal evaluation by senior finance and accounting leadership. Management will continue to review all one-time and unusual transactions to ensure proper accounting treatment.

(iv) Changes in Internal Control over Financial Reporting.

Other than the current year material weakness and the control improvements described above in the "Remediation Plan for Material Weakness in Internal Control over Financial Reporting Identified in Prior Years," there were no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

DIRECTORS AND EXECUTIVE OFFICERS

Our Directors and executive officers, on August 31, 2020, together with their ages and business backgrounds were as follows:

Name	Age	Position Held
Anant Agrawal	40	Chief Revenue Officer
Lisa P. Baird (2) (5)	59	Director
Douglas G. Bergeron (4)	59	Chairman of the Board of Directors
Douglas L. Braunstein (2) (4)	59	Director
Sean Feeney	62	Chief Executive Officer and Director
Glen E. Goold	49	Chief Accounting Officer
R. Wayne Jackson	63	Chief Financial Officer
Jacob Lamm (4) (5)	55	Director
Michael K. Passilla (2)	53	Director
James M. Pollock	46	Chief Compliance Officer
Ellen Richey (1) (3) (4)	71	Director
Anne M. Smalling (1) (3) (5)	54	Director
Jeff Vogt	47	Chief Operating Officer
Shannon S. Warren (1)	50	Director

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) Member of Compliance Committee

(4) Member of Finance Committee

(5) Member of Nominating and Corporate Governance Committee

Each director will hold office until the 2021 Annual Meeting of Shareholders, and until his or her successor has been elected and qualified. If any director resigns, dies or is otherwise unable to serve out his or her term, the Board may fill any vacancy by a vote of a majority of the directors then in office. A director appointed to fill a vacancy shall serve for the unexpired term of his or her predecessor.

Anant Agrawal joined USA Technologies in 2017, as part of the merger with Cantaloupe Systems, a company he co-founded in 2003, and is the Company's Chief Revenue Officer, responsible for all revenue related activities and tasked with building out the customer success and business development organizations, and focused on growth across all market sizes, segments and key geographies. Previously, he was the Company’s Executive Vice President of Corporate Development where he worked on strategic initiatives to expand service offerings, as well as increasing the company’s footprint in the untapped international and emerging markets.

Lisa P. Baird joined the Board of Directors of the Company in April 2020. She is a member of the Compensation Committee and the Nominating and Corporate Governance Committee. Ms. Baird was named Commissioner of the National Women’s Soccer League, a women’s professional soccer league, beginning on March 10, 2020. From 2018 to 2020, Ms. Baird served as the Chief Marketing Officer for New York Public Radio (NYPR), America’s most listened-to public radio station and a leading podcast producer, where she oversaw marketing, membership, sponsorship and communications. From 2009 to 2018, Ms. Baird served as Chief Marketing Officer of the United States Olympic and Paralympic Committee (USOPC), the 501(c)(3) tasked with stewarding the Olympic Movement in the U.S. In this role, she oversaw marketing, media and revenue supporting US national governing bodies and the Olympic and Paralympic Teams. Ms. Baird has extensive experience in branding, development and marketing for several Fortune 50 companies, including IBM, General Motors, Warner-Lambert Company, Bristol-Myers Squibb Company,

Johnson & Johnson Consumer Products, and the Procter & Gamble Company. She currently serves as a Director on the Board of Elite Sportswear, L.P., a global leader in gymnastics, swim and spirit competition apparel, and Fox Head Inc., an action sports apparel and gear manufacturer. She served as a Director on the Board of Soundview Paper Company, LLC, a consumer paper products company, from 2018 to 2019. Ms. Baird earned an A.B. in English from Penn State University (1982) where she also earned an MBA from The Smeal College of Business (1984). We believe Ms. Baird has strong marketing and operating experience and a proven record of creating, building, enhancing and leading well-known brands as a result of the leadership positions she has held, and that these provide the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

Douglas G. Bergeron joined the Board of Directors of the Company and was appointed Chair in April 2020. He is a member of the Finance Committee. Mr. Bergeron has served as a Managing Partner of Hudson Executive, an investment firm that seeks to identify value-oriented opportunities in the small/mid-cap U.S. public markets, since February 2020. Mr. Bergeron also co-founded Hudson Executive Investment Group, which was formed as a special purpose acquisition company with a focus on financial technology and healthcare and has served as its CEO and a member of its Board of Directors since February 2020. Mr. Bergeron has served as the founder and sole shareholder of DGB Investment, Inc., a diversified holding company of technology investments, since 2002. In 2001, he led the acquisition of VeriFone Systems, Inc. (Verifone), a company that provides technology for electronic payment transactions at the point-of-sale, from Hewlett-Packard. In 2002, Mr. Bergeron, as Chief Executive Officer of Verifone, partnered with GTCR, a private equity firm, and grew VeriFone into a multi-national company with an enterprise value exceeding $4 billion by 2013, when he left the company. In 2016, Mr. Bergeron joined the Board of Directors of United Language Group, a translation, localization and interpreting providers. In 2017, Mr. Bergeron became Chairman of the Board of the Directors of Nyotron, a cyber security software company. Mr. Bergeron is a member of the Board of Directors of Pipeworks Studios, a consumer and commercial games studio, since 2018, and of Renters Warehouse, an online exchange for occupied and performing single family rentals, since 2015. Mr. Bergeron holds an Honours B.A. in Computer Science from York University in Toronto (1983) and a Masters of Science in Systems Management from the University of Southern California in Los Angeles (1987). In 2013, he was awarded an Honorary Doctorate of Laws (LLD) from York University. Mr. Bergeron draws on his experience as a chief executive officer, turnaround specialist and private equity investor. We believe Mr. Bergeron has strong experience in the payments industry and in a broad range of industries which provide the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

Douglas L. Braunstein joined the Board of Directors of the Company in April 2020. He is a member of the Compensation Committee and the Finance Committee. Mr. Braunstein has served as the Founder and Managing Partner of Hudson Executive, an investment firm that seeks to identify value-oriented opportunities in the small/mid-cap U.S. public markets, since January 2015. Mr. Braunstein also co-founded Hudson Executive Investment Group, which was formed as a special purpose acquisition company with a focus on financial technology and healthcare and has served as its Chairman and President and a member of its Board of Directors since February 2020. Mr. Braunstein has over 30 years of industry experience and held a variety of positions during his tenure at JPMorgan Chase & Co. (JPM), an investment bank and financial services holding company, which included Chief Financial Officer until December 2012, and member of the company's Operating Committee as well as Vice Chairman since January 2013. Prior to that, he was also Head of JPM's Americas Investment Banking and Global M&A departments from 2008 to 2010, and Global Head of Industry Coverage from 2002 to 2007. He served as a member of JPM's Executive Committee and the Investment Bank Management Committee for over a decade. Mr. Braunstein has been an advisor to numerous boards and management teams in the planning, structuring and implementation of the full range of corporate finance solutions. He has worked on over $1 trillion in transactions. He currently serves on the Board of Directors of Cardtronics plc, which provides automated consumer financial services, and Eagle Pharmaceuticals, Inc., a specialty pharmaceutical company focused on developing and commercializing injectable products, primarily in the critical care and oncology areas. Mr. Braunstein was previously a member of the Board of Directors of Corindus Vascular Robotics, Inc., a company focused on using remote control and robotics to move coronary guidewires and balloon/stent catheters, before its sale to Siemens Healthineers AG. Mr. Braunstein received his B.S. from Cornell University in 1983 and his J.D. from Harvard Law School in 1986. We believe Mr. Braunstein has extensive executive experience and a strong background in investment strategy, banking and finance, which provides the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

Sean Feeney has served as Chief Executive Officer and a member of the Board of Directors of the Company since May 2020. Prior to joining the Company, Mr. Feeney was CEO of DefenseStorm, Inc., a cybersecurity management platform providing cloud-based and compliance-automated solutions to financial institutions. Previously, he served as CEO of GT Nexus, a cloud-based privately-owned supply chain platform, which was acquired by Infor. Prior to that, he was as an Operating Partner at Golden Gate Capital (GGC), a San Francisco-based private equity firm. While there, he advised on software-focused acquisitions, and also stepped in as Interim CEO for Critigen, a GGC portfolio company providing GPS consulting and data management IT services. He was also CEO at Inovis, until its sale to GXS in 2010 (OpenText), and earlier in his career held senior management positions at CheckFree which was acquired by Fiserv. Mr. Feeney holds a B.S. degree in Engineering from the United States Military Academy at West Point, and proudly served as an Army Officer for six years. He has been an active supporter of the technology community in Atlanta and is a past Chairman of the Technology Alliance of Georgia (TAG). He has a strong track record as CEO

of high-growth companies in the technology and payments sectors, along with a deep background in private equity. He also has a keen understanding of our market and brings a great mix of experience building world class organizations, technical breadth, reinvigorating culture, while delivering metrics-driven results.

Glen E. Goold has been our Chief Accounting Officer since February 2020. Previously, Mr. Goold served as our interim Chief Financial Officer since January 2019. Prior thereto and since October 2018, he served as a consultant to the Company. Mr. Goold was the Chief Financial Officer of Sutron Corporation ("Sutron") from March 2014 until February 2018. Sutron had been a public company (Nasdaq:STRN) prior to its acquisition by Danaher Corporation (NYSE:DHR) in July 2015. As Chief Financial Officer of Sutron, Mr. Goold was responsible for the accounting, financial reporting, human resources, investor relations and regulatory compliance functions of the organization. Prior to that, Mr. Goold was the interim Chief Financial Officer of Sutron from October 2013 to March 2014, and Assistant Chief Financial Officer and Director of Finance of Sutron from November 2012 to October 2013. From 2005 to 2012, Mr. Goold was the Associate Vice President of Fund Management at The Carlyle Group, a private equity firm. Prior to that, Mr. Goold was a Tax Manager at the accounting firm of Ernst & Young LLP from 1999 to 2005, and was a Tax Consultant at the firm from 1997 to 1999. Mr. Goold is a Certified Public Accountant.

R. Wayne Jackson joined the Company as its Chief Financial Officer in August 2020. Mr. Jackson previously served, from July 2015 to December 2019, as the Chief Financial Officer of Secureworks Corp., a software driven cybersecurity services company. Before joining Secureworks Corp., from May 2003 until June 2015, Mr. Jackson was a partner at PricewaterhouseCoopers, LLP, an independent registered public accounting firm ("PwC").

Jacob Lamm joined the Board of Directors of the Company in April 2020. He is Chair of the Finance Committee and a member of the Nominating and Corporate Governance Committee. Mr. Lamm has served as the Chief Operating Officer of InVisionApp Inc., a digital product design platform, since February 2020. Mr. Lamm is founder and president of Enterik Advisory LLC, providing executive and board level consulting services with a focus on organic and inorganic growth strategies. He previously served as Executive Vice President of CA Technologies, a provider of information technology management software and solutions, from 2009 to 2019, where he was responsible for corporate strategy, M&A, venture investing, strategic alliances, and new business incubation. Prior to joining CA, he co-founded and served as CTO of Professional Help Desk, a provider of Service Management software that was acquired by CA. Additionally, Mr. Lamm has served as a director of both private and non-profit organizations, serving as a director for the Long Island High Technology Incubator, the New York State Smart Grid Consortium and Watermark Medical Inc., a medical technology company focused on remote diagnostic testing, therapy and patient follow-up, the latter from 2010 to 2018. Mr. Lamm earned a B.S. in computer information science from the City University of New York—Brooklyn College. We believe Mr. Lamm's more than 25 years of experience in information technology software and infrastructure provides the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

Michael K. Passilla joined the Board of Directors of the Company in April 2020. He is Chair of the Compensation Committee. Mr. Passilla has served as Vice Chairman at Chase Merchant Services. the global payment processing division of JPMorgan Chase &Co, from 2016 to 2018. Prior to that, he was the Chief Executive Officer of Chase Merchant Services from 2013 to 2016. Mr. Passilla was the Chief Executive Officer and President of Elavon, Inc., a global payments processing firm, from 2010 to 2013. Mr. Passilla has been a member of the Board of Directors of Priority Technology Holdings, Inc., an IT service management company, since 2019. Mr. Passilla earned a BBA from the University of Notre Dame and earned an MBA from The J.L. Kellogg Graduate School of Management at Northwestern University. Mr. Passilla's extensive industry experience provides the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

James M. Pollock has served as our Chief Compliance Officer since April 2019. Mr. Pollock had been employed by PwC as a Director within the Risk Assurance practice from July 2010. Prior to that, Mr. Pollock had served in various capacities at PwC since July 1998, providing risk-based internal audit and other advisory services, performing SOX engagements, and addressing strategic and operational risk areas for global clients representing a wide range of industries. Prior to joining PwC, Mr. Pollock was an associate manager within the Controller's division at AT&T Inc. (NYSE:T) from June 1996, where he was responsible for cost center variance analysis and the general summation of financial results prior to consolidation. Mr. Pollock is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, the Pennsylvania Institute of Certified Public Accountants, and the Philadelphia chapter of the Institute of Internal Auditors.

Ellen Richey joined the Board of Directors of the Company in April 2020. She is Chair of the Compliance Committee and a member of the Audit Committee and the Finance Committee. Ms. Richey served as Vice Chairman of Risk and Public Policy of Visa Inc. (Visa), a global payments technology company, from 2014 to 2019, and as Chief Risk Officer from 2017 to 2019. In such roles, Ms. Richey oversaw risk management, including enterprise risk, settlement risk, operational resilience, internal audit, and risks to the integrity of the broader payments ecosystem, and served as a member of Visa's senior executive committee. During 2014, Ms. Richey concurrently served as Chief Legal Officer, assuming responsibility for the legal function in addition to her risk responsibilities. From 2007 to 2013, Ms. Richey served as Executive Vice President and Chief Enterprise Risk Officer. In that

role, she was responsible for oversight of Visa's compliance, audit and risk teams, including payment system risk, settlement risk and enterprise risk. She also serves on the Board of Directors of Green Dot Corporation. Ms. Richey earned a B.A. in Linguistics and Far Eastern Languages from Harvard University (1970) and a J.D. from Stanford University (1977), and served as a law clerk for Associate Justice Lewis F. Powell, Jr., of the United States Supreme Court, from 1979 to 1980. We believe Ms. Richey's extensive experience in the payments industry and in risk management, compliance and audit provide the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

Anne M. Smalling joined the Board of Directors of the Company in April 2020. She is Chair of the Nominating and Corporate Governance Committee and a member of the Audit Committee. Ms. Smalling has served as President and Managing Partner of HM International, LLC (HMI), a privately-held business that acquires undervalued assets and builds a steady trajectory of worth since 1999. As President and Managing Partner, Ms. Smalling provides oversight and supervision of the operating businesses in their succession, strategic planning, financing, acquisition and divestitures and major capital expenditures. Ms. Smalling currently serves as the Chair of the Boards of Directors of Quality Sausage Company, LLC, which is a leader in custom/proprietary pre-cooked meats and pepperoni supplying products to industrial and foodservice customers, since 2014, and American Innovations, a provider of compliance solutions to oil and gas pipelines thru an integrated family of hardware, software and professional services, since 2004. She also serves on the Boards of Directors of Igasamex, S. de R.L. de C.V., a developer of private natural gas distribution systems in Mexico, since 1995, Garrison Brothers, a bourbon distillery, since 2013, and rateGenius, Inc., a multi-state, web-based loan brokerage company, since 1999. She formerly served as Chairman of Windsor Quality Food Company, a leader in frozen food manufacturing for consumers and foodservice, from 2004 to 2014. Ms. Smalling earned a B.S. in Developmental Psychology from Cornell University (1987) and an MBA from Harvard Business School (1992). We believe Ms. Smalling's operational expertise and experience in strategic planning and financing, in a broad range of industries, provide the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Director

Jeff Vogt has served as the Company's Chief Operating Officer since June 2020. Previously, he served as the Company's Senior Vice President of Business Affairs since 2019, where his responsibilities focused on business strategy and operational improvements, including transforming the Company's supply chain operations, inventory management, planning and forecasting and growth strategy. From 2013 until joining the Company, Mr. Vogt was Vice President and General Manager at Comcast Corporation, a global media and technology company, where he built, launched and managed a portfolio of video software, infrastructure and Internet of Things (IoT) products and services targeted at the business to business and enterprise market segments. Before working at Comcast Corporation, Mr. Vogt held various executive positions at Linden Lab, NextAction Corporation, Level 3 Communications, Inc. and AOL, Inc.

Shannon S. Warren joined the Board of Directors of the Company in April 2020. She is Chair of the Audit Committee. Ms. Warren currently is the owner and principal of SSW Consulting LLC, providing risk and finance advisory services, since 2019. Ms. Warren was the Chief Control Officer of JPMorgan Chase & Co. (JPM), a global financial services firm, from 2012 to 2016. In this role, she established the Oversight and Control function, designed the framework for the identification and management of operational risk in all products and services offered by JPM, implemented more comprehensive operational risk management technology and managed supervisory regulatory relationships globally. Prior to this role, Ms. Warren was the Corporate Controller and held several additional finance roles at JPM since joining in 2000, and has expertise with accounting and financial reporting matters. Ms. Warren is a graduate of the University of Michigan and is a Certified Public Accountant (inactive). We believe that Ms. Warren's over 20 years of experience in banking, audit and consulting services provides the requisite qualifications, skills, perspectives, and experiences to serve on our Board of Directors.

AUDIT COMMITTEE FINANCIAL EXPERT

The Board of Directors has a standing Audit Committee presently consisting of each of Ms. Warren (Chair), Ms. Richey, and Ms. Smalling. The Company's Board of Directors has determined that Ms. Warren is an "audit committee financial expert" under Securities and Exchange Commission rules.

CODE OF BUSINESS CONDUCT AND ETHICS

Our Board has adopted a Code of Ethics, which applies to all executive officers, directors and employees of the Company. A copy of our Code of Business Conduct and Ethics is accessible on the Company's website, www.usatech.com.

DELINQUENT SECTION 16(A) REPORTS

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission reports of ownership of Company securities and changes in reported ownership. Based on a review of reports filed with the SEC,

or written representations from reporting persons that all reportable transaction were reported, the Company believes that during the fiscal year ended June 30, 2020, the Company's officers, directors and greater than ten percent owners timely filed all reports they were required to file under Section 16(a), except that one report, covering a total of one transaction, was filed late by Mr. Feeney; one report, covering a total of one transaction, was filed late by Mr. Goold; one report, covering a total of one transaction, was filed late by Mr. Pollock; and each of Messrs. Haines, Sunil and Wasserfuhr filed a late report, each a Form 3 not relating to a transaction.

Item 11. Executive Compensation.

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis ("CD&A") provides information regarding our executive compensation philosophy, the elements of our executive compensation program, and the factors that were considered in the compensation actions and decisions for our named executive officers during fiscal 2020. The CD&A should be read together with the compensation tables and related disclosures set forth elsewhere in this Form 10-K.

While this CD&A and the compensation tables and related disclosures provide information for the entirety of fiscal 2020, on April 26, 2020, approximately two months prior to the end of the fiscal year, all but two of the directors on the Board (and all of the directors serving on the Compensation Committee of the Board (the "Compensation Committee")) were replaced. In addition, there were substantial changes in our management team throughout fiscal 2020 (and continuing through fiscal 2021). Therefore, the Compensation Committee (as currently constituted) has been actively restructuring our compensation programs throughout the end of fiscal 2020 (and continuing into fiscal 2021) to accommodate these management changes and to design and implement a program that the Compensation Committee believes will better align with the Company's long-term strategic plan, reflect our pay-for-performance philosophy, encourage retention of key executives, and increase alignment between the interests of our executives and our shareholders.

Named Executive Officers

During fiscal 2020, our named executive officers ("NEOs") were as follows:

- Sean Feeney, our current President and Chief Executive Officer;
- Glen E. Goold, our current Chief Accounting Officer and our former interim Chief Financial Officer (from January 24, 2019 until February 28, 2020);
- Anant Agrawal, our current Chief Revenue Officer and our former Executive Vice President of Corporate Development (through June 15, 2020);
- Jeff Vogt, our current Chief Operating Officer and our former Senior Vice President of Strategy and Business Affairs (from October 24, 2019 through June 15, 2020);
- James Pollock, our current Chief Compliance Officer;
- Donald W. Layden, Jr., our former President and Chief Executive Officer (from February 28, 2020 until May 8, 2020) and former interim Chief Executive Officer (from October 17, 2019 until February 28, 2020);
- Stephen P. Herbert, our former Chief Executive Officer (through October 17, 2019);
- Michael Wasserfuhr, our former Chief Financial Officer (from February 28, 2020 until June 29, 2020);
- Matthew W. McConnell, our former Chief Operating Officer (through February 28, 2020); and
- Maeve M. Duska, our former Chief Marketing Officer (from November 22, 2019 through May 8, 2020) and former Vice President - Group Manager of Marketing (from January 2019 through November 21, 2019).

Key Developments in Fiscal 2020

Executive Officer Changes During Fiscal 2020

Throughout fiscal 2020, our management team underwent a number of key changes (and we have continued to add depth to our management structure in fiscal 2021). Following the departure of our former Chief Executive Officer, Stephen P. Herbert, on October 17, 2019, Donald W. Layden, Jr. served as our interim Chief Executive Officer, and then as our President and Chief Executive Officer, until Mr. Layden was succeeded by our current President and Chief Executive Officer, Sean Feeney, on May 8, 2020. In addition, Glen E. Goold, our current Chief Accounting Officer, served as our interim Chief Financial Officer in fiscal 2020 until he was succeeded by Michael Wasserfuhr on February 28, 2020, who served as our Chief Financial Officer until June 29, 2020. Anant Agrawal, our former Executive Vice President of Corporate Development, instead took on the role of Chief Revenue Officer on June 15, 2020, and Jeff Vogt, our former Senior Vice President of Business Affairs, instead took on the role of Chief Operating Officer,

also on June 15, 2020, succeeding our former Chief Operating Officer, Matthew W. McConnell, who departed from the role on February 28, 2020. Our former Chief Marketing Officer, Maeve M. Duska, also departed from her role on May 8, 2020.

Continuing into fiscal 2021, we appointed an interim Chief Financial Officer, Eugene C. Cavanaugh, to succeed Mr. Wasserfuhr, effective as of July 1, 2020, and a permanent Chief Financial Officer, R. Wayne Jackson, to succeed Mr. Cavanaugh, effective as of August 10, 2020. Additionally, as of July 6, 2020, Davina Furnish was appointed to serve as our General Counsel.

For information regarding the employment agreements of our currently serving NEOs, and the separation arrangements for our departed NEOs, please see the below discussions under "- *Executive Employment Agreements*" and "*Potential Payments upon Termination or Change of Control*."

Replacement of Compensation Committee Members

As described above, in connection with the replacement of all but two members on the Board on April 26, 2020, the entire membership of the Compensation Committee was replaced with our current members, who include: Michael K. Passilla (Chair), Lisa P. Baird, and Douglas L. Braunstein. Our current Compensation Committee has been actively involved in restructuring our executive compensation programs in connection with the management changes noted above and to better reflect the Company's philosophy that pay should be substantially connected with performance while encouraging long-term retention and functioning to align our executives' incentives with our strategic plans and our shareholders' interests. Although the current Compensation Committee believes that substantial strides have been made in our executive compensation programs since April 26, 2020, it is an evolving process as the Company continues to grow its management team and moves forward with its strategic plans.

Our Compensation Process and Philosophy

The Compensation Committee is responsible for annually reviewing and recommending to the Board for approval the corporate goals and objectives relevant to the compensation of the executive officers of the Company, evaluating the executive officers' performance in light of those goals and objectives, and recommending for approval to the Board the executive officers' compensation levels based on this evaluation. From time to time, the Compensation Committee may seek input and recommendations from the Chief Executive Officer regarding the compensation of other executive officers; however, the Chief Executive Officer is not present during voting or deliberations on his compensation. The Compensation Committee is empowered to utilize the services of an independent compensation consultant; however, our current Compensation Committee does not retain a compensation consultant. As the Company's management team and executive compensation programs continue to grow, the Compensation Committee may consider engaging a compensation consultant to assist with market analysis and program structure.

The Company's compensation philosophy is designed to attract and retain key executives responsible for our success, reflect pay-for-performance, and align management's interests without the creation of long-term shareholder value. The Compensation Committee believes that these goals are best accomplished by tying a significant portion of compensation to the achievement of performance goals and equity incentives.

In particular, the Compensation Committee believes that equity awards are an essential component of an effective compensation program, because they provide a direct link between our shareholders' interests and our employees, executive officers, directors, and advisors. The Compensation Committee - and the Board - believe that this link is key to the future success of the Company, and have been working to implement changes in the Company's compensation programs to emphasize equity compensation. Increased emphasis on equity compensation also enables the Company to conserve cash flow, which has become increasingly important in light of the COVID-19 pandemic and its effect worldwide. A more prominent role for equity compensation in our programs also enhances equity ownership in the Company by our employees, executive officers, and directors, which our Compensation Committee and Board believe is essential to increasing shareholder alignment. In fact, attractive equity compensation opportunities were a key piece of the arrangements put into place for our new Chief Executive Officer, Sean Feeney (and, in fiscal 2021, for our new Chief Financial Officer, R. Wayne Jackson), and of modifications to the compensation arrangements for certain of our other NEOs. The Compensation Committee firmly believes that the Company can best attract and retain key talent by providing attractive "upside" growth opportunity if our new leadership succeeds in improving our Company's past performance, which is directly aligned with our shareholder interests. For further information on fiscal 2020 equity awards, please see the below discussion under "-*Equity Awards*."

Other elements of our compensation program include base salary, annual bonuses, and limited perquisites. For more information, please see the below discussion under "-*Elements of Compensation*."

Market Analysis

Although the Compensation Committee may consider the compensation levels of our competitors in establishing executive compensation, in order to ensure that we are offering attractive and competitive opportunities to adequately retain our key employees, market comparison is only one factor in the Compensation Committee's analysis. For this reason, executive compensation levels are not tied to any specific "benchmark" or other comparative level. The Compensation Committee does not presently maintain a formal, specific peer group of companies against which our compensation programs are compared, but may develop a prescribed peer group (either independently or with the assistance of an independent compensation consultant) as it continues on the path of enhancing our compensation programs and fiscal 2020 and 2021 management transitions are substantially completed.

Say-On-Pay

At the 2020 Annual Meeting of Shareholders held on May 21, 2020, approximately 16% of our shareholders expressed support for the Company's fiscal 2018 and fiscal 2019 NEO compensation programs through our advisory "say-on-pay" vote. However, the Board, after the April 26, 2020 membership changes, recommended that our shareholders vote against that proposal in a proxy statement supplement filed with the Securities and Exchange Commission on May 5, 2020. The Board's recommendation related to the fact that none of the current Compensation Committee members were involved in establishing fiscal 2018 and 2019 compensation programs, and the current Board's assessment that our executive compensation programs would substantially benefit from updating and revision, as described in more detail in this CD&A. In particular, as our management transitions are completed through fiscal 2020 and 2021 and our executive compensation programs evolve to fit our new go-forward strategy, our Compensation Committee is focused on increasing the emphasis of equity-based compensation to further link our executive compensation programs with shareholder interests and provide attractive equity growth opportunities to continue to attract and retain key talent, all in line with our pay-for-performance philosophy.

As our executive compensation programs continue to evolve, our Compensation Committee values shareholder feedback, and will consider any shareholder suggestions and commentary related to our compensation practices and structures, whether through our annual "say-on-pay" votes or otherwise.

Our Executive Compensation Practices

Our compensation program for our executive officers features many commonly used "best practices" including:

- *Pay-for-performance.* We seek to tie a significant amount of executive compensation to the achievement of performance goals and as equity-based awards to link our executives' long-term incentives with our shareholders' interests.
- *Stock ownership guidelines.* We have significant ownership guidelines. Our Chief Executive Officer is required to hold Common Stock with a value equal to a multiple of three times his base salary, our Chief Operating Officer is required to hold Common Stock with a value equal to two times his base salary, and our Chief Financial Officer and other executive officers are required to hold Common Stock with a value equal to his or her base salary (in each case subject to applicable grace periods for new executive officers).
- *No Excise Tax Gross-Up Provisions.* Our NEOs are not provided with any excise tax gross-up provisions with respect to payments contingent upon a change of control.
- *Limited perquisites for our executives.* Perquisites are not a significant portion of our executive officers' compensation, and generally consist of health, welfare, and retirement benefits broadly available to our employees.
- *No repricing of underwater options.* Our equity incentive plans do not permit repricing or the exchange of underwater stock options without shareholder approval.
- *Clawback Policy*. In July 2019, the Board adopted an Incentive Compensation Clawback Policy (the "Clawback Policy") which applies to any incentive compensation paid, settled, or awarded to an executive officer after July 1, 2019. The Clawback Policy provides that in the event of a restatement of the Company's financial results, the Company can seek return of any overpayment of incentive compensation paid to an executive officer based on such restated results; provided, however, that the executive officer must have engaged in intentional misconduct that contributed to the need for the restatement.

Elements of Compensation

The components of our NEO compensation program are summarized in the below table, and more detailed discussions of each component follow:

Element	Key Characteristics	Why We Pay this Element	How We Determine the Amount
Base Salary	Fixed compensation component payable in cash. Reviewed annually and adjusted when appropriate.	Provide a base level of competitive cash compensation for executive talent.	Experience, job scope, and individual performance.
Annual Bonus	Variable compensation component payable in cash based on performance as compared to company and/or individual performance goals. In fiscal 2020, the annual bonus program is primarily discretionary as our management transitions are completed.	Motivate and reward executives for performance on key operational, financial, and personal measures during the year.	Organizational and individual performance. Discretionary bonuses are based on various factors, including past performance.
Equity Awards	Variable compensation component payable in restricted stock, restricted stock units, and/or stock options.	Alignment of long term interests of management and shareholders and retention of executive talent.	Organizational and individual performance.
Perquisites and Other Personal Benefits	Provides basic competitive health, welfare, and 401(k) benefits.	Provide market-standard benefits programs to our workforce.	Periodic review of benefits provided generally to all employees.

Base Salary

Base salary is the fixed component of our NEOs' annual cash compensation and is set with the goal of attracting and retaining talented executives and adequately compensating and rewarding them for services rendered during the fiscal year. The Compensation Committee reviews our NEOs' base salaries on an annual basis. Base salaries are intended to reflect an individual's level of responsibility and performance; however, the Compensation Committee also considers changes in duties and responsibilities, our business and financial results, and its knowledge of market practices in setting and adjusting base salaries.

Mr. Feeney was hired as our Chief Executive Officer at an initial base salary of $450,000. Mr. Goold's base salary was established at $250,000 upon his appointment as Chief Accounting Officer on February 28, 2019; during Mr. Goold's tenure as our interim Chief Financial Officer, he was an independent contractor (and not an employee) of the Company and was compensated as described below under "-*Goold Offer Letter and Interim CFO Agreement*." Mr. Agrawal's base salary in fiscal 2020 was $340,000, effective as of August 1, 2019 (prior to which Mr. Agrawal's base salary was $280,000). Mr. Vogt's base salary upon his hiring in October 2019 was set at $280,000 (increasing to $340,000 in connection with his promotion to Chief Operating Officer) and Mr. Pollock's base salary during fiscal 2020 was set at $235,000. However, in light of the uncertainty created by the COVID-19 global pandemic, Messrs. Feeney's, Goold's, Agrawal's, Vogt's, and Pollock's base salaries were reduced by 20% as part of an across-the-board reduction in salaries for members of our senior leadership team. These reductions are expected to remain in effect through December 31, 2020.

Prior to their departures from the Company, Messrs. Layden's, Herbert's, Wasserfuhr's, and McConnell's and Ms. Duska's base salaries were $700,000, $525,000, $350,000, $400,000, and $280,000, respectively.

Annual Bonus

As we continue to finalize the build-out of our management team and our compensation program evolves, our current Compensation Committee intends that performance-based annual cash bonuses will be based on each NEO's achievement of pre-established performance goals for each fiscal year. These annual bonuses would be intended to provide NEOs with an opportunity to receive additional cash compensation based on their individual performance and Company results, including the achievement of pre-

determined Company and/or individual performance goals. Although the Compensation Committee intends that the fiscal 2021 bonus program will incorporate pre-established performance metrics and goals, the Compensation Committee also believes that discretionary bonus elements may continue to be necessary in fiscal 2021 as our management transitions are finalized.

Annual bonuses in respect of fiscal 2020 were awarded on a discretionary basis to the following NEOs, in the amounts summarized in the table below, based on each individual's contributions (i) to our ethics and compliance culture, (ii) in guiding the Company through our management changes and go-forward business and strategic planning, and (iii) in supporting key initiatives:

Name	Fiscal 2020 Discretionary Bonus
Glen Goold	$20,000
Anant Agrawal	$40,000
Jeff Vogt	$85,000
James Pollock	$36,581

Certain NEOs also received cash bonuses throughout fiscal 2020 in connection with individual retention arrangements, as described in further detail below under "-*Executive Employment Agreements*." Mr. Feeney is only eligible for a cash bonus opportunity commencing with the fiscal 2021 year.

Equity Awards

As described above, our current Compensation Committee believes that equity awards are an essential component of an effective compensation program, because they provide a direct link between our shareholders' interests and our employees, executive officers, directors, and advisors. Our current Compensation Committee is therefore focused on emphasizing the important of equity compensation awards in setting executive compensation, as reflected in the awards made to key fiscal 2020 hires. In fiscal 2020, equity awards to our NEOs were primarily made as initial awards in connection with hires and promotions, as opposed to awards granted under a general annual program. The awards granted consisted of stock options, restricted stock, and restricted stock units ("RSUs"), and contained various time-based and performance-based vesting restrictions. Each NEO's fiscal 2020 equity awards are described in further detail below:

Sean Feeney

In connection with our hiring of Mr. Feeney as our Chief Executive Officer, Mr. Feeney was awarded an initial inducement grant of 1,000,000 stock options on May 8, 2020, with an exercise price of $6.30 per share. Fifty percent of the options are eligible to vest based on Mr. Feeney's continued service in four equal installments on each anniversary of the grant date, 12.5% of the options are eligible to vest based on Mr. Feeney's continued service on June 30, 2021, and an additional 12.5% of the options are eligible to vest on each of June 30, 2022, June 30, 2023, and June 30, 2024, subject to the achievement of applicable performance goals for the fiscal year ending on each such date to be established by the Board. If at least 80% of the performance goals for an applicable fiscal year are achieved, the Compensation Committee may determine that the portion of the option eligible to vest based on such fiscal year's performance will vest on a prorated basis. In addition, any outstanding options are eligible for accelerated vesting upon a "change of control" of the Company, subject to Mr. Feeney's continued employment with the Company as of immediately prior to the applicable transaction.

Glen Goold

In connection with his commencement of employment as our Chief Accounting Officer, Mr. Goold was granted an award of 8,982 shares of restricted stock on February 28, 2020 that vest in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Goold's continued employment on each such vesting date.

Anant Agrawal

On October 16, 2019, Mr. Agrawal was granted an award of 3,595 shares of restricted stock under the Company's 2018 long-term incentive program, 2,396 of which were vested immediately upon grant and the remaining 1,199 of which were vested on June 30, 2020. In addition, on May 29, 2020, Mr. Agrawal was granted an award of 16,260 RSUs, which vest on December 31, 2020, generally subject to Mr. Agrawal's continued service through such date. However, if Mr. Agrawal is terminated without "cause" or resigns for "good reason," each as defined in Mr. Agrawal's employment agreement with us, then the RSUs will vest upon the date of Mr. Agrawal's termination.

Jeff Vogt

On November 22, 2019, Mr. Vogt was granted an award of 25,000 shares of restricted stock that vest in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Vogt's continued employment on each such vesting date. On the same date, Mr. Vogt was granted a stock option to purchase 25,000 shares at an exercise price of $6.28 per share, which also vests in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Vogt's continued employment on each such vesting date.

James Pollock

On October 7, 2019, Mr. Pollock was granted a stock option to purchase 5,760 shares at an exercise price of $7.43 per share, one-third of which was fully vested upon grant, one-third of which vested on June 30, 2020, and the remaining one-third of which vests on June 30, 2021, generally subject to Mr. Pollock's continued service through such date. In addition, on November 22, 2019, Mr. Pollock was granted a stock option to purchase 15,000 shares at an exercise price of $6.28 per share, vesting in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Pollock's continued service through each such date.

Donald W. Layden, Jr.

In connection with his engagement as the Company's interim Chief Executive Officer, Mr. Layden was granted a fully vested stock option on October 17, 2019 to purchase 225,000 shares at an exercise price of $7.18 per share. Mr. Layden was additionally granted 186,916 shares of restricted stock on February 28, 2020; such restricted shares were originally scheduled to vest based on Mr. Layden's continued service over a four-year period, but were forfeited in their entirety upon Mr. Layden's departure. See the below discussion under "*Executive Employment Agreements-Layden Separation Agreement*" for further details. In addition, Mr. Layden received a grant of restricted shares in October 2019 in respect of his service as a non-employee director prior to his appointment as our interim Chief Executive Officer, a portion of which was forfeited upon his departure; further information is provided below under the heading "*Compensation of Non-Employee Directors*."

Stephen P. Herbert

In connection with Mr. Herbert's departure from employment, Mr. Herbert was granted 16,823 vested shares in satisfaction of his participation in the Company's 2018 long-term incentive program. For further information, please see the below discussion under "*Executive Employment Agreements-Herbert Separation Agreement*."

Michael Wasserfuhr

Mr. Wasserfuhr received an initial grant of 16,767 shares of restricted stock in connection with his appointment as Chief Financial Officer on February 28, 2020, which were originally scheduled to vest based on Mr. Wasserfuhr's continued service over a three-year period; however, these shares were forfeited upon his departure from the Company.

Matthew W. McConnell

On October 9, 2019, Mr. McConnell received a grant of 6,191 shares of restricted stock, one-third of which vested on November 21, 2019 and the remaining two-thirds of which were originally scheduled to vest based on Mr. McConnell's continued service in equal installments on each of June 30, 2020 and June 30, 2021; however, such remaining two-thirds were forfeited upon his departure as an employee. In addition, on November 22, 2019, Mr. McConnell was granted (i) a stock option to purchase 20,000 shares at an exercise price of $6.28 per share, which was originally scheduled to vest in equal installments on each of the first three anniversaries of the grant date, and (ii) 20,000 restricted shares that were originally scheduled to vest in equal installments on each of the first three anniversaries of the grant date, each of which were also forfeited upon such departure.

Maeve M. Duska

On November 22, 2019, Ms. Duska received a grant of 7,500 shares of restricted stock, which were originally scheduled to vest based on Ms. Duska's continued service in equal installments on each of the first three anniversaries of the grant date, but which were forfeited upon Ms. Duska's departure from the Company.

Perquisites and Other Personal Benefits

Perquisites do not make up a significant portion of NEO compensation. Our NEOs are generally entitled to participate in the health care coverage, group insurance, and other employee benefits (e.g., 401(k) plan) broadly available to our other employees.

In connection with Mr. Agrawal's relocation from California to the Philadelphia metropolitan area, in February 2018, the Company and Mr. Agrawal entered into an amendment to his employment agreement which provided for reimbursement of moving expenses, a housing allowance of $6,000 per month, and a car allowance of $500 per month for 20 months. The Company also provided additional payments to cover the taxes applicable to the housing and car allowance. However, in July 2019, Mr. Agrawal relocated back to California, and in accordance with a further amendment to his employment agreement, the housing allowance and car allowance were terminated.

During his tenure as interim Chief Executive Officer, Mr. Layden was provided an additional housing, travel, and living allowance of $15,000 per month (plus payment for applicable taxes associated with this allowance), and Mr. Goold was provided use of Company-leased housing from July 28, 2019 until July 27, 2020.

Executive Employment Agreements

Our NEOs who remain employed with us are party to employment agreements or offer letters with us. These arrangements provide our NEOs with severance protection in the case of a termination without "cause" or, in certain cases, a resignation for "good reason," which in certain cases is enhanced if such termination occurs in connection with a "change of control." The Compensation Committee believes that a market level of severance protection allows our NEOs to focus on performing their day-to-day tasks and enhancing value for our shareholders without fearing a loss of financial security as a result of a termination (or constructive termination). Certain of our NEOs that departed from the Company during fiscal 2020 entered into separation agreements with us providing them with severance payments and benefits. These employment arrangements and separation agreements are described in further detail below; for more information, please also see the "*Summary Compensation Table*" below and the below discussion of "*Potential Payments upon Termination or Change of Control*."

Feeney Employment Agreement

Mr. Feeney entered into an employment agreement with us in connection with his commencement of employment on May 8, 2020. In addition to his base salary, the employment agreement provides Mr. Feeney with an annual cash bonus opportunity, commencing with our fiscal 2021 year, with a target of 100% of Mr. Feeney's base salary and a maximum of 150% of Mr. Feeney's base salary. For fiscal 2021 only, such bonus will be payable at a minimum of 50% of Mr. Feeney's base salary.

If Mr. Feeney is terminated by us without "cause," or resigns his employment for "good reason," then, subject to his execution of a release of claims and continued compliance with the covenants in his employment agreement, Mr. Feeney is eligible to receive a severance package consisting of 12 months of continued base salary, senior executive-level outplacement support for 12 months, and up to a 12-month COBRA subsidy. However, if such termination occurs within 24 months following a "change of control," then Mr. Feeney will instead be provided a lump sum payment equal to his base salary plus last annual bonus paid in the fiscal year completed prior to such termination. (Under Mr. Feeney's employment agreement, if Mr. Feeney becomes entitled to receive payments or benefits that would be subject to the excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended, the payments and benefits would be reduced such that the excise tax does not apply, unless Mr. Feeney would be better off on an after-tax basis receiving all of the payments and benefits and paying the applicable excise tax.)

Mr. Feeney's employment agreement contains customary restrictive covenants, including perpetual confidentiality, non-disparagement, and intellectual property covenants, as a well as a non-compete, non-solicit of customers and suppliers, and non-solicit of employees (including a no-hire) that each apply during employment and for two years following any termination.

Goold Offer Letter and Interim CFO Agreement

In connection with his commencement of his employment with us as our Chief Accounting Officer, Mr. Goold entered into an offer letter with us. In addition to Mr. Goold's base salary, the offer letter provides Mr. Goold with an annual cash bonus opportunity, in a target amount of 30% of Mr. Goold's base salary, and an annual target equity award equal to 30% of Mr. Goold's base salary.

If Mr. Goold is terminated by us without "cause," then, subject to Mr. Goold's execution of a release of claims, he would be eligible to receive six months of continued base salary as severance. Mr. Goold is also subject to customary restrictive covenants, including a perpetual confidentiality covenant, and a one-year post-employment non-compete, non-solicit of customers, and non-solicit of employees (including a no-hire).

Prior to becoming employed as our Chief Accounting Officer, Mr. Goold was an independent contractor serving as our interim Chief Financial Officer. Pursuant to Mr, Goold's written arrangement with the Company, Mr. Goold's compensation as interim Chief Financial Officer consisted of the following: (i) a cash payment of $35,000 per month, plus approximately $2,100 per month in COBRA reimbursements, (ii) a cash bonus of $105,000 (increased to $200,000 when Mr. Goold's tenure as our interim Chief Financial Officer was extended in May 2019) upon the Company achieving compliance with its periodic filing obligations (which bonus was paid in October 2019), and (iii) in connection with the extension of Mr. Goold's tenure in May 2019, a $100,000 retention bonus if Mr. Goold continued to serve as interim Chief Financial Officer through December 31, 2019.

Agrawal Employment Agreement

Upon his commencement of employment with us on November 9, 2017, Mr. Agrawal entered into an employment agreement with an initial term of one year, which is automatically renewed for consecutive one-year periods unless terminated by either Mr. Agrawal or the Company upon at least 90 days' notice prior to the end of the then-current term. In addition to his base salary, Mr. Agrawal's employment agreement provides for participation in our annual cash bonus program (with a fiscal 2020 target of 48% of Mr. Agrawal's base salary) and annual equity award program (with a fiscal 2020 target equal to 100% of Mr. Agrawal's base salary). (As further described above under "-*Perquisites and Other Personal Benefits*," until July 1, 2019, Mr. Agrawal's employment agreement had also provided him with a housing allowance of $6,000 per month and car allowance of $500 per month, with additional payments to cover taxes applicable to these allowances.) The employment agreement also provided Mr. Agrawal with a retention bonus of $420,000, payable in 2 equal installments on each of the first two anniversaries of Mr. Agrawal's commencement date (the final payment of which was made in November 2019).

If Mr. Agrawal's employment is terminated by us without "cause," or if Mr. Agrawal resigns for "good reason," then, in addition to a prorated target annual bonus and prorated annual equity award, Mr. Agrawal would, subject to his execution of a release of claims, be eligible to receive a severance package consisting of (i) 12 months of continued base salary, and (ii) a 12-month COBRA subsidy (plus additional payments to cover taxes applicable to such COBRA subsidy).

Mr. Agrawal's employment agreement also contains customary restrictive covenants, including perpetual confidentiality, intellectual property, and reciprocal non-disparagement covenants, a three-year non-compete (expiring on November 9, 2020), and a one-year post-employment non-solicit of employees and customers.

Vogt Offer Letter

In connection with his commencement of employment, Mr. Vogt entered into an offer letter with us. In addition to his base salary, the offer letter provides Mr. Vogt with an annual cash bonus opportunity (currently at a target equal to 50% of Mr. Vogt's base salary). The offer letter does not provide any payments or benefits in connection with a termination of employment.

Pollock Offer Letter

In connection with his commencement of employment as our Chief Compliance Officer on April 15, 2019, Mr. Pollock entered into an offer letter with us. In addition to his base salary, the offer letter provides Mr. Pollock with an annual cash bonus opportunity in a target amount equal to 30% of Mr. Pollock's base salary and an annual target equity award equal to 20% of Mr. Pollock's base salary. In addition, Mr. Pollock was paid a cash signing bonus of $30,000 in August 2019 under the terms of the offer letter. The offer letter generally provides that USAT will provide Mr. Pollock with six months' notice of termination of employment (other than a termination for "cause"). Mr. Pollock's offer letter also contains a customary perpetual confidentiality covenant.

Layden Separation Agreement

On May 10, 2020, Mr. Layden agreed to resign his employment with us, effective as of May 8, 2020. Pursuant to a separation agreement with us, Mr. Layden received no severance pay or other separation benefits, but retained the 225,000 vested options described above (and 4,405 shares of restricted stock granted in connection with his service as a non-employee director prior to being appointed as our interim Chief Executive Officer that were vested upon grant). The agreement contained a release of claims by Mr. Layden and, on a limited basis, by the Company, as well as perpetual confidentiality and reciprocal non-disparagement covenants, and a one-year post-employment non-solicit of customers and employees.

Herbert Separation Agreement

In connection with Mr. Herbert's departure on October 17, 2019, Mr. Herbert was provided with the following separation payments and benefits: (i) a lump sum severance payment of $400,000, (ii) full vesting of equity awards issued pursuant to the Company's

2018 long-term incentive program, (iii) a COBRA subsidy through February 28, 2021, and (iv) payment by the Company for outplacement transition services in an amount not to exceed $50,000. Mr. Herbert's separation agreement contained a release of claims by Mr. Herbert and, on a limited basis, by the Company, as well as perpetual confidentiality and reciprocal non-disparagement covenants, and a one-year post-employment non-compete and non-solicit of clients, customers, and employees.

Wasserfuhr Departure

Mr. Wasserfuhr's employment was terminated by the Company on June 29, 2020. Mr. Wasserfuhr did not receive a separation package in connection with this separation.

McConnell Separation Arrangements

In connection with Mr. McConnell's departure on February 28, 2020, Mr. McConnell entered into a consulting arrangement with the Company through August 31, 2020, pursuant to which the Company continued payment of Mr. McConnell's base salary and employee benefits through May 31, 2020, and, subject to Mr. McConnell's providing consulting services to the Company through August 31, 2020, will grant him 15,000 shares of common stock at the conclusion of his engagement.

Duska Separation Agreement

In connection with Ms. Duska's departure from the Company on May 8, 2020, Ms. Duska entered into a separation and transition services agreement with us. Pursuant to Ms. Duska's agreement, Ms. Duska forfeited all vested and unvested equity awards issued by the Company (other than vested stock options originally issued to Ms. Duska in January 2015), but, in exchange for a three-year transition services arrangement, the Company will pay to Ms. Duska (in addition to a six-month COBRA subsidy) (i) $12,500 per month during the first year of the arrangement, (ii) $7,500 per month during the second year of the arrangement, and (iii) $2,500 per month during the third year of the arrangement. However, these payments are subject to offset for any future income from employment that Ms. Duska secures. Ms. Duska's agreement contained a release of claims by Ms. Duska, as well as customary perpetual confidentiality and reciprocal non-disparagement covenants, and a three-year post-employment non-compete and non-solicit of employees and customers.

Stock Ownership Guidelines

As described above, the Compensation Committee believes that equity ownership in the Company by our executive officers is essential to increasing shareholder alignment. The Company's Stock Ownership Guidelines support this belief by providing that the Chief Executive Officer is required to hold Common Stock with a value equal to a multiple of three times his base salary, our Chief Operating Officer is required to hold Common Stock with a value equal to two times his base salary, and our Chief Financial Officer and other executive officers are required to hold Common Stock with a value equal to his or her base salary. Each executive officer has five years to satisfy the applicable guideline following his or her appointment as an executive officer. As of the date hereof, each of our NEOs who remain employed with us are in compliance with the policy or are in the grace period for compliance.

For purposes of these guidelines, "shares" include shares owned by the executive officer or by such person's immediate family members residing in the same household, and include unvested restricted stock awards (but not unexercised stock options).

Clawback Policy

As described above, in July 2019, we adopted our Clawback Policy, which provides that in the event of a restatement of the Company's financial results (other than due to a change in applicable accounting methods, rules, or interpretations), the result of which is that any incentive compensation paid, settled, or awarded to an executive officer after July 1, 2019 would have been lower or none at all had it been calculated based on such restated results, the Company can seek return of any overpayment of incentive compensation paid to an executive officer based on such restated results; provided, however, that the executive officer must have engaged in intentional misconduct that contributed to the need for the restatement.

Anti-Hedging Policy

In July 2019, the Board adopted an Anti-Hedging Policy. The policy prohibits our employees, officers, and directors from engaging in any hedging or similar transactions with respect to the Company's securities, including through the establishment of a short position in the Company's securities, that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of the Company's securities.

Impact of Taxation and Accounting Considerations on Executive Compensation

The Compensation Committee takes into account tax and accounting consequences of our executive compensation program and weighs these factors when setting total compensation and determining the individual elements of any NEO's compensation package.

In particular, Section 162(m) of the Internal Revenue of 1986, as amended, generally precludes a publicly held corporation from a federal income tax deduction for a taxable year of compensation in excess of $1 million paid to its "covered employees," which generally include its chief executive officer, chief financial officer, its next three most highly compensated executive officers, and any individual who is or was a "covered employee" for any taxable year beginning after December 31, 2016. However, the deductibility of compensation is only one of a myriad of factors that the Compensation Committee takes into account when setting executive compensation, and we and our Compensation Committee firmly believe that it is important for the Company to retain flexibility to pay compensation to our employees (including our NEOs) that appropriately achieves our goals of incentivizing retention, paying for performance, and aligning compensation with shareholder interests, even if the deductibility of that compensation is limited (whether under Section 162(m) or otherwise).

Looking Ahead: Additional Management Changes in Fiscal 2021

We have continued to add to the depth of our executive leadership team in fiscal 2021, including with the appointment of Eugene C. Cavanaugh as our interim Chief Financial Officer, effective as of July 1, 2020. Mr. Cavanaugh's compensation arrangement with the Company includes (i) $15,000 per month in cash, and (ii) 3,000 shares of vested Common Stock per month of service, in each case prorated for any partial month. Mr. Cavanaugh's engagement with the Company was scheduled to end upon the appointment of our permanent Chief Financial Officer on August 10, 2020 (as described below), but Mr. Cavanaugh has agreed to continue to provide consulting services to the Company's finance and accounting functions and its executive management under the same compensation terms, until the arrangement is terminated by either Mr. Cavanaugh or the Company upon 14 days' prior written notice.

On August 10, 2020, the Company appointed R. Wayne Jackson as the Company's permanent Chief Financial Officer. Under his employment agreement with the Company, Mr. Jackson's base salary is $280,000 per year, increasing to $350,000 per year on January 1, 2021, and his annual target bonus opportunity is equal to 50% of base salary, with a maximum bonus opportunity of 150% of the target bonus (with a minimum fiscal 2021 bonus of $175,000). In addition, Mr. Jackson was awarded an initial equity grant of 400,000 stock options, with an exercise price of $7.10 per share, which are eligible to vest as follows: (i) 50% of the options are eligible to vest in three equal annual installments on the first three anniversaries of the grant date, and (ii) the remaining 50% of the options are eligible to vest in three equal installments on each of June 30, 2021, June 30, 2022, and June 30, 2023, subject to the achievement of performance goals for the fiscal year ending on each such date to be established by the Compensation Committee following the commencement of the applicable fiscal year, and in each case subject to Mr. Jackson's continued employment through the applicable vesting date. If at least 80% of the performance goals for an applicable fiscal year are achieved, the Compensation Committee may determine that the portion of the option eligible to vest in respect of such fiscal year will vest on a prorated basis. In addition, any of the stock options then-outstanding and unvested will immediately vest upon a "change of control," subject to Mr. Jackson's continued employment as of immediately prior to the "change of control."

Under Mr. Jackson's employment agreement, if Mr. Jackson is terminated without "cause" or resigns for "good reason", then subject to Mr. Jackson's execution of a release of claims and continued compliance with the covenants in his employment agreement, Mr. Jackson will be provided a severance package consisting of (i) continued base salary at the monthly rate then in effect during the "Severance Period" (as defined below), (ii) senior executive-level outplacement counseling and support services during the Severance Period, and (iii) a COBRA subsidy during the Severance Period. The "Severance Period" means (x) zero months, if such termination occurs on or prior to January 31, 2021, (y) three months, if such termination occurs between February 1, 2021 and August 10, 2021, or (z) six months, if such termination occurs on or after August 11, 2021. However, if such termination occurs within 24 months following a "change of control," then Mr. Jackson will instead be provided a lump sum payment equal to the sum of his base salary and last annual bonus paid in the fiscal year completed prior to such termination.

Mr. Jackson's employment agreement contains customary restrictive covenants, including perpetual confidentiality, non-disparagement, and intellectual property covenants, as well as a non-compete, non-solicit of customers and suppliers, and non-solicit of employees (including a no-hire) that each apply during employment and for two years following any termination.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this Form 10-K with the Company's management. Based upon such review and the related discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Form 10-K.

Compensation Committee

Michael K. Passilla, Chair
Lisa P. Baird
Douglas L. Braunstein

SUMMARY COMPENSATION TABLE

The following table sets forth certain information with respect to compensation paid or accrued by the Company during the fiscal years ended June 30, 2020, 2019, and 2018 to each of our fiscal year NEOs. For further information regarding the Company's fiscal 2020 compensation program for our NEOs, please refer to the discussion above under "*-Elements of Compensation*" and "*-Executive Employment Agreements*."

:

Name and Principal Position	Fiscal Year	Salary [1]	Bonus [2]	Stock Awards [3]	Option Awards [4]	Non-Equity Incentive Plan Compensation	All Other Compensation [5]	Total
Sean Feeney [6]	2020	$ 63,692	$ —	$ —	$ 2,327,500	$ —	$ 2,769	$ 2,393,961
President and Chief								
Executive Officer								
Glen E. Goold [7]	2020	$ 398,653	$ 320,000	$ 75,000	$ —	$ —	$ 62,487	$ 856,140
Chief Accounting	2019	$ 184,130	$ —	$ —	$ —	$ —	$ —	$ 184,130
Officer								
Anant Agrawal [8]	2020	$ 333,384	$ 543,735	$ 150,536	$ —	$ —	$ 30,577	$ 1,058,232
Chief Revenue	2019	$ 280,000	$ 210,000	$ —	$ —	$ —	$ 131,352	$ 621,352
Officer	2018	$ 179,846	$ —	$ 186,480	$ —	$ 33,735	$ 54,333	$ 454,394
Jeff Vogt [9]	2020	$ 191,692	$ 85,000	$ 157,000	$ 92,000	$ —	$ 19,500	$ 545,192
Chief Operating								
Officer								
James Pollock	2020	$ 235,903	$ 66,581	$ —	$ 79,046	$ —	$ 7,976	$ 389,506
Chief Compliance	2019	$ 49,712	$ 13,576	$ —	$ 44,200	$ —	$ —	$ 107,488
Officer								
Donald W. Layden, Jr. [10]	2020	$ 395,769	$ 300,000	$ 1,560,749	$ 978,750	$ —	$ 120,737	$ 3,356,005
Former Chief								
Executive Officer								
Stephen P. Herbert [11]	2020	$ 449,933	$ —	$ 108,508	$ —	$ —	$ 591,837	$ 1,150,278
Former Chief	2019	$ 525,000	$ —	$ —	$ —	$ —	$ 19,300	$ 544,300
Executive Officer	2018	$ 515,769	$ —	$ 840,000	$ 40,951	$ 175,828	$ 22,986	$ 1,595,534
Michael Wasserfuhr [12]	2020	$ 216,781	$ —	$ 140,004	$ —	$ —	$ 26,000	$ 382,785
Former Chief								
Financial Officer								
Matthew W. McConnell [13]	2020	$ 269,230	$ —	$ 170,113	$ 73,600	$ —	$ 89,231	$ 602,174
Former Chief	2019	$ 43,077	$ 20,700	$ —	$ 157,500	$ —	$ —	$ 221,277
Operating Officer								
Maeve M. Duska [14]	2020	$ 213,461	$ 100,000	$ 47,100	$ —	$ —	$ 32,592	$ 393,153
Former Chief								
Marketing Officer								

(1) In fiscal 2020, this column includes (i) the monthly cash retainer paid to Mr. Goold under his interim Chief Financial Officer offer letter (through February 28, 2020) and the salary paid to him in his role as our Chief Accounting Officer (commencing February 28, 2020), and (ii) the monthly cash retainers paid to Mr. Wasserfuhr while he was a consultant to the Company prior to his appointment as our Chief Financial Officer (from November 3, 2019 until February 28, 2020, which consisted of a monthly cash retainer of $30,000 in the first month and $25,000 per month thereafter) and the salary paid to him in his role as our Chief Financial Officer (from February 28, 2020 until June 29, 2020).

(2) For fiscal 2020, represents: (i) a retention bonus of $100,000 that Mr. Goold earned in full for remaining our interim Chief Financial Officer through December 31, 2019, a bonus of $200,000 paid to Mr. Goold in October 2019 upon the Company achieving compliance with certain periodic filing obligations, and a discretionary fiscal 2020 bonus of $20,000; (ii) a $210,000 retention bonus representing the second and final installment of the retention bonus awarded to Mr. Agrawal under the terms of his employment agreement, a $293,735 discretionary retention bonus awarded to Mr. Agrawal in December 2019, and a discretionary fiscal 2020 bonus of $40,000 paid to Mr. Agrawal; (iii) a discretionary fiscal 2020 bonus of $85,000 paid to Mr. Vogt; (iv) a $30,000 cash sign on bonus paid to Mr. Pollock in August 2019, and a discretionary fiscal 2020 bonus of $36,581 paid to Mr. Pollock; (v) a $300,000 bonus paid to Mr. Layden at the conclusion of his term as interim Chief Executive Officer, pursuant to the terms of his interim Chief Executive Officer offer letter; and (vi) for Ms. Duska, a one-time $100,000 bonus paid in connection with her promotion to Chief Marketing Officer. For fiscal 2019, represents (a) a retention bonus of $210,000 paid to Mr. Agrawal representing the first installment of the retention bonus awarded under his employment agreement, (b) a discretionary prorated fiscal 2019 bonus of $13,576 paid to Mr. Pollock, and (c) a discretionary prorated fiscal 2019 bonus of $20,700 paid to Mr. McConnell.

(3) The grant date fair value of the stock awards shown in this column are computed in accordance with FASB ASC Topic 718. Please see Note 16 ("*Stock Based Compensation Plans*") in this Form 10-K for further information on how we compute the value of equity awards, and refer to the discussion above under "*Elements of Compensation-Equity Awards*" for further information on the equity grants made during fiscal 2020.

(4) The grant date fair value of the stock option awards shown in this column are computed using a Black-Scholes model in accordance with FASB ASC Topic 718. Please see Note 16 ("*Stock Based Compensation Plans*") in this Form 10-K for further information on how we compute the value of equity awards, and refer to the discussion above under "*Elements of Compensation-Equity Awards*" for further information on the equity grants made during fiscal 2020.

(5) During fiscal 2020, represents: (i) matching 401(k) plan contributions for Mr. Feeney ($2,769), Mr. Agrawal ($30,577), Mr. Vogt ($19,500), Mr. Pollock ($7,976), Mr. Herbert ($8,956), and Mr. Wasserfuhr ($26,000); (ii) $48,000, representing the value of the Company-leased housing provided to Mr. Goold through July 27, 2020, and $14,487 in COBRA reimbursements paid to Mr. Goold while he was our interim Chief Financial Officer; (iii) $120,737 in Mr. Layden's housing, travel, and living allowance (and payments to cover the related taxes) during his term as interim Chief Executive Officer; (iv) the following severance payments and benefits provided to Mr. Herbert under his separation agreement with the Company: (a) $400,000 in lump sum cash severance, (b) $108,508 in vested equity granted pursuant to the Company's 2018 long-term incentive program, (c) $24,373 in COBRA reimbursements, and (d) outplacement transition services worth $50,000; (v) continued base salary payments through May 31, 2020 to Mr. McConnell of $89,231; and (vi) the following payments to Ms. Duska under her separation and transition agreement with the Company: (a) $10,818 in COBRA subsidy payments, and (b) $21,774 in transition consulting fees.

(6) Mr. Feeney commenced employment as our Chief Executive Officer on May 8, 2020.

(7) Mr. Goold commenced employment as our Chief Accounting Officer on February 28, 2020. From January 24, 2019 until February 28, 2020, Mr. Goold was an independent contractor for the Company and served as our interim Chief Financial Officer.

(8) Prior to June 15, 2020, Mr. Agrawal served as our Executive Vice President of Corporate Development.

(9) Mr. Vogt commenced employment as our Senior Vice President of Strategy and Business Affairs on October 24, 2019, and was promoted to Chief Operating Officer on June 15, 2020.

(10) Mr. Layden's service as our former President and Chief Executive Officer ended on May 8, 2020. Mr. Layden also served as our former interim Chief Executive Officer from October 17, 2019 until February 28, 2020. During the portion of fiscal 2020 that preceded October 17, 2019, Mr. Layden was a non-employee director on the Board, and was compensated in his capacity as such. For further information, please see the "*Compensation of Non-Employee Directors*" discussion below.

(11) Mr. Herbert's service as our former Chief Executive Officer ended on October 17, 2019.

(12) Mr. Wasserfuhr served as Chief Financial Officer from February 28, 2020 until his departure on June 29, 2020. Prior to his appointment as Chief Financial Officer, Mr. Wasserfuhr served as a consultant to the Company during fiscal 2020.

(13) Mr. McConnell served as our Chief Operating Officer through February 28, 2020.

(14) Ms. Duska served as our Chief Marketing Officer through May 8, 2020.

GRANTS OF PLAN-BASED AWARDS

The table below summarizes the amounts of awards granted to our NEOs during the fiscal year ended June 30, 2020:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date	Threshold (#)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	Units (#)	Units (#)	$/Sh	Awards ($)
Sean Feeney [1]	5/8/2020	—	—	—	—	375,000	—	—	625,000	6.30	2,327,500
Glen Goold [2]	2/28/2020	—	—	—	—	—	—	8,982	—	—	75,000
Anant Agrawal [3]	10/16/2019	—	—	—	—	—	—	3,595	—	—	34,277
	5/29/2020	—	—	—	—	—	—	16,260	—	—	116,259
									—	—	—
Jeff Vogt [4]	11/22/2019	—	—	—	—	—	—	—	25,000	6.28	92,000
	11/22/2019	—	—	—	—	—	—	25,000	—	—	157,000
James Pollock [5]	10/7/2019	—	—	—	—	—	—	—	5,760	7.43	23,846
	11/22/2019	—	—	—	—	—	—	—	15,000	6.28	55,200
Donald W. Layden, Jr. [6]	10/17/2019	—	—	—	—	—	—	—	225,000	7.18	978,750
	2/28/2020	—	—	—	—	—	—	186,916	—	—	1,560,749
Stephen P. Herbert [7]	10/25/2019	—	—	—	—	—	—	16,823	—	—	108,508
Michael Wasserfuhr [8]	2/28/2020	—	—	—	—	—	—	16,767	—	—	140,004
Matthew W. McConnell [9]	10/9/2019	—	—	—	—	—	—	6,191	—	—	44,513
	11/22/2019	—	—	—	—	—	—	—	20,000	6.28	73,600
	11/22/2019	—	—	—	—	—	—	20,000	—	—	125,600
Maeve M. Duska [10]	11/22/2019	—	—	—	—	—	—	7,500	—	—	47,100

(1) Fifty percent of Mr. Feeney's 1,000,000 options are eligible to vest based on Mr. Feeney's continued service in four equal installments on each anniversary of the grant date, 12.5% of the options are eligible to vest based on Mr. Feeney's continued service on June 30, 2021, and an additional 12.5% of the options are eligible to vest on each of June 30, 2022, June 30, 2023, and June 30, 2024, subject to the achievement of applicable performance goals for the fiscal year ending on each such date to be established by the Board. See the above discussion under "*Equity Grants-Sean Feeney*" for further information.

(2) These shares of restricted stock vest in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Goold's continued employment on each such vesting date. See the above discussion under "*Equity Grants-Glen Goold*" for further information.

(3) Mr. Agrawal's October 16, 2019 award of restricted stock vested as follows: 2,396 were vested immediately upon grant and the remaining 1,199 vested on June 30, 2020. Mr. Agrawal's May 29, 2020 RSU grant will vest on December 31, 2020, generally subject to Mr. Agrawal's continued service through such date. See the above discussion under "*Equity Grants-Anant Agrawal*" for further information.

(4) Mr. Vogt's November 22, 2019 grants of stock options and restricted stock each vest in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Vogt's continued service through each such date. See the above discussion under "*Equity Grants-Jeff Vogt*" for further information.

(5) Mr. Pollock's October 7, 2019 stock option award vests as follows: one-third was fully vested upon grant, one-third vested on June 30, 2020, and the remaining one-third will vest on June 30, 2021, generally subject to Mr. Pollock's continued service through such date. Mr. Pollock's November 22, 2019 stock option award vests in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Pollock's continued service through each such date. See the above discussion under "*Equity Grants-James Pollock*" for further information.

(6) Mr. Layden's October 17, 2019 stock option award was fully vested upon grant. Mr. Layden's restricted stock award on February 28, 2020 was originally scheduled to vest based on Mr. Layden's continued service over a four-year period, but was forfeited in its entirety upon Mr. Layden's departure. See the above discussion under "*Equity Grants-Donald W. Layden, Jr.*" for further information. Please also refer to the discussion below under "*Compensation of Non-Employee Directors*" for information about fiscal 2020 equity grants made to Mr. Layden prior to his appointment as our interim Chief Executive Officer.

(7) In connection with Mr. Herbert's departure from employment, Mr. Herbert was granted 16,823 vested shares in satisfaction of his participation in the Company's 2018 long-term incentive program. For further information, please see the above discussion under "*Executive Employment Agreements-Herbert Separation Agreement*."

(8) Mr. Wasserfuhr's shares of restricted stock were originally scheduled to vest based on Mr. Wasserfuhr's continued service over a three-year period; however, these shares were forfeited upon his departure from the Company. See the above discussion under "*Equity Grants-Michael Wasserfuhr*" for further information.

(9) One-third of Mr. McConnell's shares of restricted stock granted on October 9, 2019 vested on November 21, 2019, and the remaining two-thirds were originally scheduled to vest based on Mr. McConnell's continued service in equal installments on each of June 30, 2020 and June 30, 2021; however, such remaining two-thirds were forfeited upon his departure as an employee. Mr. McConnell's stock options and restricted stock granted on November 22, 2019 were originally scheduled to vest in equal installments on each of the first three anniversaries of the grant date, but were also forfeited upon such departure. See the above discussion under "*Equity Grants-Matthew W. McConnell*" for further information.

(10) Ms. Duska's shares of restricted stock were originally scheduled to vest based on Ms. Duska's continued service in equal installments on each of the first three anniversaries of the grant date, but were forfeited upon Ms. Duska's departure from the Company. See the above discussion under "*Equity Grants-Maeve M. Duska*" for further information.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table shows information regarding unexercised stock options and unvested equity awards held by our NEOs as of June 30, 2020:

	Option Awards					Stock Awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity Incentive Plan Awards: Number of securities underlying unexercised unearned options	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($) [1]
Sean Feeney [2]	—	675,000	375,000	$ 6.30	5/8/2027	—	—
Glen E. Goold [3]	—	—	—	—	—	8,982	$ 62,964
Anant Agrawal [4]	—	—	—	—	—	16,260	$ 113,983
Jeff Vogt [5]	—	25,000	—	$ 6.28	11/22/2026	—	—
	—	—	—	—	—	25,000	$ 175,250
James Pollock [6]	6,667	13,333	—	$ 3.88	3/23/2026	—	—
	3,840	1,920	—	$ 7.43	10/7/2026	—	—
	—	15,000	—	$ 6.28	11/22/2026	—	—
Donald W. Layden, Jr.	225,000	—	—	$ 7.18	10/17/2026	—	—
Stephen P. Herbert	—	—	—	—	—	—	—
Michael Wasserfuhr	—	—	—	—	—	—	—
Matthew W. McConnell	—	—	—	—	—	—	—
Maeve M. Duska	—	—	—	—	—	—	—

(1) The market value of outstanding awards of restricted stock and RSUs is calculated using the closing price of our Common Stock on June 30, 2020 ($7.01).

(2) Fifty percent of Mr. Feeney's 1,000,000 options are eligible to vest based on Mr. Feeney's continued service in four equal installments on each anniversary of the grant date, 12.5% of the options are eligible to vest based on Mr. Feeney's continued service on June 30, 2021, and an additional 12.5% of the options are eligible to vest on each of June 30, 2022, June 30, 2023, and June 30, 2024, subject to the achievement of applicable performance goals for the fiscal year ending on each such date to be established by the Board. See the above discussion under "*Equity Grants-Sean Feeney*" for further information.

(3) Mr. Goold's shares of restricted stock vest in three equal installments on each of the first three anniversaries of the grant date (February 28, 2020), generally subject to Mr. Goold's continued employment on each such vesting date.

(4) This RSU grant will vest on December 31, 2020, generally subject to Mr. Agrawal's continued service through such date. See the above discussion under "*Equity Grants-Anant Agrawal*" for further information.

(5) Mr. Vogt's November 22, 2019 grants of stock options and restricted stock each vest in three equal installments on each of the first three anniversaries of the grant date, generally subject to Mr. Vogt's continued service through each such date. See the above discussion under "*Equity Grants-Jeff Vogt*" for further information.

(6) One-third of Mr. Pollock's stock options expiring on March 23, 2026 vested on March 23, 2020, and the remaining two-thirds vest in equal installments on each of March 23, 2021 and March 23, 2022, generally subject to Mr. Pollock's continued service through each such date. One-third of Mr. Pollock's stock options expiring on October 7, 2026 were fully vested upon grant, one-third vested on June 30, 2020, and the remaining one-third will vest on June 30, 2021, generally subject to Mr. Pollock's continued service through each such date. Mr. Pollock's stock options expiring on November 22, 2026 are eligible to vest based on Mr. Pollock's

continued service in three equal installments on each anniversary of the grant date. See the above discussion under "*Equity Grants-James Pollock*" for further information.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth information regarding options exercised and shares of common stock acquired upon vesting by our NEOs during the fiscal year ended June 30, 2020:

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Sean Feeney	—	—	—	—
Glen E. Goold	—	—	—	—
Anant Agrawal [(1)]	—	—	3,595	$ 25,896
Jeff Vogt	—	—	—	—
James Pollock	—	—	—	—
Donald W. Layden, Jr.	—	—	—	—
Stephen P. Herbert [(2)]	274,267	$ 1,203,252	16,823	$ 108,508
Michael Wasserfuhr	—	—	—	—
Matthew W. McConnell [(3)]	16,667	22,167	2,064	13,210
Maeve M. Duska [(4)]	20,500	129,560	—	—

(1) The value of Mr. Agrawal's restricted stock awards vesting in fiscal 2020 is calculated based on the closing price of our Common Stock on (i) October 16, 2019 ($7.30), the date on which 2,396 shares of restricted stock vested, and (ii) June 30, 2020 ($7.01), the date on which 1,199 shares of restricted stock vested.

(2) The value realized by Mr. Herbert upon exercise of his outstanding options on December 13, 2019, is calculated based on the closing price of our Common Stock on that date ($6.83) and an exercise price of (i) $1.80, applicable to 205,555 of such options, (ii) $3.38, applicable to 29,585 of such options, (iii) $4.98, applicable to 20,080 of such options, and (iv) $5.25, applicable to 19,047 of such options. The value of the 16,823 shares issued to Mr. Herbert on October 25, 2019 is calculated based on the closing price of our Common Stock on such date ($6.45).

(3) The value of Mr. McConnell's restricted stock vesting on November 21, 2019 is calculated based on the closing price of our Common Stock on such date ($6.40). The value realized by Mr. McConnell upon exercise of his 16,667 outstanding options on May 28, 2020 is based on the closing price of our Common Stock on that date ($7.05) and an exercise price of $5.72.

(4) The value realized by Ms. Duska upon exercise of her 20,500 outstanding options on June 25, 2020 is based on the closing price of our Common Stock on that date ($7.94) and an exercise price of $1.62.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Messrs. Feeney, Goold, Agrawal, Vogt, and Pollock

Messrs. Feeney, Goold, Agrawal, and Pollock are entitled to certain severance payments and benefits upon a termination without "cause," or, where applicable, a resignation for "good reason," as further described above under "*Executive Employment Agreements*." In addition, under the general terms of our equity award plans, a participating employee is entitled to "double-trigger" accelerated vesting of outstanding equity awards if such employee is terminated by us without "cause," or, to the extent provided in the employee's award agreement, if the employee resigns for "good reason," in each case within 18 months following a "change of control." Mr. Feeney's initial option award is subject to accelerated vesting upon a "change of control," and Mr. Agrawal's fiscal 2020 RSU grant is subject to accelerated vesting upon Mr. Agrawal's termination by us without "cause" or Mr. Agrawal's resignation for "good reason," each as more fully described above under "*Equity Awards-Sean Feeney*" and "*-Anant Agrawal*," respectively. The following table summarizes these potential payments and benefits, with all equity estimates based on the closing price of our Common Stock on June 30, 2020 ($7.01) and assuming that the applicable termination event or "change of control" occurred on the last day of fiscal 2020, June 30, 2020:

	Termination without "Cause" or Resignation for "Good Reason" (Absent a "Change of Control")				"Change of Control" (No Termination)	Termination without "Cause" or Resignation for "Good Reason" (In Connection with a "Change of Control")			
Name	Severance ($)	Equity Vesting ($)	Other Benefits ($)	Total ($)	Equity Vesting ($)	Severance ($)	Equity Vesting ($)	Other Benefits ($)	Total ($)
Sean Feeney [1]	450,000	—	71,629	521,629	710,000	450,000	710,000	—	1,160,000
Glen E. Goold [2]	125,000	—	—	125,000	—	125,000	62,964	—	187,964
Anant Agrawal [3]	843,200	113,983	27,316	984,499	—	843,200	113,983	27,316	984,499
Jeff Vogt [4]	—	—	—	—	—	—	193,500	—	193,500
James Pollock [5]	117,500	—	—	117,500	—	117,500	52,682	—	170,182

(1) As further described above under "Executive Employment Agreements-Feeney Employment Agreement," if Mr. Feeney is terminated by us without "cause," or resigns his employment for "good reason," then, subject to his execution of a release of claims and continued compliance with the covenants in his employment agreement, Mr. Feeney is eligible to receive a severance package consisting of 12 months of continued base salary, senior executive-level outplacement support for 12 months, and up to a 12-month COBRA subsidy. However, if such termination occurs within 24 months following a "change of control," then Mr. Feeney will instead be provided a lump sum payment equal to his base salary plus last annual bonus paid in the fiscal year completed prior to such termination. In addition, as further described above under "Equity Awards-Sean Feeney," Mr. Feeney's outstanding options under his initial option award are eligible for accelerated vesting upon a "change of control" of the Company, subject to Mr. Feeney's continued employment with the Company as of immediately prior to the applicable transaction. Note that the above estimates do not take into account the potential application of any "best-after-tax" cutback that may apply to Mr. Feeney's severance payments and benefits if such payments and benefits are subject to the excise tax provisions under Section 4999 of the Internal Revenue Code of 1986, as amended, as further described above under "-Feeney Employment Agreement."

(2) As further described above under "Executive Employment Agreements-Goold Offer Letter and Interim CFO Agreement," if Mr. Goold is terminated by us without "cause," then, subject to Mr. Goold's execution of a release of claims, he would be eligible to receive 6 months of continued base salary as severance. In addition, as noted above, Mr. Goold's outstanding equity awards would be eligible for "double-trigger" vesting upon a qualifying termination within 18 months following a "change of control."

(3) As further described above under "Executive Employment Agreements-Agrawal Employment Agreement," if Mr. Agrawal's employment is terminated by us without "cause," or if Mr. Agrawal resigns for "good reason," then, in addition to a prorated target annual bonus and prorated annual equity award, Mr. Agrawal would, subject to his execution of a release of claims, be eligible to receive a severance package consisting of (i) 12 months of continued base salary, and (ii) a 12-month COBRA subsidy (plus additional payments to cover the taxes associated with such COBRA subsidy). In addition, as further described above under "Equity Awards-Anant Agrawal," Mr. Agrawal's fiscal 2020 RSU award will vest in full upon a termination by us without "cause," or Mr. Agrawal's resignation for "good reason."

(4) As further described under "Executive Employment Agreements-Vogt Offer Letter," Mr. Vogt's offer letter does not provide for any severance payments or benefits upon a termination of employment. However, as noted above, Mr. Vogt's outstanding equity awards would be eligible for "double-trigger" vesting upon a qualifying termination within 18 months following a "change of control."

(5) As further described above under "Executive Employment Agreements-Pollock Offer Letter," Mr. Pollock is generally entitled to 6 months' notice prior to termination by the Company (other than a termination for "cause"). In addition, as noted above, Mr. Pollock's outstanding equity awards would be eligible for "double-trigger" vesting upon a qualifying termination within 18 months following a "change of control."

Messrs. Layden, Herbert, Wasserfuhr, and McConnell and Ms. Duska

As described above in the discussion under "-*Executive Employment Agreements*," Messrs. Layden and Wasserfuhr were not provided with any severance payments or benefits in connection with their respective departures.

Pursuant to his separation agreement with the Company, Mr. Herbert was provided with the following severance payments and benefits: (i) $400,000 in lump sum cash severance, (ii) $108,508 in vested equity granted pursuant to the Company's 2018 long-term incentive program, (iii) $24,373 in COBRA reimbursements, and (iv) outplacement transition services worth $50,000.

As noted above, in exchange for her three-year transition services arrangement, the Company will pay to Ms. Duska (in addition to a six-month COBRA subsidy worth $10,818) (i) $12,500 per month during the first year of the arrangement, (ii) $7,500 per month during the second year of the arrangement, and (iii) $2,500 per month during the third year of the arrangement. However, these payments are subject to offset for any future income from employment that Ms. Duska secures.

As also described above, pursuant to a consulting arrangement Mr. McConnell entered into with us in connection with his separation, the Company paid Mr. McConnell $89,231 in continued base salary payments through May 31, 2020 (and continued his participation in our employee benefit programs through that date), and, subject to Mr. McConnell's providing consulting services to the Company through August 31, 2020, will provide him a grant of 15,000 shares of common stock at the conclusion of his engagement.

CEO PAY RATIO DISCLOSURE

As required by SEC rules, we are providing the following information about the relationship of the annualized total compensation of our current Chief Executive Officer, Sean Feeney, to that of our median employee. The pay ratio and annual total compensation amount disclosed in this section are reasonable estimates that have been calculated using methodologies and assumptions permitted by SEC rules.

Median Employee Determination

We identified our median employee in fiscal 2020 by calculating the fiscal 2020 cash compensation for all of our employees, excluding our Chief Executive Officer, who were employed by us on June 30, 2020. Cash compensation included all cash salaries, wages, and bonuses paid to each employee during the fiscal year.

Annual Compensation of Median Employee Using Summary Compensation Table Methodology

After identifying the median employee as described above, we calculated annual total compensation for this employee using the same methodology we use in the Summary Compensation Table. The fiscal 2020 compensation for our median employee was $88,447, and the annualized compensation for our Chief Executive Officer was $2,777,958.

2020 Pay Ratio

Based on the above information, the estimated ratio of the annual total compensation of our Chief Executive Officer to the median employee is 31:1. The pay ratio reported by other companies may not be comparable to the pay ratio reported above, due to variances in business mix, proportion of seasonal and part-time employees, distribution of employees across geographies, and the wide range of methodologies that the SEC rules allow companies to adopt in calculating this pay ratio.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee was, during fiscal 2020, an officer or employee of the Company or any of our subsidiaries, or was formerly an officer of the Company or any of our subsidiaries, or, except as described in Item 13 ("*Certain Relationships and Related Transactions, and Director Independence - Unregistered Issuance to Hudson Executive as Reimbursement*") in this Form 10-K with respect to the reimbursement of certain third party costs and expenses incurred by Hudson Executive, of which Mr. Braunstein serves as a Managing Partner, had any relationships requiring disclosure by us under Item 404 of Regulation S-K of the General Rules and Regulations of the Securities and Exchange Commission.

During fiscal 2020, none of our executive officers served as: (i) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee; (ii) a director of another entity, one of whose executive officers served on our Compensation Committee; or (iii) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director on our board of directors.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

Members of the Board who are not employees of the Company receive cash and equity compensation for serving on the Board, as reviewed and recommended by the Compensation Committee, with subsequent approval thereof by the Board.

Post-April 26, 2020 Director Compensation Program

In connection with the replacement of all but two members of the Board on April 26, 2020, our Compensation Committee and Board approved a new non-employee director compensation program, effective as of April 26, 2020. Under this new program, each non-employee director is paid an annual cash retainer of $50,000. The Chair of the Board is paid an additional annual cash retainer of $35,000, while the Chairs of the following Board committees are entitled to the following additional annual cash retainers: Audit Committee Chair: $15,000; Compensation Committee Chair: $10,000; Compliance Committee Chair: $10,000; Nominating and Governance Committee Chair: $7,500; and Finance Committee Chair: $7,500. No additional cash retainers are provided for non-Chair service on Board committees, and we do not pay our directors meeting attendance fees under the new program. Cash retainers are generally payable monthly in arrears; however, in light of the uncertainty created by the COVID-19 global pandemic, all cash retainers accrued for director service under the new program during calendar year 2020 will be deferred and paid in early 2021 (no later than March 15, 2021).

In addition to these cash retainers, and reflective of the Compensation Committee's and the Board's belief that equity compensation is key in linking the interests of our non-employee directors and our executives with those of our shareholders, our non-employee directors serving on the Board after April 26, 2020 were granted an initial equity award on May 6, 2020, consisting of (i) an annual grant of RSUs with a value of approximately $100,000, vesting on the first anniversary of the grant date (but eligible for prorated vesting for each completed calendar quarter of service following the grant date), and (ii) a one-time initial grant of 120,000 stock options, with an exercise price of $6.49 per share, with 25% of such options vesting on the first anniversary of the grant date (but eligible for prorated vesting for each completed calendar quarter of service following the grant date), and the remaining 75% of such options vesting in equal quarterly installments over the three-year period following the first anniversary of the grant date.

Commencing with the Company's 2021 annual meeting of shareholders, our non-employee directors will be eligible to receive an annual grant of RSUs worth approximately $100,000, vesting on the first anniversary of the grant date (but eligible for prorated vesting for each completed calendar quarter of service following the grant date).

Pre-April 26, 2020 Director Compensation Program

Prior to April 26, 2020, the compensation program for the Company's non-employee directors was as follows: (i) an annual retainer fee of $35,000 for serving on the Board; (ii) an additional annual fee of $7,500 for serving on the Audit Committee (but not Chair), of $7,500 for serving on the Compliance Committee (but not Chair), of $5,000 for serving on the Compensation Committee (but not Chair), and of $4,000 for serving on the Nominating and Corporate Governance Committee (but not Chair); (iii) an additional annual fee of $15,000 for serving as Chair of the Audit Committee, of $15,000 for serving as Chair of the Compliance Committee, of $10,000 for serving as Chair of the Compensation Committee, and of $8,000 for serving as Chair of the Nominating And Corporate Governance Committee; (iv) commencing on April 5, 2019, an additional fee of $1,000 for each Board or each Committee meeting attended in a fiscal year in excess of 8 meetings for the Board or the Committee, as the case may be; (v) an additional annual fee of $40,000 for serving as non-Executive Chair of the Board; and (vi) an annual stock award with a value, on the date of the grant, of $90,000. The annual fees were paid in quarterly installments, and directors could elect to receive such fees in Common Stock instead of cash. The stock award was generally granted on July 1st of each year, and prior to July 1, 2019, vested ratably over a two-year period. The July 1, 2019 award (the grant of which was delayed until October 2019) vested one-third on the date of the grant and two-thirds on the first anniversary of the date of the grant.

Stock Ownership Guidelines

Our Stock Ownership Guidelines provide that each non-employee director should own shares of Common Stock with a value of at least five times his or her annual cash retainer. For this purpose, the annual retainer includes the annual retainer for service on the Board as well as the annual retainer for serving on one (but not more than one) Committee of the Board. Each non-employee director has five years to obtain such ownership from commencement of service as a director. As of the date hereof, each of our non-employee directors is in compliance with the policy or is within the grace period for compliance. For purposes of these guidelines, "shares" include shares owned by a non-employee director or by such person's immediate family members residing in the same household, and include unvested restricted stock awards (but not unexercised stock options).

DIRECTOR COMPENSATION

The table below summarizes the compensation of each individual who served as a non-employee director during the fiscal year ended June 30, 2020.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) [1]	Option Awards ($) [2]	Total ($)
Douglas G. Bergeron, Chair [3]	$ 16,319	$ 98,618	$ 460,800	$ 575,737
Lisa P. Baird [3]	$ 9,066	$ 98,618	$ 460,800	$ 568,484
Douglas L. Braunstein [3]	$ 9,066	$ 98,618	$ 460,800	$ 568,484
Steven D. Barnhart [4]	$ 56,319	$ 96,477	$ —	$ 152,796
Joel Brooks [4]	$ 51,659	$ 96,477	$ —	$ 148,136
Kelly Ann Kay [5]	$ 7,537	$ 89,996	$ —	$ 97,533
Jacob Lamm [3]	$ 10,426	$ 98,618	$ 460,800	$ 569,844
Donald W. Layden, Jr. [6]	$ 29,054	$ 96,477	$ —	$ 125,531
Robert L. Metzger [5]	$ 74,773	$ 96,477	$ —	$ 171,250
Albin F. Moschner [7]	$ 33,495	$ 96,477	$ —	$ 129,972
Patricia A. Oelrich [8]	$ 80,517	$ 195,094	$ 460,800	$ 736,411
Michael K. Passilla [3]	$ 10,879	$ 98,618	$ 460,800	$ 570,297
William J. Reilly, Jr. [4]	$ 53,308	$ 96,477	$ —	$ 149,785
Ellen Richey [3]	$ 9,066	$ 98,618	$ 460,800	$ 568,484
Sunil Sabharwal [5]	$ 12,157	$ 89,996	$ —	$ 102,153
William J. Schoch [5]	$ 81,910	$ 96,477	$ —	$ 178,387
Anne M. Smalling [3]	$ 10,426	$ 98,618	$ 460,800	$ 569,844
Ingrid S. Stafford [5]	$ 65,232	$ 96,477	$ —	$ 161,709
Shannon S. Warren [3]	$ 11,786	$ 98,618	$ 460,800	$ 571,204

(1) The grant date fair value of the stock awards shown in this column are computed in accordance with FASB ASC Topic 718. Please see Note 16 ("*Stock Based Compensation Plans*") in this Form 10-K for further information on how we compute the value of equity awards. As of June 30, 2020, each of Messrs. Bergeron, Braunstein, Lamm, and Passilla and Mses. Baird, Richey, Smalling, and Warren had 15,409 RSUs outstanding. Non-employee directors who resigned in fiscal 2020 forfeited their unvested restricted shares (or, in the case of Ms. Oelrich, RSUs) as follows: Messrs. Barnhart, Brooks, and Reilly: 10,206 restricted shares forfeited (each); Ms. Kay and Mr. Sabharwal: 10,778 restricted shares forfeited (each); Mr. Layden: 8,811 restricted shares forfeited (in addition to 186,916 restricted shares forfeited that were initially granted in February 2020 while Mr. Layden was serving as interim Chief Executive Officer); Messrs. Metzger and Schoch: 837 restricted shares forfeited (each); Ms. Oelrich: 15,409 RSUs and 8,811 restricted shares forfeited; and Ms. Stafford: 8,811 restricted shares forfeited. All of Mr. Moschner's outstanding restricted stock awards vested in connection with his retirement from the Board.

(2) The grant date fair value of the stock option awards shown in this column are computed using a Black-Scholes model in accordance with FASB ASC Topic 718. Please see Note 16 ("*Stock Based Compensation Plans*") in this Form 10-K for further information on how we compute the value of equity awards. As of June 30, 2020, (i) each of Messrs. Bergeron, Braunstein, Lamm, and Passilla and Mses. Baird, Richey, Smalling, and Warren had 120,000 unvested stock options outstanding (at an exercise price of $6.49 per share), and (ii) Mr. Barnhart had 20,000 vested options outstanding (at an exercise price of $2.05 per share). Ms. Oelrich forfeited the entirety of her fiscal 2020 option grant upon her resignation from the Board. For information related to Mr. Layden's outstanding option awards, please refer to the "*Outstanding Equity Awards at Fiscal Year-End*" table above.

(3) Messrs. Bergeron, Braunstein, Lamm, and Passilla and Mses. Baird, Richey, Smalling, and Warren were appointed to the Board on April 26, 2020.

(4) Messrs. Barnhart, Brooks, and Reilly resigned from the Board on February 28, 2020.

(5) Messrs. Metzger, Sabharwal, and Schoch and Mses. Kay and Stafford resigned from the Board on April 26, 2020.

(6) Mr. Layden served as a non-employee director in fiscal 2020 until his appointment as our interim Chief Executive Officer on October 17, 2019. The compensation shown for Mr. Layden in this table relates solely to his service as a non-employee director prior to that date (after which Mr. Layden was only compensated in his role as an executive officer). For information related to Mr. Layden's compensation in fiscal 2020 following his appointment as our interim Chief Executive Officer, please refer to the "*Compensation Discussion and Analysis*" and related compensation tables above. Mr. Layden resigned from the Board effective as of May 8, 2020.

(7) Mr. Moschner retired from the Board on November 8, 2019.

(8) Ms. Oelrich resigned from the Board on June 30, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

Common Stock

The following table sets forth, as of August 31, 2020, the beneficial ownership of the common stock of each of the Company's directors, by the named executive officers included in the Fiscal Year 2020 Summary Compensation Table set forth above, by the Company's directors, named executive officers and other executive officers as a group, and by the beneficial owners of more than 5% of the common stock. Except as otherwise indicated below, the Company believes that the beneficial owners of the common stock listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable:

Name of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned(2)		Percent of Class
Anant Agrawal	106,600		*
Lisa P. Baird	—		*
Douglas G. Bergeron	—		*
Douglas L. Braunstein	11,156,174	(3)	17.07%
Maeve M. Duska	16,367	(4)	*
Sean Feeney	—		*
Glen E. Goold	—		*
Stephen P. Herbert	582,529	(5)	*
R. Wayne Jackson	—		*
Jacob Lamm	—		*
Donald W. Layden, Jr.	4,405	(6)	*
Matthew W. McConnell	4,324	(7)	*
Michael K. Passilla	—		*
James Pollock	14,869	(8)	*
Ellen Richey	—		*
Anne M. Smalling	—		*
Jeff Vogt	—		*
Shannon S. Warren	—		*
Michael Wasserfuhr	—		*
All directors, named executive officers and other executive officers as a group (19 persons)	11,885,268		18.18%

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned		Percent of Class
Antara Capital LP	5,920,590	(9)	9.08%
Ardsley Advisory Partners LP	4,851,000	(10)	7.44%
Hudson Executive Capital LP	11,020,765	(3)	16.90%
Oakland Hills BV	3,300,052	(11)	5.06%

*Less than one percent (1%)

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and derives from either voting or dispositive power with respect to securities. Shares of common stock issuable upon conversion of the

series A preferred stock, or shares of common stock issuable upon exercise of options currently exercisable, or exercisable within 60 days of August 31, 2020, are deemed to be beneficially owned for purposes hereof.

(2) The percentage of common stock beneficially owned is based on 65,226,175 shares outstanding as of August 31, 2020.

(3) Based upon a Schedule 13D/A filed on July 2, 2020 with the Securities and Exchange Commission, each of the following persons has shared voting and dispositive power over 11,020,765 shares of common stock: Hudson Executive, which serves as investment advisor to certain affiliated investment funds which have the right to receive dividends from, and the proceeds from the sale of, the 11,020,765 shares; HEC Management GP LLC, which is the general partner of Hudson Executive; and Douglas L. Braunstein, who is the managing partner of Hudson Executive and the managing member of HEC Management GP LLC. Mr. Braunstein's total includes 15,409 restricted stock units and 120,000 stock options which have not vested. The business address of each of the foregoing persons is 570 Lexington Avenue, 35th Floor, New York, NY 10022.

(4) Based on information available to the Company as of May 12, 2020, but including the exercise of stock options subsequent to that date. Includes 16,367 shares of common stock issued in connection with the exercise of stock options.

(5) Based on information available to the Company as of July 12, 2019, but including the exercise of stock options subsequent that date. Includes 63,805 shares of common stock beneficially owned by Mr. Herbert's spouse and 176,171 shares of common stock issued in connection with the exercise of stock options.

(6) Based on information available to the Company as of November 26, 2019, but including the exercise of stock options subsequent to that date. Includes 2,260 shares of common stock issued in connection with the exercise of stock options.

(7) Based on information available to the Company as of May 12, 2020.

(8) Includes 10,507 shares of common stock issuable upon exercise of stock options granted to Mr. Pollock that are exercisable as of, or within 60 days of, August 31, 2020.

(9) Based upon a Schedule 13D/A filed on April 29, 2020 with the Securities and Exchange Commission, each of the following persons has shared voting and dispositive power over 5,920,590 shares of common stock: Antara Capital LP, the investment manager of Antara Capital Master Fund LP; Antara Capital GP LLC, the general partner of Antara Capital LP; and Himanshu Gulati, the sole member of Antara Capital GP LLC and Antara Capital Fund GP LLC. Of the aforementioned 5,920,590 shares, each of the following persons has shared voting and dispositive power over 5,820,590 shares: Antara Capital Master Fund LP, which makes investments for its own account; and Antara Capital Fund GP LLC, the general partner of Antara Capital Master Fund LP. The business address of each of the foregoing persons is 500 Fifth Avenue, Suite 2320, New York, New York 10110.

(10) Based upon a Schedule 13G filed on February 7, 2020 with the Securities and Exchange Commission, each of the following persons has shared voting and dispositive power over 4,851,000 shares of common stock: Ardsley Advisory Partners LP, Ardsley Advisory Partners GP LLC, Philip J. Hempleman, and Ardsley Partners I GP LLC. Of the aforementioned 4,851,000 shares, Ardsley Partners Advanced Healthcare Fund, L.P. has shared voting and dispositive power over 3,617,280 shares; Ardsley Partners Fund II, L.P. has shared voting and dispositive power over 732,000 shares; Ardsley Partners Renewable Energy Fund, L.P. has shared voting and dispositive power over 500,000 shares; and Ardsley Ridgecrest Partners Fund, L.P. has shared voting and dispositive power over 1,000 shares. The principal business address of each of the foregoing persons is 262 Harbor Drive, Stamford, CT 06902.

(11) Based upon a Schedule 13G/A filed on January 27, 2020 with the Securities and Exchange Commission, each of the following persons has voting and dispositive power over 3,300,052 shares of common stock: Oakland Hills BV, Malabar Hill NV, who is the statutory director of Oakland Hills BV, and Drs F.H. Fentener van Vlissingen, who is the statutory director of Malabar Hill NV. The principal business address of each of the foregoing persons is Albert Hahnplantsoen 23, 1077 BM, Amsterdam, The Netherlands.

Preferred Stock

The following table sets forth, as of August 31, 2020, the beneficial ownership of the series A preferred stock by the Company's directors, by the named executive officers included in the Fiscal Year 2020 Summary Compensation Table set forth above, by the Company's directors, named executive officers and other executive officers as a group, and by the beneficial owner of more than 5% of the series A preferred stock. There were no shares of series A preferred stock beneficially owned as of August 31, 2020 by the Company's directors, by the named executive officers included in the Fiscal Year 2020 Summary Compensation Table set forth above, or by the directors, named executive officers and other executive officers as a group. Except as indicated below, the Company believes that the beneficial owners of the series A preferred stock listed below have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

Name of Beneficial Owner	Number of Shares of Series A Preferred Stock (1)		Percent of Class
Legion Partners Asset Management, LLC	44,250	(2)	9.94%
All current directors and executive officers as a group (19 persons)	—		*

*Less than one percent (1%)

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and derives from either voting or investment power with respect to securities. The percentage of series A preferred stock beneficially owned is based on 445,063 shares outstanding as of August 31, 2020.

(2) Based upon a Schedule 13D/A filed on November 4, 2016 with the Securities and Exchange Commission, each of the following persons has shared voting and dispositive power over 44,250 shares of series A preferred stock: Legion Partners Asset Management, LLC, Legion Partners, LLC, Legion Partners Holdings, LLC, Christopher S. Kiper, Bradley S. Vizi and Raymond White. Of the aforementioned 44,250 shares, Legion Partners, L.P. I has shared voting and dispositive power over 37,054 shares, and Legion Partners, L.P. II has shared voting and dispositive power over 7,196 shares. The business address of each of the foregoing persons is 9401 Wilshire Boulevard, Suite 705, Beverly Hills, California 90212.

Equity Compensation Plan Information

As of June 30, 2020, equity securities authorized for issuance by the Company with respect to compensation plans were as follows:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)		Weighted average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	1,812,424		$ 6.48	2,718,860	(1)
Equity compensation plans not approved by security holders	1,000,000	(2)	6.30	140,000	(3)
TOTAL	2,812,424		$ 6.41	2,858,860	

(1) Represents (i) 2,357,192 stock options or shares of common stock remaining to be awarded under the 2018 Equity Incentive Plan, (ii) 255,981 stock options or shares of common stock remaining to be awarded under the 2015 Equity Incentive Plan, and (iii) 105,687 stock options remaining to be awarded under the 2014 Stock Option Incentive Plan.

(2) Represents 1,000,000 stock options granted to Sean Feeney as a one-time inducement award in connection with his offer of employment by the Company. The terms of the award to Sean Feeney are described in the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 13, 2020, which description is incorporated herein by this reference. The table award includes 375,000 stock options that will vest based upon performance metrics to be established at a future point in time.

(3) Represents 140,000 shares issuable to our former CEO George R. Jensen, Jr. upon the occurrence of a USA Transaction as such term is defined in the Jensen Stock Agreement dated September 27, 2011 by and between the Company and George R. Jensen, Jr.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

REVIEW OR APPROVAL OF TRANSACTIONS WITH RELATED PERSONS

We have adopted a formal written policy, which is set forth in our Audit Committee Charter, that our Audit Committee review and approve all related-party transactions, defined by, or those transactions required to be disclosed under, Item 404 of Regulation S-K. Executive officers, directors, holders of more than 5% of any class of our voting securities, and any member of the immediate family of, and any entity affiliated with, any of the foregoing persons, are not permitted to enter into a related person transaction with us without the prior consent of our Audit Committee. Any request for us to enter into a transaction with an executive officer, director, principal shareholder, or any of their immediate family members or affiliates, in which the amount involved exceeds $120,000 is considered a “related party transaction” and must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee is to consider the relevant facts and circumstances available and deemed relevant to the Audit Committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

In addition, under our Code of Business Conduct and Ethics, our executive officers and directors have a responsibility to disclose any transaction or relationship that reasonably could be expected to interfere with their exercise of independent judgment or materially impair the performance of their responsibilities to our Board of Directors, which shall be responsible for reviewing such transaction or relationship and determining whether any action needs to be taken.

Unregistered Issuance to Hudson Executive as Reimbursement

Hudson Executive, a greater than 10% shareholder of the Company, requested that the Company reimburse the expenses it incurred in connection with its proxy solicitation and informed the Company that it was prepared to accept non-cash consideration for such reimbursement. On June 29, 2020, following consultation with independent legal and financial advisors, the disinterested and independent members of the Board of Directors of the Company unanimously approved the reimbursement of $4,500,000 of the third party costs and expenses incurred by Hudson Executive in connection with its proxy solicitation (the "Reimbursement"), which amount represented a substantial majority but less than the full amount of the third party costs and expenses incurred by Hudson Executive. Douglas G. Bergeron and Douglas L. Braunstein, Managing Partners of Hudson Executive, recused themselves from the Board's deliberations and voting on the Reimbursement. The Board determined to pay the Reimbursement in the form of shares of common stock of the Company, with the value of the common stock calculated based on the average of the high and low trading price on the date of Board approval. On June 30, 2020, the Company issued 635,593 shares of common stock to funds managed by Hudson Executive in satisfaction of the Reimbursement, which shares represent approximately 0.98% of the Company's outstanding common stock.

In approving the Reimbursement, the Board considered a number of factors, including but not limited to the following: the Company and all of its shareholders have shared in the benefits created by Hudson Executive's actions to reconstitute the Board and improve the Company's governance; shareholders representing a majority of the voting power of the Company had voted in favor of Hudson Executive's nominees to the Board prior to the end of its proxy solicitation; it is a common practice to reimburse a shareholder's expenses in connection with the settlement of a proxy contest; the Company previously reimbursed the expenses of a shareholder in the settlement of a proxy contest; and by issuing shares of common stock, the Company will conserve its cash position and Hudson Executive will bear the risk of the common stock maintaining its value until the time such shares are sold by Hudson Executive.

DIRECTOR INDEPENDENCE

The Board of Directors has determined that Lisa P. Baird, Douglas G. Bergeron, Douglas L. Braunstein, Jacob Lamm, Michael K. Passilla, Ellen Richey, Anne M. Smalling and Shannon S. Warren, which members constitute all of the currently serving Board of Directors other than Mr. Feeney, are independent in accordance with the applicable listing standards of The NASDAQ Stock Market LLC.

The Board of Directors has a standing Audit Committee, Compensation Committee, Compliance Committee, Finance Committee, and Nominating and Corporate Governance Committee.

The Audit Committee of the Board of Directors presently consists of Ms. Richey, Ms. Smalling and Ms. Warren (Chair). The Board has determined that each member of the Audit Committee is independent as defined under the listing standards of The Nasdaq Stock Market LLC and under Rule 10A-3 of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Our Board of Directors has also determined that Ms. Warren is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K. The Audit Committee engages the Company's independent accountants, and is primarily responsible for approving the services performed by the Company's independent accountants, for reviewing and evaluating the Company's accounting principles, reviewing the independence of independent auditors, recommending to the Board of Directors that the audited financial statements be included in the Company's annual Form 10-K, and for discussing with management and the independent auditor any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies. The Audit Committee operates pursuant to a charter that was adopted by the Board of Directors on April 11, 2011, and amended on March 6, 2020, a copy of which is accessible on the Company's website, www.usatech.com.

The Compensation Committee of the Board of Directors presently consists of Ms. Baird, Mr. Braunstein and Mr. Passilla (Chair). The Board of Directors has determined that each of the current members of the Compensation Committee is independent in accordance with the applicable listing standards of The Nasdaq Stock Market LLC. The Committee reviews and recommends compensation and compensation changes for the executive officers of the Company and administers the Company's incentive stock plans. The Compensation Committee operates pursuant to a charter that was adopted by the Board of Directors in September 2007 and amended in May 2013, a copy of which is accessible on the Company's website, www.usatech.com.

The Compliance Committee presently consists of Ms. Richey (Chair) and Ms. Smalling. The Committee has oversight responsibility for the Company's compliance functions and supervises the Company's Chief Compliance Officer. The Compliance Committee also reviews and monitors significant compliance risk areas. The Compliance Committee was established in April 2019. The Compliance Committee operates pursuant to a charter that was adopted by the Board of Directors on December 21, 2018, a copy of which is accessible on the Company's website, www.usatech.com.

The Finance Committee is a newly formed committee and presently consists of Mr. Bergeron, Mr. Braunstein, Mr. Lamm (Chair), and Ms. Richey. The Finance Committee was formed on April 27, 2020. The Finance Committee reviews and approve matters related to financing activities of the Company.

The Nominating and Corporate Governance Committee of the Board of Directors presently consists of Ms. Baird, Mr. Lamm and Ms. Smalling (Chair). The Board of Directors has determined that each of the current members of the Nominating and Corporate Governance Committee is independent in accordance with the applicable listing standards of The Nasdaq Stock Market LLC. The Committee recommends to the entire Board of Directors for selection any nominees for director. The Nominating and Corporate Committee operates pursuant to a charter that was adopted by the Board of Directors on October 26, 2012, and amended October 8, 2019, a copy of which is accessible on the Company's website, www.usatech.com.

Item 14. Principal Accounting Fees and Services.

AUDIT AND NON-AUDIT FEES

During the fiscal year ended June 30, 2020 and June 30, 2019, fees in connection with services rendered by BDO USA, LLP were as set forth below:

($ in millions)	Year ended June 30, 2020	Year ended June 30, 2019
Audit Fees	$ 2.3	$ 6.5

Audit fees consisted of fees for the audit of our annual financial statements, review of quarterly financial statements and the audit of internal control over financial reporting, as well as services normally provided in connection with statutory and regulatory filings or engagements, consents and assistance with and reviews of Company documents filed with the Securities and Exchange Commission.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm on a case-by-case basis.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated November 6, 2017, by and among USA Technologies, Inc., USAT, Inc., Cantaloupe Systems, Inc., and Shareholder Representative Services LLC, as Stockholders' Representative (incorporated by reference to Exhibit 2.1 to Form 8-K filed on November 7, 2017).
3.1	Amended and Restated Articles of Incorporation, as amended through May 29, 2020 (incorporated by reference to Exhibit 3.1 to Form 8-K filed on June 3, 2020).
3.2	Amended and Restated Bylaws, as amended through May 4, 2020 (Redline version) (incorporated by reference to Exhibit 3.2 to Form 10-Q filed on June 24, 2020).
4.1	Warrant dated March 29, 2016 in favor of Heritage Bank of Commerce (incorporated by reference to Exhibit 4.2 to Form 10-K filed on September 13, 2016).
4.2	Amendment No. 1 to Rights Agreement, dated April 28, 2020, by and between USA Technologies and American Stock Transfer & Trust Company, LLC, as rights agent (incorporated by reference to Exhibit 4.1 to Form 8-K filed on April 28, 2020).
4.3*	Description of Securities.
10.1	Form of Indemnification Agreement between the Company and each of its officers and directors (incorporated by reference to Exhibit 10.1 to Form 10-Q filed May 15, 2007).
10.2	Small Ticket and Deployment Support Incentive Agreement between the Company and Visa U.S.A. Inc., dated as of October 31, 2017 (Portions of this exhibit were redacted pursuant to a confidential treatment request) (incorporated by reference to Exhibit 10.1 to Form 10-Q filed February 9, 2018).
10.3	Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated (Portions of this exhibit were redacted pursuant to a confidential treatment request) (incorporated by reference to Exhibit 10.2 to Form 10-Q filed May 15, 2015).
10.3.1	First Amendment to Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated dated April 27, 2015 (Portions of this exhibit were redacted pursuant to a confidential treatment request) (incorporated by reference to Exhibit 10.45 to Form 10-K filed September 30, 2015).
10.3.2	Second Amendment to Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated dated July 13, 2015 (incorporated by reference to Exhibit 10.14.2 to Form 10-K filed October 9, 2019).
10.3.3	Third Amendment to Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated dated July 17, 2018 (incorporated by reference to Exhibit 10.14.3 to Form 10-K filed October 9, 2019).
10.4	Third Party Payment Processor Agreement dated April 24, 2015 by and among the Company, JPMorgan Chase Bank, N.A. and Paymentech, LLC (Portions of this exhibit were redacted pursuant to a confidential treatment request) (incorporated by reference to Exhibit 10.46 to Form 10-K filed September 30, 2015).
10.4.1	Integrator Amendment (2018) to Third Party Payment Processor Agreement dated October 22, 2018 by and among the Company, JPMorgan Chase Bank, N.A. and Paymentech, LLC (incorporated by reference to Exhibit 10.15.1 to Form 10-K filed October 9, 2019).
10.5	Merchant Processing Agreement dated April 6, 2018 by and among Cantaloupe Systems, Inc., and Heartland Payment Systems, Inc (incorporated by reference to Exhibit 10.16 to Form 10-K filed October 9, 2019).
10.6	Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A., dated November 9, 2017 (Portions of this exhibit were redacted pursuant to a confidential treatment request) (incorporated by reference to Exhibit 10.2 to Form 10 Q filed February 9, 2018).
10.6.1	First Consent Agreement dated September 28, 2018 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed October 1, 2018).
10.6.2	Second Consent Agreement dated November 15, 2018 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.1 to Form 8-K filed November 20, 2018).

10.6.3	Third Consent Agreement dated December 31, 2018 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed January 3, 2019).
10.6.4	Fourth Consent Agreement dated February 15, 2019 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.1 to Form 8-K filed February 19, 2019).
10.6.5	Fifth Consent Agreement dated March 29, 2019 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed April 2, 2019).
10.6.6	Sixth Consent Agreement dated June 27, 2019 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed June 28, 2019).
10.6.7	Seventh Consent Agreement dated August 30, 2019 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed September 4, 2019).
10.6.8	Eighth Consent Agreement dated September 17, 2019 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed on September 24, 2019).
10.6.9	Ninth Consent Agreement dated September 27, 2019 relating to Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to Form 8-K filed on October 1, 2019).
10.7*	Credit Agreement by and among the Company, its subsidiaries, and JPMorgan Chase Bank, N.A., dated August 14, 2020.
10.8	Stock Purchase Agreement dated October 9, 2019 by and between the Company and Antara Capital Master Fund LP (incorporated by reference to Exhibit 10.1 to Form 8-K filed on October 9, 2019).
10.9	Registration Rights Agreement dated October 9, 2019 by and between the Company and Antara Capital Master Fund LP (incorporated by reference to Exhibit 10.2 to Form 8-K filed on October 9, 2019).
10.9.1	Amendment to Registration Rights Agreement by and between the Company and Antara Capital Master Fund LP dated January 31, 2020 (incorporated by reference to Exhibit 10.1 to Form 8-K filed on February 6, 2020).
10.10	Debt Commitment Letter dated October 9, 2019 by and between the Company and Antara Capital Master Fund LP (incorporated by reference to Exhibit 10.3 to Form 8-K filed on October 9, 2019).
10.11	Financing Agreement by and among the Company, as borrower, its subsidiaries, as guarantors, Antara Capital Master Fund LP, as lender, and Cortland Capital Market Services LLC, as administrative agent and collateral agent, dated as of October 31, 2019 (incorporated by reference to Exhibit 10.1 to Form 8-K filed November 1, 2019).
10.12†	USA Technologies, Inc. 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to Form 10-K filed on September 30, 2013).
10.13†	USA Technologies, Inc. 2014 Stock Option Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on form DEF 14A filed on May 15, 2014).
10.14†	USA Technologies, Inc. 2015 Equity Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement filed on May 15, 2015).
10.15†	USA Technologies, Inc. 2018 Equity Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement filed on April 2, 2018).
10.15.1†	First Amendment to the USA Technologies, Inc. 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed on May 26, 2020).
10.16†	Employment Agreement between the Company and William T. Haines dated January 7, 2020 (incorporated by reference to Exhibit 10.4 to Form 10-Q filed June 24, 2020).
10.17†	Letter agreement dated January 24, 2019, by and between the Company and Glen E. Goold (incorporated by reference to Exhibit 10.1 to Form 8-K filed January 28, 2019).
10.17.1†	Amendment to letter agreement dated May 14, 2019, by and between the Company and Glen E. Goold (incorporated by reference to Exhibit 10.1 to Form 8-K filed May 20, 2019).

10.18†	Employment Agreement between the Company and Glen E. Goold dated March 2, 2020 (incorporated by reference to Exhibit 10.3 to Form 10-Q filed June 24, 2020).
10.19†	Employment Agreement dated March 27, 2019, by and between the Company and James M. Pollock (incorporated by reference to Exhibit 10.1 to Form 8-K filed April 3, 2019).
10.20†	Employment Agreement dated May 3, 2019, by and between the Company and Matthew W. McConnell (incorporated by reference to Exhibit 10.1 to Form 8-K filed May 23, 2019).
10.20.1†	Amendment to Employment Agreement dated May 17, 2019, between the Company and Matthew W. McConnell (incorporated by reference to Exhibit 10.2 to Form 8-K filed May 23, 2019).
10.21†	Employment Agreement by and between the Company and Donald W. Layden, Jr., dated October 17, 2019 (incorporated by reference to Exhibit 10.1 to Form 8-K filed October 18, 2019).
10.22†	Employment Agreement, dated February 28, 2020, by and between the Company and Donald W. Layden, Jr. (incorporated by reference to Exhibit 10.1 to Form 8-K filed March 2, 2020).
10.22.1†	First Amendment to the Employment Agreement, dated as of April 26, 2020, by and between the Company and Donald W. Layden, Jr. (incorporated by reference to Exhibit 10.2 to Form 8-K filed April 26, 2020).
10.23†	Separation Agreement and Release, dated May 10, 2020, between USA Technologies, Inc. and Donald W. Layden, Jr. (incorporated by reference to Exhibit 10.1 to Form 8-K filed on May 13, 2020).
10.24†	Employment Agreement between the Company and Michael Wasserfuhr dated February 28, 2020 (incorporated by reference to Exhibit 10.2 to Form 10-Q filed June 24, 2020).
10.25†	Employment Agreement, dated May 8, 2020, between USA Technologies, Inc. and Sean Feeney (incorporated by reference to Exhibit 10.2 to Form 8-K filed on May 13, 2020).
10.26†	Non-Qualified Stock Option Agreement, dated May 8, 2020, between USA Technologies, Inc. and Sean Feeney (incorporated by reference to Exhibit 10.3 to Form 8-K filed on May 13, 2020).
10.27†	Employment, Non-Interference, Non-Solicitation, Non-Competition and Invention Assignment Agreement by and between the Company and Anant Agrawal dated November 9, 2017 (incorporated by reference to Exhibit 10.9 to Form 10-K filed October 9, 2019).
10.27.1†	First Amendment to Employment, Non-Interference, Non-Solicitation, Non-Competition and Invention Assignment Agreement by and between the Company and Anant Agrawal dated February 25, 2018 (incorporated by reference to Exhibit 10.9.1 to Form 10-K filed October 9, 2019).
10.27.2†	Second Amendment to Employment, Non-Interference, Non-Solicitation, Non-Competition and Invention Assignment Agreement by and between the Company and Anant Agrawal dated August 7, 2019 (incorporated by reference to Exhibit 10.9.2 to Form 10-K filed October 9, 2019).
10.28†	Restricted Stock Unit Award Agreement, dated May 29, 2020, between USA Technologies, Inc. and Anant Agrawal (incorporated by reference to Exhibit 10.1 to Form 8-K filed on June 3, 2020).
10.29	Independent Contractor Agreement, dated as of June 29, 2020, by and between USA Technologies, Inc. and Eugene Cavanaugh (incorporated by reference to Exhibit 10.1 to Form 8-K filed July 6, 2020)
10.29.1	First Amendment to Independent Contractor Agreement, by and between Eugene Cavanaugh and USA Technologies, Inc., dated as of August 10, 2020 (incorporated by reference to Exhibit 10.3 to Form 8-K filed August 14, 2020).
10.30†	Employment Agreement, by and between R. Wayne Jackson and USA Technologies, Inc., effective as of August 10, 2020 (incorporated by reference to Exhibit 10.1 to Form 8-K filed August 14, 2020).
10.31†	Non-Qualified Stock Option Agreement, by and between R. Wayne Jackson and USA Technologies, Inc., dated as of August 10, 2020 (incorporated by reference to Exhibit 10.2 to Form 8-K filed August 14, 2020).
10.32†	Non-Qualified Stock Option Agreement, dated as of July 16, 2020, by and between USA Technologies, Inc. and Jeff Vogt (incorporated by reference to Exhibit 10.1 to Form 8-K filed July 21, 2020).
10.33	Payment Solutions Agreement between the Company, First Data Merchant Services LLC and Wells Fargo Bank, N.A., dated March 20, 2020 (portions of this exhibit were redacted pursuant to a confidential treatment request)(incorporated by reference to Exhibit 10.1 to Form 10-Q filed on June 24, 2020).
10.34	Letter Agreement, dated April 26, 2020, by and between USA Technologies, Inc. and Hudson Executive Capital LP (incorporated by reference to Exhibit 10.1 to Form 8-K filed on April 27, 2020).
21	List of significant subsidiaries of the Company (incorporated by reference to Exhibit 21 to Form S-1 filed on May 9, 2018).

23.1*	Consent of BDO USA, LLP, Independent Registered Public Accounting Firm.
31.1*	Certifications of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certifications of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification by the Chief Executive Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification by the Chief Financial Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
† Management contract or compensatory plan or arrangement.

SCHEDULE II
USA TECHNOLOGIES, INC.
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED JUNE 30, 2020, 2019, AND 2018

($ in thousands)

ACCOUNTS RECEIVABLE RESERVE	Balance at beginning of period	Additions charged to bad debt expense	Deductions and other	Balance at end of period
June 30, 2020	$ 4,866	$ 2,815	$ (5)	$ 7,676
June 30, 2019	$ 2,754	$ 1,940	$ 172	$ 4,866
June 30, 2018	$ 3,199	$ 471	$ (916)	$ 2,754

FINANCE RECEIVABLES RESERVE	Balance at beginning of period	Additions charged to bad debt expense	Deductions and other	Balance at end of period
June 30, 2020	$ 606	$ 143	$ (599)	$ 150
June 30, 2019	$ 12	$ 594	$ —	$ 606
June 30, 2018	$ 19	$ —	$ (7)	$ 12

INVENTORY RESERVE	Balance at beginning of period	Additions	Deductions	Balance at end of period
June 30, 2020	$ 5,891	$ 681	$ (3,809)	$ 2,763
June 30, 2019	$ 3,217	$ 3,172	$ (498)	$ 5,891
June 30, 2018	$ 2,204	$ 1,467	$ (454)	$ 3,217

DEFERRED TAX ASSET VALUATION ALLOWANCE	Balance at beginning of period	Additions	Deductions - JOBS Act	Deductions - Cantaloupe Acquisition	Balance at end of period
June 30, 2020	$ 42,414	$ 10,139	$ —	$ —	$ 52,553
June 30, 2019	$ 36,194	$ 6,220	$ —	$ —	$ 42,414
June 30, 2018	$ 55,156	$ 3,737	$ (19,574)	$ (3,125)	$ 36,194

SIGNATURES

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

USA TECHNOLOGIES, INC

By: /s/ Sean Feeney

Sean Feeney, Chief Executive Officer

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.

SIGNATURES	TITLE	DATE
/s/ Sean Feeney Sean Feeney	Chief Executive Officer and Director (Principal Executive Officer)	September 11, 2020
/s/ R. Wayne Jackson R. Wayne Jackson	Chief Financial Officer (Principal Financial Officer)	September 11, 2020
/s/ Glen E. Goold Glen E. Goold	Chief Accounting Officer (Principal Accounting Officer)	September 11, 2020
/s/ Lisa P. Baird Lisa P. Baird	Director	September 11, 2020
/s/ Douglas G. Bergeron Douglas G. Bergeron	Chairman of the Board of Directors	September 11, 2020
/s/ Douglas L. Braunstein Douglas L. Braunstein	Director	September 11, 2020
/s/ Jacob Lamm Jacob Lamm	Director	September 11, 2020
/s/ Michael K. Passilla Michael K. Passilla	Director	September 11, 2020
/s/ Ellen Richey Ellen Richey	Director	September 11, 2020
/s/ Anne M. Smalling Anne M. Smalling	Director	September 11, 2020
/s/ Shannon S. Warren Shannon S. Warren	Director	September 11, 2020

Exhibit 4.3

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF SECURITIES EXCHANGE ACT OF 1934

As of June 30, 2020, USA Technologies, Inc. has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our Common Stock; (2) our Preferred Stock.

Authorized Capital Shares

Our authorized capital shares consist of 640,000,000 shares of common stock, no par value ("Common Stock"), and 1,800,000 shares of undesignated preferred stock. As of the date hereof, 900,000 preferred shares have been designated as series A convertible preferred stock, no par value ("Preferred Stock"). The outstanding shares of our Common Stock are fully paid and nonassessable.

Description of Common Stock

Voting Rights

The holder of each share of Common Stock is entitled to one vote on all matters submitted to a vote of the shareholders, including the election of directors. There is no cumulative voting for directors.

Dividend Rights

No dividend may be paid on the Common Stock until all accumulated and unpaid dividends on the Preferred Stock have been paid. Each holder of our Common Stock is entitled to receive such dividends as the Board of Directors may from time to time declare out of funds legally available for payment of dividends.

Liquidation Rights

Subject to any preferential rights of outstanding shares of Preferred Stock, holders of Common Stock will share ratably in all assets legally available for distribution to our shareholders in the event of dissolution. Upon any liquidation, dissolution or winding up of the Company, holders of our Common Stock are entitled to receive *pro rata* all of the assets of the Company available for distribution, subject to the liquidation preference of the Preferred Stock of $10 per share, and any unpaid and accumulated dividends on the Preferred Stock.

Other Rights and Preferences

Our Common Stock has no sinking fund or redemption provisions or preemptive, conversion or exchange rights. Holders of our Common Stock may act by unanimous written consent.

Listing

The Common Stock is quoted on the OTC Markets' Pink Open Market under the trading symbol, "USAT".

Description of Preferred Stock

Voting Rights

The holders of our Preferred Stock have the number of votes per share equal to the number of shares of Common Stock into which each such share is convertible, and are entitled to vote on all matters submitted to the vote of the shareholders of the Company, including the election of directors.

Dividend Rights

The holders of our Preferred Stock are entitled to an annual cumulative cash dividend of $1.50 per annum, payable when, as and if declared by the Board of Directors. No dividend may be paid on the Common Stock until all accumulated and unpaid dividends on the Preferred Stock have been paid. The record dates for payment of dividends on the Preferred Stock are February 1 ($0.75) and August 1 ($0.75) of each year. Any and all accumulated and unpaid cash dividends on the Preferred Stock must be declared and paid prior to the declaration and payment of any dividends on the Common Stock. Any unpaid and accumulated dividends will not bear interest.

Liquidation Rights

Upon any liquidation, dissolution, or winding-up of the Company, the holders of our Preferred Stock are entitled to receive a distribution in preference to the Common Stock in the amount of $10 per share plus any accumulated and unpaid dividends. As more fully described in our Articles of Incorporation, the holders of at least 60% of the outstanding shares of our Preferred Stock could elect to treat the occurrence of any of the following events as a liquidation: (i) consolidation or merger of the Company with another corporation; (ii) sale of substantially all of the Company's assets, or (iii) disposition by the Company of more than 50% of voting power of the Company.

Other Rights and Preferences

Shares of our Preferred Stock are convertible at any time into shares of fully issued and non-assessable Common Stock as provided in our Articles of Incorporation. Accrued and unpaid dividends earned on shares of Preferred Stock being converted into Common Stock are also convertible into Common Stock at the rate of $1,000 per share of Common Stock at the time of conversion, and whether or not such dividends have then been declared by the Company.

We have the right, at any time, to redeem all or any part of the issued and outstanding Preferred Stock for the sum of $11 per share plus any and all unpaid and accumulated dividends thereon. Upon notice by the Company of such call, the holders of the Preferred Stock so called will have the opportunity to convert their shares and any unpaid and accumulated dividends thereon into shares of Common Stock. There is no restriction on our right to repurchase or redeem our Common Stock while there is an arrearage in the payment of dividends to the holders of our Preferred Stock.

Listing

The Preferred Stock is quoted on the OTC Markets' Pink Open Market under the trading symbol, "USATP".

Exhibit 10.7
EXECUTION VERSION

J.P.Morgan

CREDIT AGREEMENT

dated as of
August 14, 2020

among

USA TECHNOLOGIES, INC.,

The Loan Parties Party Hereto,

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

TABLE OF CONTENTS

SCHEDULES:

EXHIBITS:

CREDIT AGREEMENT dated as of August 14, 2020 (as it may be amended or modified from time to time, this "Agreement"), among USA TECHNOLOGIES, INC., a Pennsylvania corporation (the "Borrower"), the other Loan Parties party hereto, the Lenders party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account" has the meaning assigned to such term in the Security Agreement.

"Account Debtor" means any Person obligated on an Account.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the Effective Date, by which any Loan Party or Subsidiary (a) acquires any going business, line of business or division or all or substantially all of the assets of any Person, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the Equity Interests of a Person which has ordinary voting power for the election of directors or other similar management personnel of a Person (other than Equity Interests having such power only by reason of the happening of a contingency) or a majority of the outstanding Equity Interests of a Person.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period or for any CBFR Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Adjusted One Month LIBOR Rate" means, for any day, an interest rate per annum equal to the sum of (i) 2.50% plus (ii) the Adjusted LIBO Rate for a one-month interest period on such day (or if such day is not a Business Day, the immediately preceding Business Day); provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the LIBO Screen Rate at approximately 11:00 a.m. London time on such day; provided further, that, if the LIBO Screen Rate at such time shall be less than 1.00% per annum, such rate shall be deemed to be 1.00% per annum for purposes of this Agreement.

"Adjusted Quick Ratio" means, as of any date, the ratio of (a) the sum of (i) unrestricted cash (which, after the date that is 60 calendar days after the Effective Date, is maintained in a deposit account with the Administrative Agent), plus (ii) Permitted Investments maintained in a deposit account or securities account with the Administrative Agent, plus (iii) the Current Eligible Receivable Amount, plus (iv) the Current Short Term Finance Receivable Amount, plus (iv) the Current Long Term Finance Receivables Amount to (b) outstanding Total Indebtedness, in each case determined for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Administrative Agent" means JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one

or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person.

"Agent Indemnitee" has the meaning assigned to it in Section 9.03(c).

"Aggregate Credit Exposure" means, at any time, the aggregate Credit Exposure of all the Lenders at such time.

"Aggregate Revolving Exposure" means, at any time, the aggregate Revolving Exposure of all the Lenders at such time (with the Swingline Exposure of each Lender calculated assuming that all of the Lenders have funded their participations in all Swingline Loans outstanding at such time).

"ALTA" means the American Land Title Association.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Parties" has the meaning assigned to it in Section 8.03(c).

"Applicable Percentage" means, at any time with respect to any Lender, a percentage equal to a fraction the numerator of which is such Lender's Revolving Commitment at such time and the denominator of which is the aggregate Revolving Commitments at such time (provided that, if the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon such Lender's share of the Aggregate Revolving Exposure at such time); provided that, in accordance with Section 2.20, so long as any Lender shall be a Defaulting Lender, such Defaulting Lender's Commitment shall be disregarded in the calculations above.

"Applicable Rate" means, for any day, with respect to any Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Revolving Commitment CBFR Spread", "Revolving Commitment Eurodollar Spread" "Term A Loan CBFR Spread", "Term A Loan Eurodollar Spread" or "Commitment Fee Rate", as the case may be, based upon the Borrower's Total Leverage Ratio as of the most recent determination date, provided that until December 31, 2021, the "Applicable Rate" shall be the applicable rates per annum set forth below in Category 1:

Total Leverage Ratio	Revolving Commitment CBFR Spread	Revolving Commitment Eurodollar Spread	Term A Loan CBFR Spread	Term A Loan Eurodollar Spread	Commitment Fee Rate
Category 1 ≥ 2.0 to 1.0	3.75%	4.75%	3.75%	4.75%	0.50%
Category 2 ≥ 1.0 to 1.0 but < 2.0 to 1.0	3.25%	4.25%	3.25%	4.25%	0.50%
Category 3 < 1.0 to 1.0	2.75%	3.75%	2.75%	3.75%	0.50%

For purposes of the foregoing, (a) the Applicable Rate shall be determined as of the end of each fiscal quarter of the Borrower, based upon the Borrower's annual or quarterly consolidated financial statements delivered pursuant to Section 5.01 and (b) each change in the Applicable Rate resulting from a change in the Total Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change, provided that at the option of the Administrative Agent or at the request of the Required

Lenders, if the Borrower fails to deliver the annual or quarterly consolidated financial statements required to be delivered by it pursuant to Section 5.01, the Total Leverage Ratio shall be deemed to be in Category 1 during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

If at any time the Administrative Agent determines that the financial statements upon which the Applicable Rate was determined were incorrect (whether based on a restatement, fraud or otherwise), or any ratio or compliance information in a Compliance Certificate or other certification was incorrectly calculated, relied on incorrect information or was otherwise not accurate, true or correct, the Borrower shall be required to retroactively pay any additional amount that the Borrower would have been required to pay if such financial statements, Compliance Certificate or other information had been accurate and/or computed correctly at the time they were delivered.

"Approved Electronic Platform" has the meaning assigned to it in Section 8.03(a).

"Approved Fund" has the meaning assigned to the term in Section 9.04(b).

"Arranger" means JPMorgan Chase Bank, N.A., in its capacity as sole bookrunner and sole lead arranger hereunder.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent.

"Availability" means, at any time, an amount equal to (a) the aggregate Revolving Commitments minus (b) the Aggregate Revolving Exposure (calculated, with respect to any Defaulting Lender, as if such Defaulting Lender had funded its Applicable Percentage of all outstanding Borrowings).

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Credit Maturity Date and the date of termination of the Revolving Commitments.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Banking Services" means each and any of the following bank services provided to any Loan Party or any Subsidiary by the Administrative Agent, any Lender or any of their respective Affiliates: (a) credit cards for commercial customers (including, without limitation, "commercial credit cards" and purchasing cards), (b) stored value cards, (c) merchant processing services, and (d) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, any direct debit scheme or arrangement, overdrafts and interstate depository network services).

"Banking Services Obligations" means any and all obligations of the Loan Parties or their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Bankruptcy Event" means, with respect to any Person, when such Person becomes the subject of a voluntary

or involuntary bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business, appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment or has had any order for relief in such proceeding entered in respect thereof, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the U.S. or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benchmark Replacement" means the sum of: (a) the alternate benchmark rate (which may be a SOFR-Based Rate) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body and/or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBO Rate for U.S. dollar- denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than 1.00% per annum, the Benchmark Replacement will be deemed to be 1.00% per annum for the purposes of this Agreement; provided further that any such Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its sole discretion.

"Benchmark Replacement Adjustment" means the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated syndicated credit facilities at such time (for the avoidance of doubt, such Benchmark Replacement Adjustment shall not be in the form of a reduction to the Applicable Rate).

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "CB Floating Rate," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

"Benchmark Replacement Date" means the earlier to occur of the following events with respect to the LIBO Rate:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the LIBO Screen Rate permanently or indefinitely ceases to provide the LIBO Screen Rate; or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the LIBO Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the LIBO Screen Rate announcing that such administrator has ceased or will cease to provide the LIBO Screen Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Screen Rate;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Screen Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBO Screen Rate, a resolution authority with jurisdiction over the administrator for the LIBO Screen Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Screen Rate, in each case which states that the administrator of the LIBO Screen Rate has ceased or will cease to provide the LIBO Screen Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Screen Rate; and/or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Screen Rate announcing that the LIBO Screen Rate is no longer representative.

"Benchmark Transition Start Date" means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

"Benchmark Unavailability Period" means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBO Rate and solely to the extent that the LIBO Rate has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder in accordance with Section 2.14 and (b) ending at the time that a Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder pursuant to Section 2.14.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841 (k)) of such party.

"Board" means the Board of Governors of the Federal Reserve System of the U.S.

"Borrower" means USA Technologies, Inc., a Pennsylvania corporation.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, (b) Term Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, and (c) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03, which shall be substantially in the form of Exhibit B-1 hereto or any other form approved by the Administrative Agent.

"Burdensome Restrictions" means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.10.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for general business in London.

"Cantaloupe" means Cantaloupe Systems, Inc., a Delaware corporation.

"Cantaloupe Acquisition" means that certain merger of USAT, Inc., a Delaware corporation, with and into Cantaloupe on November 9, 2017.

"Capital Expenditures" means, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or financing leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CB Floating Rate" means the Prime Rate; provided that the CB Floating Rate shall never be less than the Adjusted One Month LIBOR Rate on such day (or if such day is not a Business Day, the immediately preceding Business Day). Any change in the CB Floating Rate due to a change in the Prime Rate or the Adjusted One Month LIBOR Rate shall be effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBOR Rate, respectively.

"CBFR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bear interest at a rate determined by reference to the CB Floating Rate.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof), of Equity Interests representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower; (b) occupation at any time of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) directors of the Borrower on the date of this Agreement nor (ii) nominated, ratified, appointed or approved by the board of directors of the Borrower; or (c) the Borrower shall cease to own, free and clear of all Liens or other encumbrances, directly or indirectly, 100% of the outstanding voting Equity Interests of any Subsidiary of the Borrower on a fully diluted basis and all voting rights and equivalent economic interests with respect thereto.

"Change in Law" means the occurrence after the date of this Agreement (or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement) of any of the following: (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street

Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the U.S. or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Charges" has the meaning assigned to such term in Section 9.17.

"Class", when used in reference to (a) any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, a Term A Loan, or Swingline Loans, (b) any Commitment, refers to whether such Commitment is a Revolving Commitment or a Term A Commitment, and (c) any Lender, refers to whether such Lender has a Loan or Commitment of a particular Class.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all property owned, leased or operated by a Person covered by the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that is or required to be, subject to a security interest or Lien in favor of the Administrative Agent, on behalf of itself and the Lenders and other Secured Parties, to secure the Secured Obligations.

"Collateral Access Agreement" has the meaning assigned to such term in the Security Agreement.

"Collateral Documents" means, collectively, the Security Agreement, any Mortgages and any other agreements, instruments and documents executed in connection with this Agreement that are intended to create, grant, or perfect Liens to secure the Secured Obligations, including, without limitation, all other security agreements, pledge agreements, mortgages, and deeds of trust, now or hereafter executed by any Loan Party and delivered to the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means, with respect to each Lender, the sum of such Lender's Revolving Commitment and Term Commitments. The initial amount of each Lender's Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption or other documentation or record (as such term is defined in Section 9-102(a)(70) of the New York Uniform Commercial Code) as provided in Section 9.04(b)(ii)(C), pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Commitment Schedule" means the Schedule attached hereto identified as such.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or the Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

"Compliance Certificate" means a certificate of a Financial Officer in substantially the form of Exhibit E.

"Compounded SOFR" means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which may include compounding in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Administrative Agent in accordance with:

(1) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the

Relevant Governmental Body for determining compounded SOFR; provided that:

(2) if, and to the extent that, the Administrative Agent determines that Compounded SOFR cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that the Administrative Agent determines in its reasonable discretion are substantially consistent with any evolving or then-prevailing market convention for determining compounded SOFR for U.S. dollar-denominated syndicated credit facilities at such time;

provided, further, that if the Administrative Agent decides that any such rate, methodology or convention determined in accordance with clause (1) or clause (2) is not administratively feasible for the Administrative Agent, then Compounded SOFR will be deemed unable to be determined for purposes of the definition of "Benchmark Replacement."

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Covered Entity" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the applicable Interest Period with respect to the LIBO Rate.

"Credit Exposure" means, as to any Lender at any time, the sum of (a) such Lender's Revolving Exposure at such time *plus* (b) an amount equal to the aggregate principal amount of its Term Loans outstanding at such time.

"Credit Party" means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

"Current Long Term Finance Receivable Amount" means, at any time of determination, the difference of (a) 65% of Eligible Receivables arising from equipment sales subject to extended payment terms with respect to which the scheduled due date is more than 365 days after such time of determination minus (b) Reserves.

"Current Receivables Amount" means, at any time of determination, the sum of (a) 85% of Eligible Receivables with respect to which the scheduled due date is less than 120 days after such time of determination minus (b) Reserves.

"Current Short Term Finance Receivable Amount" means, at any time of determination, the sum of (a) 80% of Eligible Receivables arising from equipment sales subject to extended payment terms with respect to which the scheduled due date is less than 365 days after such time of determination minus (b) Reserves.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse

of time or both would, unless cured or waived, become an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party or the Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations as of the date of certification) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's or the Borrower's receipt of such certification in form and substance satisfactory to it and the Administrative Agent or the Borrower, as the case may be, or (d) has become the subject of (i) a Bankruptcy Event or (ii) a Bail-In Action.

"Disclosed Matters" means the actions, suits, proceedings and environmental matters disclosed in Schedule 3.06.

"Disqualified Equity Interests" means, with respect to any Person, any Equity Interest that by its terms (or by the terms of any other Equity Interest into which it is convertible or exchangeable) or otherwise (a) matures or is subject to mandatory redemption or repurchase (other than solely for Equity Interests that are not Disqualified Equity Interests) pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holder thereof upon the occurrence of a change of control or asset sale event shall be subject to the full and final payment and performance of the Obligations and the termination of the Commitments and any and all of Lender's obligations to extent credit or make final accommodations to Borrower hereunder); (b) is convertible into or exchangeable or exercisable for Indebtedness or any Disqualified Equity Interest, at the option of the holder thereof; (c) may be required to be redeemed or repurchased at the option of the holder thereof (other than solely for Equity Interests that are not Disqualified Equity Interests), in whole or in part, in each case on or before the date that is one-hundred eighty (180) days after the latest Maturity Date; or (d) provides for scheduled payments of dividends to be made in cash, provided that if such Equity Interests are issued pursuant to a plan for the benefit of future, current or former employees, directors or officers of the Borrower or any other Loan Party or by any such plan to such employees, directors or officers, such Equity Interests shall not constitute Disqualified Equity Interests solely because it may be required to be repurchased by the Borrower or any other Loan Party in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's or officer's termination, death or disability.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise) of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dividing Person" has the meaning assigned to it in the definition of "Division."

"Division" means the division of the assets, liabilities and/or obligations of a Person (the "Dividing Person")

among two or more Persons (whether pursuant to a "plan of division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

"Division Successor" means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

"Document" has the meaning assigned to such term in the Security Agreement.

"dollars" or "$" refers to lawful money of the U.S.

"Domestic Subsidiary" means each Subsidiary that is organized under the laws of the United States, any state thereof or the District of Columbia.

"Early Opt-in Election" means the occurrence of:

(1) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.14 are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate, and

(2) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

"EBITDA" means, for any period, Net Income for such period *plus* (a) without duplication and to the extent deducted in determining Net Income for such period, the sum of (i) Interest Expense for such period, (ii) income tax expense for such period net of income tax refunds in such period, (iii) all amounts attributable to depreciation and amortization expense for such period, (iv) any extraordinary non-cash charges for such period, (v) any other non-cash charges for such period (but excluding any non-cash charge in respect of an item that was included in Net Income in a prior period), (vi) any non-recurring fees, cash charges and other cash expenses (including severance costs) made or incurred in connection with the Transactions or other Permitted Acquisitions that are paid or otherwise accounted for in such period; provided that the amount thereof added back to EBITDA pursuant to this clause (vi) shall not exceed $2,500,000 in the aggregate for all periods following December 31, 2020, and (vii) to the extent incurred on or prior to June 30, 2021, litigation expense (net of insurance proceeds received with respect thereto), costs associated with the restatement of Borrower's financial statements, costs associated with implemented new financial controls, and one-time signing bonuses for the new management team and investment banking fees; provided that the amount added back pursuant to this clause (vii) shall not exceed $1,500,000 in the aggregate for all periods following December 31, 2020; *minus* (b) without duplication and to the extent included in Net Income, (i) any cash payments made during such period in respect of non-cash charges described in clause (a)(v) taken in a prior period and (ii) any extraordinary gains and any non-cash items of income for such period, all calculated for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is

subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, web portal access for the Borrower and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent or the Issuing Bank and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Eligible Receivables" means, at any time, the Accounts of the Loan Parties which the Administrative Agent determines in its reasonable discretion are eligible as the basis for inclusion in the Adjusted Quick Ratio calculation. Without limiting the Administrative Agent's discretion provided herein, Eligible Receivables shall not include any Account which (a) has been written off the books of such Loan Party or is otherwise designated as uncollectible; (b) are not owned by the Loan Parties free and clear of all Liens and claims of Persons other than the Administrative Agent; (c) is owed by an Affiliate of the Loan Parties or any employee, officer, or director thereof; (d) is owed by an Account Debtor that is not a resident of the United States or Canada or is subject to Sanctions; (e) is not payable in U.S. Dollars; (f) is owed by an Account Debtor subject to a Bankruptcy Event; or (g) is owed by an Account Debtor or an Affiliate thereof to which the Borrower is indebted, or is subject to any security deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof. In determining the amount of an Eligible Receivable, the face amount of an Account may, in the Administrative Agent's reasonable discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that the Loan may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Loan Party or Subsidiary to reduce the amount of such Account.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equipment" has the meaning assigned to such term in the Security Agreement.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing, but excluding any debt securities convertible into any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or Section 4001(a)(14) of ERISA or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(m) of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any ERISA Affiliate from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any ERISA Affiliate of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, in critical status or in reorganization, within the meaning of Title IV of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bear interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an ECP at the time the Guarantee of such Guarantor or the grant of such security interest becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit

or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.17(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as the NYFRB shall be set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate, provided that, if the Federal Funds Effective Rate as so determined would be less than 1.00% per annum, such rate shall be deemed to be 1.00% per annum for the purposes of this Agreement.

"Federal Reserve Bank of New York's Website" means the website of the NYFRB at http://www.newyorkfed.org, or any successor source.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Fee Letter" means, collectively, that certain Fee Letter, dated July 24, 2020 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time), by and between the Borrower and the Administrative Agent and any other fee letters entered into by the parties (or any of them) from time to time.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Financial Statements" has the meaning assigned to such term in Section 5.01.

"Fixtures" has the meaning assigned to such term in the Security Agreement.

"Flood Laws" has the meaning assigned to such term in Section 8.10.

"Foreign Lender" means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"Foreign Subsidiary" means any Subsidiary of Borrower other than a Domestic Subsidiary.

"Funding Account" has the meaning assigned to such term in Section 4.01(h).

"GAAP" means generally accepted accounting principles in the U.S.

"Governmental Authority" means the government of the U.S., any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the

guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee for all purposes of this Agreement shall be deemed to be an amount equal to the stated or determinable amount of the related Indebtedness or primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith (the "Guaranteed Amount"). The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning assigned to such term in Section 10.01.

"Guarantors" means all Loan Guarantors and all non-Loan Parties who have delivered an Obligation Guaranty, and the term "Guarantor" means each or any one of them individually.

"Hazardous Materials" means: (a) any substance, material, or waste that is included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "toxic substances," "toxic materials," "toxic waste," or words of similar import in any Environmental Law; (b) those substances listed as hazardous substances by the United States Department of Transportation (or any successor agency) (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) (40 C.F.R. Part 302 and amendments thereto); and (c) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical.

"IBA" has the meaning assigned to such term in Section 1.05.

"Impacted Interest Period" has the meaning assigned to such term in the definition of "LIBO Rate".

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable or accrued expenses incurred in the ordinary course of business which are not more than one hundred twenty (120) days past due or past the date such expenses began accruing), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) earn-outs in respect of Permitted Acquisitions to the extent reflected as a liability on the consolidated balance sheet of the Borrower and its Subsidiaries, (l) any other Off-Balance Sheet Liability, (m) obligations, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under any and all Swap Agreements, and (n) obligations in respect of Disqualified Equity Interests. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 9.03(b).

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Information" has the meaning assigned to such term in Section 9.12.

"Intellectual Property" has the meaning assigned to such term in the Security Agreement.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.08.

"Interest Expense" means, with reference to any period, total interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptances and net costs under Swap Agreements in respect of interest rates, to the extent such net costs are allocable to such period in accordance with GAAP), calculated for the Borrower and its Subsidiaries on a consolidated basis for such period in accordance with GAAP.

"Interest Payment Date" means (a) with respect to any CBFR Loan (other than a Swingline Loan), the last day of each calendar quarter and the Revolving Credit Maturity Date or the Term A Maturity Date, as applicable, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Revolving Credit Maturity Date or the Term A Maturity Date, as applicable, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Revolving Credit Maturity Date.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Eurodollar Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter, as the Borrower may elect; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Interpolated Rate" means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period and (b) the LIBO Screen Rate for the shortest period (for which the LIBO Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time; provided that, if any Interpolated Rate shall be less than 1.00% per annum, such rate shall be deemed to be 1.00% per annum for purposes of this Agreement.

"Inventory" has the meaning assigned to such term in the Security Agreement.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means, individually and collectively, each of JPM, in its capacity as the issuer of Letters of Credit hereunder and its successors in such capacity as provided in Section 2.06(i). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by its Affiliates, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate (it being agreed that such Issuing Bank shall, or shall cause such Affiliate to, comply with the requirements of Section 2.06 with respect to such Letters of Credit).

"Issuing Bank Sublimit" means, as of the Effective Date, $2,500,000.

"Joinder Agreement" means a Joinder Agreement in substantially the form of Exhibit E.

"JPM" means JPMorgan Chase Bank, N.A., a national banking association, in its individual capacity, and its successors.

"LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"LC Disbursement" means any payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the Standby LC Exposure at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the aggregate LC Exposure at such time.

"Lenders" means the Persons listed on the Commitment Schedule and any other Person that shall have become a Lender hereunder pursuant to Section 2.19 or an Assignment and Assumption, other than any such Person that ceases to be a Lender hereunder pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender and the Issuing Bank.

"Letters of Credit" means the letters of credit issued pursuant to this Agreement, and the term "Letter of Credit" means any one of them or each of them singularly, as the context may require.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an "***Impacted Interest Period***") then the LIBO Rate shall be the Interpolated Rate.

"LIBO Screen Rate" means, for any day and time, with respect to any Eurodollar Borrowing for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); provided that if the LIBO Screen Rate as so determined would be less than 1.00% per annum, such rate shall be deemed to 1.00% per annum for the purposes of this Agreement.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase

option, call or similar right of a third party with respect to such securities.

"Loan Documents" means, collectively, this Agreement, each promissory note issued pursuant to this Agreement, any Letter of Credit applications, each Collateral Document, each Compliance Certificate, the Loan Guaranty, any Obligation Guaranty, each subordination agreement, each intercreditor agreement, and each other agreement, instrument, document and certificate executed in connection herewith or therewith and delivered to, or in favor of, the Administrative Agent or any Lender and including each other pledge, power of attorney, consent, assignment, contract, notice, letter of credit agreement, letter of credit applications and any agreements between the Borrower and the Issuing Bank regarding the Issuing Bank's Issuing Bank Sublimit or the respective rights and obligations between the Borrower and the Issuing Bank in connection with the issuance of Letters of Credit, and each other written matter whether heretofore, now or hereafter executed by or on behalf of any Loan Party, or any employee of any Loan Party, and delivered to the Administrative Agent or any Lender in connection with this Agreement or the transactions contemplated hereby.. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Guarantor" means each Loan Party.

"Loan Guaranty" means Article X of this Agreement.

"Loan Parties" means, collectively, the Borrower, the Borrower's Subsidiaries and any other Person who becomes a party to this Agreement pursuant to a Joinder Agreement and their respective successors and assigns, and the term "Loan Party" shall mean any one of them or all of them individually, as the context may require.

"Loans" means the loans and advances made by the Lenders pursuant to this Agreement, including Swingline Loans.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X, as applicable.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, or condition, financial or otherwise, of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents to which they are a party, (c) the Collateral, or the Administrative Agent's Liens (on behalf of itself and the other Secured Parties) on the Collateral or the priority of such Liens, or (d) the rights of or benefits available to the Administrative Agent, the Issuing Bank or the Lenders under any of the Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $1,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Material Real Property" means each parcel or related parcels of real property owned by any Loan Party which has a fair market value in excess of $1,000,000.

"Maximum Rate" has the meaning assigned to such term in Section 9.17.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means any mortgage, deed of trust or other agreement which conveys or evidences a Lien in

favor of the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, on real property of a Loan Party, including any amendment, restatement, modification or supplement thereto.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Income" means, for any period, the consolidated net income (or loss) determined for the Borrower and its Subsidiaries, on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) except as provided in Section 1.06, the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any Subsidiary, and (b) the income (or deficit) of any Person (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary, to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Net Proceeds" means, with respect to any event, (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, minus (b) the sum of (i) all reasonable fees and out-of- pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer)); provided that no such net cash proceeds shall constitute Net Proceeds in any fiscal year until the aggregate amount of all such net proceeds in such fiscal year shall exceed $500,000 (and thereafter only net proceeds in excess of such amount shall constitute Net Proceeds).

"Non-Consenting Lender" has the meaning assigned to such term in Section 9.02(d).

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day(or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined would be less than 1.00% per annum, such rate shall be deemed to be 1.00% per annum for purposes of this Agreement.

"Obligated Party" has the meaning assigned to such term in Section 10.02.

"Obligation Guaranty" means any Guarantee of all or any portion of the Secured Obligations executed and delivered to the Administrative Agent for the benefit of the Secured Parties by a guarantor who is not a Loan Party.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the

Loan Parties to any of the Lenders, the Administrative Agent, the Issuing Bank or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

"Off-Balance Sheet Liability" of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any indebtedness, liability or obligation under any so-called "synthetic lease" transaction entered into by such Person, or (c) any indebtedness, liability or obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person (other than operating leases).

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than a connection arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit, or any Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

"Paid in Full" or "Payment in Full" means, (a) the payment in full in cash of all outstanding Loans and LC Disbursements, together with accrued and unpaid interest thereon, (b) the termination, expiration, or cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the furnishing to the Administrative Agent of a cash deposit, or at the discretion of the Administrative Agent a back up standby letter of credit satisfactory to the Administrative Agent and the Issuing Bank, in an amount equal to one-hundred and three percent (103%) of the LC Exposure as of the date of such payment), (c) the payment in full in cash of the accrued and unpaid fees, (d) the payment in full in cash of all reimbursable expenses and other Secured Obligations (other than Unliquidated Obligations for which no claim has been made and other obligations expressly stated to survive such payment and termination of this Agreement), together with accrued and unpaid interest thereon, (e) the termination of all Commitments, and (f) the termination of the Swap Agreement Obligations and the Banking Services Obligations or entering into other arrangements satisfactory to the Secured Parties counterparties thereto.

"Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Participant" has the meaning assigned to such term in Section 9.04(c).

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisition" means any Acquisition by any Loan Party in a transaction that satisfies each of

the following requirements:

(a) such Acquisition is not a hostile or contested acquisition;

(b) the business acquired in connection with such Acquisition is (i) located in the U.S., (ii) organized under applicable U.S. and state laws, and (iii) not engaged, directly or indirectly, in any line of business other than the businesses in which the Loan Parties are engaged on the Effective Date and any business activities that are substantially similar, related, or incidental thereto;

(c) both before and after giving effect to such Acquisition and the Loans (if any) requested to be made in connection therewith, each of the representations and warranties in the Loan Documents is true and correct (except (i) any such representation or warranty which relates to a specified prior date and (ii) to the extent the Lenders have been notified in writing by the Loan Parties that any representation or warranty is not correct and the Lenders have explicitly waived in writing compliance with such representation or warranty) and no Default exists, will exist, or would result therefrom;

(d) as soon as available, but not less than fifteen (15) days prior to such Acquisition, the Borrower has provided the Administrative Agent (i) notice of such Acquisition and (ii) a copy of all business and financial information reasonably requested by the Administrative Agent including pro forma financial statements, and statements of cash flow;

(e) the purchase price of such Acquisition does not exceed **$**15,000,000 and any cash consideration paid for all Acquisitions made during any fiscal year of the Borrower shall not exceed

$15,000,000;

(f) if such Acquisition is an acquisition of the Equity Interests of a Person, such Acquisition is structured so that the acquired Person shall become a wholly-owned Domestic Subsidiary of the Borrower and a Loan Party pursuant to the terms of this Agreement;

(g) if such Acquisition is an acquisition of assets, such Acquisition is structured so that the Borrower or another Loan Party shall acquire such assets;

(h) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulation U;

(i) if such Acquisition involves a merger or a consolidation involving (i) the Borrower, the Borrower shall be the surviving entity or (ii) any other Loan Party, such Loan Party shall be the surviving entity unless the other Person will become a wholly-owned Subsidiary of the Borrower and a Loan Party pursuant to Section 5.14;

(j) no Loan Party shall, as a result of or in connection with any such Acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation, or other matters) that could have a Material Adverse Effect;

(k) the Borrower shall certify to the Administrative Agent and the Lenders (and provide the Administrative Agent and the Lenders with a pro forma calculation in form and substance reasonably satisfactory to the Administrative Agent) that, after giving effect to the completion of such Acquisition, on a pro forma basis, the Borrowers will otherwise be in compliance with the covenants in Section 6.12 of this Agreement;

(l) all actions required to be taken with respect to any newly acquired or formed wholly-owned Subsidiary of the Borrower or a Loan Party, as applicable, required under Section 5.14 shall have been taken; and

(m) the Borrower shall have delivered to the Administrative Agent the final executed documentation relating to such Acquisition within five (5) days following the consummation thereof.

"Permitted Encumbrances" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness, except with respect to clause (e) above.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the U.S. (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the U.S.), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, bankers' acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the U.S. or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Plan Asset Regulations" means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of any Loan Party or any Subsidiary, other than dispositions described in Section 6.05(a) - (g); or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Loan Party or any Subsidiary with a fair value immediately prior to such event equal to or greater than $500,000; or

(c) the incurrence by any Loan Party or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01 or permitted by the Required Lenders pursuant to Section 9.02.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Projections" has the meaning assigned to such term in Section 5.01(e).

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public-Sider" means a Lender whose representatives may trade in securities of the Borrower or its Controlling person or any of its Subsidiaries while in possession of the financial statements provided by the Borrower under the terms of this Agreement.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to it in Section 9.21.

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Loan Guaranty or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Real Property" means all real property that was, is now or may hereafter be owned, occupied or otherwise controlled by any Loan Party pursuant to any contract of sale, lease or other conveyance of any legal interest in any real property to any Loan Party.

"Recipient" means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, or any combination thereof (as the context requires).

"Refinance Indebtedness" has the meaning assigned to such term in Section 6.01(f).

"Register" has the meaning assigned to such term in Section 9.04(b).

"Relevant Governmental Body" means the Federal Reserve Board and/or the NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board and/or the NYFRB or, in each case, any successor thereto.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, trustees, employees, agents, administrators, managers, representatives and advisors of such Person and such Person's Affiliates.

"Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, disposing, or dumping of any substance into the environment.

"Report" means reports prepared by the Administrative Agent or another Person showing the results of appraisals, field examinations or audits pertaining to any Loan Party's assets from information furnished by or on behalf of such Loan Party, after the Administrative Agent has exercised its rights of inspection pursuant to this Agreement, which Reports may be distributed to the Lenders by the Administrative Agent.

"Required Lenders" means, at any time, Lenders (other than Defaulting Lenders) having Credit Exposure and unused Commitments representing more than 50% of the sum of the Aggregate Credit Exposure and unused Commitments at such time; provided that, as long as there are only two Lenders, Required Lenders shall mean both Lenders; provided further that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, and for all purposes after the Loans become due and payable pursuant to Article VII or the Commitments expire or terminate, then, as to each Lender, clause (a) of the definition of Swingline Exposure shall only be applicable for purposes of determining its Revolving Exposure to the extent such Lender shall have funded its participation in the outstanding Swingline Loans.

"Requirement of Law" means, with respect to any Person, (a) the charter, articles or certificate of organization or incorporation and bylaws or operating, management or partnership agreement, or other organizational or governing documents of such Person and (b) any statute, law (including common law), treaty, rule, regulation, code, ordinance, order, decree, writ, judgment, injunction or determination of any arbitrator or court or other Governmental Authority (including Environmental Laws), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Reserves" means any and all reserves which the Administrative Agent deems necessary, in its sole discretion, to maintain with respect to the Eligible Receivables or the Loan Parties.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests or any option, warrant or other right to acquire any such Equity Interests.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate permitted amount of such Lender's Revolving Exposure hereunder, as such commitment may be reduced or increased from time to time pursuant to (a) Section 2.09 and (b) assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Revolving Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $5,000,000.00.

"Revolving Credit Maturity Date" means August 14, 2023 (if the same is a Business Day, or if not then the immediately next succeeding Business Day), or any earlier date on which the Revolving Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof.

"Revolving Exposure" means, with respect to any Lender, at any time, the sum of the aggregate outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and its Swingline Exposure at such time.

"Revolving Lender" means, as of any date of determination, a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to Section 2.01(a).

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sale and Leaseback Transaction" has the meaning assigned to such term in Section 6.06.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or by the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"SEC" means the Securities and Exchange Commission of the U.S.

"Secured Obligations" means all Obligations, together with all (a) Banking Services Obligations and (b) Swap Agreement Obligations owing to the Administrative Agent or one or more Lenders or their respective Affiliates or a Person that was a Lender (or an Affiliate of a Lender) at the time the Swap Agreement Obligation was incurred; provided, however, that the definition of "Secured Obligations" shall not create any guarantee by any Guarantor of (or grant of security interest by any Guarantor to support, as applicable) any Excluded Swap Obligations of such Guarantor for purposes of determining any obligations of any Guarantor.

"Secured Parties" means (a) the Lenders, (b) the Administrative Agent, (c) Issuing Bank, (d) each provider of Banking Services, to the extent the Banking Services Obligations in respect thereof constitute Secured Obligations, (e) each counterparty to any Swap Agreement, to the extent the obligations thereunder constitute Secured Obligations, (f) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document and (g) the successors and assigns of each of the foregoing.

"Security Agreement" means that certain Pledge and Security Agreement (including any and all supplements thereto), dated as of the date hereof, among the Loan Parties and the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, and any other pledge or security agreement entered into, after the date of this Agreement by any other Loan Party (as required by this Agreement or any other Loan Document) or any other Person for the benefit of the Administrative Agent and the other Secured Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"SOFR" with respect to any day means the secured overnight financing rate published for such day by the NYFRB, as the administrator of the benchmark (or a successor administrator), on the Federal Reserve Bank of New York's Website.

"SOFR-Based Rate" means SOFR, Compounded SOFR or Term SOFR.

"Specified SVB Account" means that certain deposit account maintained by Cantaloupe with Silicon Valley Bank with account number ending in 8650.

"Standby LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all standby Letters of Credit outstanding at such time *plus* (b) the aggregate amount of all LC Disbursements relating to standby Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time. The Standby LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the aggregate Standby LC Exposure at such time.

"Statements" has the meaning assigned to such term in Section 2.18(g).

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) established by the Federal Reserve Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D). Such reserve percentages shall include those imposed pursuant to Regulation D of the Federal Reserve Board. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D of the Federal Reserve Board or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Stitch Networks" means Stitch Networks Corporation, a Delaware corporation.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person, the payment of which is subordinated to payment of the Secured Obligations to the written satisfaction of the Administrative Agent.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held , or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any direct or indirect subsidiary of the Borrower or of any other Loan Party, as applicable.

"Supported QFC" has the meaning assigned to it in Section 9.21.

"Swap Agreement" means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services

provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Swap Agreement Obligations" means any and all obligations of the Loan Parties and their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any Swap Agreement permitted hereunder with the Administrative Agent, a Lender or an Affiliate of the Administrative Agent or a Lender, and (b) any cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction permitted hereunder with a Lender or an Affiliate of a Lender.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Swingline Commitment" means the amount set forth opposite JPM's name on the Commitment Schedule as Swingline Commitment. As of the Effective Date, the Swingline Commitment is $0.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of (a) any Revolving Lender (other than a Revolving Lender in its capacity as the Swingline Lender) at any time shall be its Applicable Percentage of the total Swingline Exposure at such time and (b) the Revolving Lender in its capacity as the Swingline Lender shall be the principal amount of all Swingline Loans made by such Revolving Lender in its capacity as the Swingline Lender outstanding at such time (less the amount of participations funded by the other Revolving Lenders in such Swingline Loans).

"Swingline Lender" means JPM, in its capacity as lender of Swingline Loans hereunder. Any consent required of the Administrative Agent or the Issuing Bank shall be deemed to be required of the Swingline Lender and any consent given by JPM in its capacity as Administrative Agent or Issuing Bank shall be deemed given by JPM in its capacity as Swingline Lender as well.

"Swingline Loan" means a Loan made pursuant to Section 2.05.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term A Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Term A Loan, expressed as an amount representing the maximum principal amount of the Term A Loan to be made by such Lender, as such commitment may be reduced or increased from time to time pursuant to (a) Section 2.09 and (b) assignments by or to such Lenders pursuant to Section 9.04. The initial amount of each Lender's Term A Commitment is set forth on the Commitment Schedule or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Term A Commitment, as applicable. The aggregate amount of the Lenders' Term A Commitment on the Effective Date is $15,000,000.00.

"Term A Lender" means a Lender having a Term A Commitment or an outstanding Term A Loan.

"Term A Loan" means a Loan made pursuant to Section 2.01(b).

"Term A Maturity Date" means August 14, 2023.

"Term Commitments" means the Term A Commitments.

"Term Lenders" means the Term A Lenders.

"Term Loans" means the Term A Loans.

"Term SOFR" means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Total Indebtedness" means, at any date, the aggregate principal amount of all Indebtedness determined for the Borrower and its Subsidiaries on a consolidated basis at such date.

"Total Leverage Ratio" means, on any date, the ratio of (a) Total Indebtedness on such date to (b) EBITDA for the period of four consecutive fiscal quarters ended on or most recently prior to such date.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof, and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, or the CB Floating Rate.

"UK Financial Institutions" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment; provided that, if the Unadjusted Benchmark Replacement as so determined would be less than 1.00% per annum, the Unadjusted Benchmark Replacement will be deemed to be 1.00% per annum for the purposes of this Agreement.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or in any other state, the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Unfinanced Capital Expenditures" means, for any period, Capital Expenditures made during such period which are not financed from the proceeds of any Indebtedness (other than the Revolving Loans; it being understood and agreed that, to the extent any Capital Expenditures are financed with Revolving Loans, such Capital Expenditures shall be deemed Unfinanced Capital Expenditures).

"Unliquidated Obligations" means, at any time, any Secured Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Secured Obligation that is: (a) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (b) any other obligation (including any guarantee) that is contingent in nature at such time; or (c) an obligation to provide collateral to secure any of the foregoing types of obligations.

"U.S." means the United States of America.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regimes" has the meaning assigned to such term in Section 9.21.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail- In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply) and all judgments, orders and decrees of all Governmental Authorities. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (f) any reference in any definition to the phrase "at any time" or "for any period" shall refer to the same time or period for all calculations or determinations within such definition, and (g) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if after the date hereof there occurs any change in GAAP or in the application thereof on the operation of any provision hereof and the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of such change in GAAP or in the application thereof (or if the

Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Financial Accounting Standards Board Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Loan Party, the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Notwithstanding anything to the contrary contained in this Section 1.04 or in the definition of "Capital Lease Obligations," any existing requirement of, or any change in, accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith.

SECTION 1.05 Interest Rates; LIBOR Notification. The interest rate on Eurodollar Loans is determined by reference to the LIBO Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurodollar Loans. Upon the occurrence of a Benchmark Transition Event or an Early Opt-In Election, Section 2.14(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent will promptly notify the Borrower, pursuant to Section 2.14(d), of any change to the reference rate upon which the interest rate on Eurodollar Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBO Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof (including, without limitation, (i) any such alternative, successor or replacement rate implemented pursuant to Section 2.14(b), whether upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, and (ii) the implementation of any Benchmark Replacement Conforming Changes pursuant to Section 2.14(c)), including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 2.14(c) of this Agreement, such Section 2.14(c) provides a mechanism for determining an alternative rate of interest. The Administrative Agent will notify the Borrower, pursuant to Section 2.14, in advance of any change to the reference rate upon which the interest rate on Eurodollar Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBO Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.14(c),

will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

SECTION 1.06 Pro Forma Adjustments for Acquisitions and Dispositions. To the extent the Borrower or any Subsidiary makes any acquisition permitted pursuant to Section 6.04 or disposition of assets outside the ordinary course of business permitted by Section 6.05 during the period of four fiscal quarters of the Borrower most recently ended, the Total Leverage Ratio shall be calculated after giving pro forma effect thereto (including pro forma adjustments in the nature of cost savings and synergies arising out of events which are directly attributable to the acquisition or the disposition of assets, are factually supportable and are expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the SEC, and as certified by a Financial Officer), as if such acquisition or such disposition (and any related incurrence, repayment or assumption of Indebtedness) had occurred in the first day of such four-quarter period.

SECTION 1.07 Status of Obligations.In the event that the Borrower or any other Loan Party shall at any time issue or have outstanding any Subordinated Indebtedness, the Borrower shall take or cause such other Loan Party to take all such actions as shall be necessary to cause the Secured Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Administrative Agent and the Lenders to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Secured Obligations are hereby designated as "senior indebtedness" and as "designated senior indebtedness" and words of similar import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

SECTION 1.08 Rounding. Any financial ratios required to be maintained by any Loan Party pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

ARTICLE II

The Credits

SECTION 2.01 Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally (and not jointly) agrees to make Revolving Loans in dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result (after giving effect to any application of proceeds of such Borrowing pursuant to Section 2.10(a)) in (i) such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment or (ii) the Aggregate Revolving Exposure exceeding the aggregate Revolving Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

(b) Subject to the terms and conditions set forth herein, each Term A Lender severally (and not jointly) agrees to make a Term A Loan in dollars to the Borrower, on the Effective Date, in a principal amount not to exceed such Lender's Term A Commitment. Amounts prepaid or repaid in respect of Term A Loans may not be reborrowed.

SECTION 2.02 Loans and Borrowings.

(a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the

applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.05.

(b) Subject to Section 2.14, each Revolving Borrowing and Term Loan Borrowing shall be comprised entirely of CBFR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, provided that all Revolving Borrowings and Term Loan Borrowings made on the Effective Date must be made as CBFR Borrowings but may be converted into Eurodollar Borrowings in accordance with Section 2.08. Each Swingline Loan shall be an CBFR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $50,000 and not less than $500,000. At the time that each CBFR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $100,000; provided that an CBFR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of $25,000 and not less than $25,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of five (5) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Maturity Date or the Term A Maturity Date, as applicable.

SECTION 2.03 Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request either in writing (delivered by hand or fax) in the form attached hereto as Exhibit B and signed by the Borrower or by telephone or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York time, three Business Days before the date of the proposed Borrowing or in the case of an CBFR Borrowing, not later than 2:00 p.m., New York time, on the date of the proposed Borrowing; provided that any such notice of an CBFR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 11:00 a.m., New York time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery, fax or a communication through Electronic System to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.01:

(i) the Class of Borrowing, the aggregate amount of the requested Borrowing, and a breakdown of the separate wires comprising such Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an CBFR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period."

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be

an CBFR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 [Section Intentionally Omitted]

SECTION 2.05 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period, the Swingline Lender may agree, but shall have no obligation, to make Swingline Loans to the Borrower, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding the Swingline Lender's Swingline Commitment, (ii) the Swingline Lender's Revolving Exposure exceeding its Revolving Commitment, or (iii) the Aggregate Revolving Exposure exceeding the aggregate Revolving Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans. To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by fax) or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, not later than noon, New York time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower, to the extent the Swingline Lender elects to make such Swingline Loan by means of a credit to the Funding Account(s) (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the Issuing Bank, and in the case of repayment of another Loan or fees or expenses as provided by Section 2.18(c), by remittance to the Administrative Agent to be distributed to the Lenders) by 2:00 p.m., New York time, on the requested date of such Swingline Loan.

(b) The Swingline Lender may by written notice given to the Administrative Agent require the Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which the Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, promptly upon receipt of such notice from the Administrative Agent (and in any event, if such notice is received by 11:00 a.m., New York time, on a Business Day no later than 4:00 p.m., New York time on such Business Day and if received after 11:00 a.m., New York time, "on a Business Day" shall mean no later than 9:00 a.m. New York time on the immediately succeeding Business Day), to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the

Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.06 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit denominated in dollars as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. The Borrower unconditionally and irrevocably agrees that, in connection with any Letter of Credit issued for the support of any Subsidiary's obligations as provided in the first sentence of this paragraph, the Borrower will be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.12(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (the Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such Subsidiary that is an account party in respect of any such Letter of Credit). Notwithstanding anything herein to the contrary, the Issuing Bank shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit (i) the proceeds of which would be made available to any Person (A) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (B) in any manner that would result in a violation of any Sanctions by any party to this Agreement, (ii) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Requirement of Law relating to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Bank in good faith deems material to it, or (iii) if the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed not to be in effect on the Effective Date for purposes of clause (ii) above, regardless of the date enacted, adopted, issued or implemented.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or fax (or transmit through Electronic System, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than three Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof, and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower

also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the aggregate LC Exposure shall not exceed $2,500,000, (ii) no Revolving Lender's Revolving Exposure shall exceed its Revolving Commitment and (iii) the Aggregate Revolving Exposure shall not exceed the aggregate Revolving Commitments. Notwithstanding the foregoing or anything to the contrary contained herein, the Issuing Bank shall not be obligated to issue or modify any Letter of Credit if, immediately after giving effect thereto, the outstanding LC Exposure in respect of all Letters of Credit issued by Issuing Bank and its Affiliates would exceed such Issuing Bank's Issuing Bank Sublimit. Without limiting the foregoing and without affecting the limitations contained herein, it is understood and agreed that the Borrower may from time to time request that the Issuing Bank issue Letters of Credit in excess of its individual Issuing Bank Sublimit in effect at the time of such request, and the Issuing Bank agrees to consider any such request in good faith. Any Letter of Credit so issued by the Issuing Bank in excess of its individual Issuing Bank Sublimit then in effect shall nonetheless constitute a Letter of Credit for all purposes of the Credit Agreement, and shall not affect the Issuing Bank Sublimit of any other Issuing Bank, subject to the limitations on the aggregate LC Exposure set forth in clause (i) of this Section 2.06(b).

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination or non- renewal by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, including, without limitation, any automatic renewal provision, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Revolving Credit Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Revolving Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than noon, New York time, on (i) the Business Day that the Borrower receives notice of such LC Disbursement, if such notice is received prior to 9:00 a.m., New York time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is received after 9:00 a.m., New York time, on the day of receipt; provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with an CBFR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting CBFR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof, and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders),

and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank, as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of CBFR Revolving Loans or Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) any payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. None of the Administrative Agent, the Revolving Lenders or the Issuing Bank, or any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit, or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by fax or through Electronic Systems) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to CBFR Revolving Loans and such interest shall be due and payable on the date when such reimbursement is due; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing

Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. (i) The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Bank, as the context shall require. After the replacement of the Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit. (ii) Subject to the appointment and acceptance of a successor Issuing Bank, the Issuing Bank may resign as the Issuing Bank at any time upon thirty days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such resigning Issuing Bank shall be replaced in accordance with Section 2.06(i) above.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the aggregate LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Lenders (the "LC Collateral Account"), an amount in cash equal to one hundred and three percent (103%) of the amount of the LC Exposure as of such date plus accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VII. The Borrower also shall deposit cash collateral in accordance with this paragraph as and to the extent required by Section 2.11(b) or 2.20. Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Secured Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the LC Collateral Account and the Borrower hereby grants the Administrative Agent a security interest in the LC Collateral Account and all moneys or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the aggregate LC Exposure), be applied to satisfy other Secured Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all such Events of Default have been cured or waived as confirmed in writing by the Administrative Agent.

(k) LC Exposure Determination. For all purposes of this Agreement, the amount of a Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at the time of determination.

(l) Letters of Credit Issued for Account of Subsidiaries. Notwithstanding that a Letter of Credit issued

or outstanding hereunder supports any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the "account party," "applicant," "customer," "instructing party," or the like of or for such Letter of Credit, and without derogating from any rights of the applicable Issuing Bank (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, the Borrower (i) shall reimburse, indemnify and compensate the applicable Issuing Bank hereunder for such Letter of Credit (including to reimburse any and all drawings thereunder) as if such Letter of Credit had been issued solely for the account of the Borrower and (ii) irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance of such Letters of Credit for its Subsidiaries inures to the benefit of the Borrower

SECTION 2.07 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by such Lender hereunder on the proposed date thereof solely by wire transfer of immediately available funds by 1:00 p.m., New York time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders in an amount equal to such Lender's Applicable Percentage; provided that Term Loans shall be made as provided in Sections 2.01(b) and 2.02(b) and Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the funds so received in the aforesaid account of the Administrative Agent to the Funding Account(s); provided that CBFR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to CBFR Revolving Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

SECTION 2.08 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, by the time that a Borrowing Request would be required under Section 2.03 if the Borrower

were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery, Electronic System or fax to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request (including requests submitted through Electronic System) shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an CBFR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the applicable Class of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an CBFR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an CBFR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09 Termination, Reduction, and Increase of Commitments.

(a) Unless previously terminated, (i) the Term A Commitments shall terminate at 5:00 p.m., New York time, on the Effective Date and (ii) all the Revolving Commitments shall terminate on the Revolving Credit Maturity Date.

(b) The Borrower may at any time terminate the Revolving Commitments upon the Payment in Full of the Secured Obligations.

(c) The Borrower may from time to time reduce the Revolving Commitments; provided that (i) each reduction of the Revolving Commitments shall be in an amount that is an integral multiple of $500,000 and not less than $500,000 and (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the Aggregate Revolving Exposure would exceed the aggregate Revolving Commitments.

(d) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the

Revolving Commitments under paragraph (b) or (c) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Revolving Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Revolving Commitments.

(e) The Borrower shall have the right request increases in the Term A Loan or additional term loan facilities and/or increases in the Revolving Commitments by obtaining additional Commitments, either from one or more of the Lenders or another lending institution, provided that (i) any such request for an increase shall be in a minimum amount of $2,500,000, (ii) the Borrower may make a maximum of two such requests, (iii) after giving effect thereto, the sum of the total of the additional Commitments does not exceed $5,000,000 during the term of this Agreement, (iv) the Administrative Agent, the Swingline Lender and the Issuing Bank have approved the identity of any such new Lender, such approvals not to be unreasonably withheld, (v) any such new Lender assumes all of the rights and obligations of a "Lender" hereunder, and (vi) the procedures described in Section 2.09(g) below have been satisfied. Nothing contained in this Section 2.09 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder at any time.

(f) Any amendment hereto for such an increase or addition shall be in form and substance satisfactory to the Administrative Agent and shall only require the written signatures of the Administrative Agent, the Borrower and each Lender being added or increasing its Commitment, subject only to the approval of all Lenders if any such increase or addition would cause the Revolving Commitments to exceed $5,000,000. As a condition precedent to such an increase or addition, the Borrower shall deliver to the Administrative Agent (i) a certificate of each Loan Party signed by an authorized officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (B) in the case of the Borrower, certifying that, before and after giving effect to such increase or addition, (1) the representations and warranties contained in Article III and the other Loan Documents are true and correct, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, (2) no Default exists and (3) the Borrower is in compliance (on a pro forma basis) with the covenants contained in Section 6.12 and (ii) legal opinions and documents consistent with those delivered on the Effective Date, to the extent requested by the Administrative Agent.

(g) With respect to increases in the Revolving Commitment, on the effective date of any such increase or addition, (i) any Lender increasing (or, in the case of any newly added Lender, extending) its Commitment shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase or addition and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Loans of all the Lenders to equal its revised Applicable Percentage of such outstanding Loans, and the Administrative Agent shall make such other adjustments among the Lenders with respect to the Loans then outstanding and amounts of principal, interest, commitment fees and other amounts paid or payable with respect thereto as shall be necessary, in the opinion of the Administrative Agent, in order to effect such reallocation and (ii) the Borrower shall be deemed to have repaid and reborrowed all outstanding Loans as of the date of any increase (or addition) in the Commitments (with such reborrowing to consist of the Types of Loans, with related Interest Periods if applicable, specified in a notice delivered by the Borrower, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurodollar Loan, shall be subject to indemnification by the Borrower pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods. Within a reasonable time after the effective date of any increase or addition, the Administrative Agent shall, and is hereby authorized and directed to, revise the Commitment Schedule to reflect such increase or addition

and shall distribute such revised Commitment Schedule to each of the Lenders and the Borrower, whereupon such revised Commitment Schedule shall replace the old Commitment Schedule and become part of this Agreement.

(h) Any additional term loan facilities made pursuant thereto shall be in the form of and constitute a Loan that shall be made subject to all of the terms and conditions contained in this Agreement (including, without limitation, the conditions set forth in Section 4.02) applicable to, and shall constitute and comprise a portion of, the Loans and Obligations and, except as otherwise provided in this Section 2.09(h), shall be on terms substantially consistent with, and no more favorable than, or to the extent not consistent (except as otherwise provided in this Section 2.09(h)), on terms reasonably acceptable to Administrative Agent, those applicable to the Term A Loans. Any additional term loan facilities (A) subject to Section 2.10, shall be repaid as agreed to by Borrower and the Lenders providing such additional term loans, provided that the neither the maturity nor the weighted average life to maturity of the payments with respect thereto shall be shorter than any existing Term Loans; (B) shall for all purposes be Loans and Obligations hereunder and under the Loan Documents; and (C) shall rank pari passu with the other Term A Loans for purposes of Sections 2.18 and 2.19 hereof. Any additional term loans shall bear interest at the CB Floating Rate or the Adjusted LIBO Rate (including, without limitation, the Applicable Margin with respect thereto) agreed upon by Borrower the Lenders providing such additional term loans therefor. With respect to additional term loan facilities and the Lenders providing the same, to the extent that the pricing (calculated based on the interest rate margins, upfront fees paid to such Lenders, original issue discount (calculated based on an assumed four year life to maturity), and any interest rate floor) applicable to any such additional term loan facilities is greater than the pricing (calculated based on the interest rate margin, upfront fees paid to the then existing Lenders, original issue discount (calculated based on an assumed four year life to maturity), and the interest rate floor) then applicable to the outstanding Term A Loans by more than 0.50%, then the interest rate margin and, if applicable, any interest rate floor for then outstanding Term A Loans shall be automatically increased to an amount which is 0.50% less than the pricing (calculated based on the interest rate margins, upfront fees paid to such Lenders providing additional term loans, original issue discount (calculated based on an assumed four year life to maturity), and any interest rate floor) for such additional term loans. In calculating the pricing for any series of Term A Loans, arrangement fees, underwriting fees, and similar fees that are not paid to all Lenders or all applicable Lenders shall be disregarded.

SECTION 2.10 Repayment and Amortization of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Lender the then unpaid principal amount of each Revolving Loan on the Revolving Credit Maturity Date, and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Credit Maturity Date and the fifth Business Day after such Swingline Loan is made; provided that on each date that a Revolving Loan is made, the Borrower shall repay all Swingline Loans then outstanding and the proceeds of any such Revolving Loan shall be applied by the Administrative Agent to repay any Swingline Loans outstanding.

(b) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Term A Lender on each date set forth below the aggregate principal amount set forth opposite such date (as adjusted from time to time pursuant to Section 2.11(d) or 2.18(b)):

Date	Amount
December 31, 2020	$187,500
March 31, 2021	$187,500
June 30, 2021	$187,500
September 30, 2021	$187,500
December 31, 2021	$187,500
March 31, 2022	$187,500
June 30, 2022	$187,500
September 30, 2022	$187,500
December 31, 2022	$375,000
March 31, 2023	$375,000
June 30, 2023	$375,000
Term A Maturity Date	The entire unpaid principal amount of all Term A Loans

; provided if any date set forth above is not a Business Day, then payment shall be due and payable on the Business Day immediately preceding such date. To the extent not previously paid, all unpaid Term A Loans shall be paid in full in cash by the Borrower on the Term A Maturity Date.

(c) Prior to any repayment of any Term Loan Borrowings of any Class, if applicable, under this Section, the Borrower shall select the Borrowing or Borrowings of the applicable Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by fax) of such selection not later than noon, New York time, three (3) Business Days before the scheduled date of such repayment. Each repayment of a Term Loan Borrowing of any Class shall be applied ratably to the Loans included in the repaid Term Loan Borrowing. Repayments of Term Loan Borrowings shall be accompanied by accrued interest on the amounts repaid.

(d) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(e) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, if any, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(f) The entries made in the accounts maintained pursuant to paragraph (d) or (e) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(g) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form.

SECTION 2.11 Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (e) of this Section and, if applicable, payment

of any break funding expenses under Section 2.16.

(b) In the event and on such occasion that the Aggregate Revolving Exposure exceeds the aggregate Revolving Commitments, the Borrower shall prepay the Revolving Loans, the LC Exposure and the Swingline Loans (or, if no such Borrowings are outstanding, deposit cash collateral in the LC Collateral Account in an aggregate amount equal to such excess, in accordance with Section 2.06(j)).

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of any other Loan Party or any Subsidiary in respect of any Prepayment Event, the Borrower shall, immediately after such Net Proceeds are received by any other Loan Party or Subsidiary, prepay the Obligations and cash collateralize the LC Exposure as set forth in Section 2.11(d) below in an aggregate amount equal to 100% of such Net Proceeds, provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Loan Parties intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 180 days after receipt of such Net Proceeds, to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) to be used in the business of the Loan Parties, and certifying that no Event of Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate, provided that to the extent of any such Net Proceeds that have not been so applied by the end of such 180-day period, a prepayment shall be required at such time in an amount equal to such Net Proceeds that have not been so applied.

(d) All prepayments required to be made pursuant to Section 2.11(c) shall be applied, first to prepay the Term Loans (and in the event Term Loans of more than one Class shall be outstanding at the time, shall be allocated among the Term Loans pro rata based on the aggregate principal amounts of outstanding Term Loans of each such Class) as so allocated, and shall be applied to reduce the subsequent scheduled repayments of Term Loans of each Class to be made pursuant to Section 2.10 ratably based on the amount of such scheduled repayments and second to prepay the Revolving Loans (including Swingline Loans) without a corresponding reduction in the Revolving Commitments and third to repay the outstanding LC Exposure (or, if no such Borrowings are outstanding deposit cash collateral in the LC Collateral Account in an aggregate amount equal to such excess in accordance with Section 2.06(j)).

(e) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by fax) or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, of any prepayment under this Section: (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York time, three (3) Business Days before the date of prepayment, (ii) in the case of prepayment of an CBFR Borrowing, not later than noon, New York time, on the date of prepayment or (iii) except as provided in Section 2.10(a), in the case of prepayment of a Swingline Loan, not later than noon, New York time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that if a notice of prepayment is given in connection with a conditional notice of termination of the Revolving Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing or Term Loan shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing of any Class shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments to the extent required by to Section 2.16.

SECTION 2.12 Fees.

(a) The Borrower agrees to pay to the Administrative Agent a commitment fee for the account of each Revolving Lender, which shall accrue at the Applicable Rate on the daily amount of the undrawn portion of the Revolving Commitment of such Lender during the period from and including the Effective Date to but excluding

the date on which the Lenders' Revolving Commitments terminate; it being understood that the LC Exposure of a Lender shall be included and the Swingline Exposure of a Lender shall be excluded in the drawn portion of the Revolving Commitment of such Lender for purposes of calculating the commitment fee. Accrued commitment fees shall be payable in arrears on the last Business Day of March, June, September and December of each year and on the date on which the Revolving Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Revolving Loans on the daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the daily amount of the LC Exposure attributable to Letters of Credit issued by such Issuing Bank (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent, including, without limitation, pursuant to the Fee Letter.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13 Interest.

(a) The Loans comprising each CBFR Borrowing (including each Swingline Loan) shall bear interest at the CB Floating Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, during the occurrence and continuance of an Event of Default, the Administrative Agent or the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 9.02 requiring the consent of "each Lender affected thereby" for reductions in interest rates), declare that (i) all Loans and Letter of Credit fees shall bear interest at 2% plus the rate otherwise applicable to such Loans and Letter of Credit fees as provided in the preceding paragraphs of this Section or Section 2.12(b) or (ii) in the case of any other amount outstanding hereunder, such amount shall accrue at 2% plus the rate applicable to CBFR Borrowings.

(d) Accrued interest on each Loan (for CBFR Loans, accrued through the last day of the current calendar quarter) shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an CBFR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the CB Floating Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable CB Floating Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14 Alternate Rate of Interest.

(a) If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable (including, without limitation, because the LIBO Screen Rate is not available or published on a current basis), for such Interest Period; provided that no Benchmark Transition Event shall have occurred at such time; or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders through Electronic System as provided in Section 9.01 as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (A) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, and (B) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an CBFR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace the LIBO Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower, so long as the Administrative Agent has not received, by such time, written notice of objection to such proposed amendment from Lenders comprising the Required Lenders of each Class; provided that, with respect to any proposed amendment containing any SOFR-Based Rate, the Lenders shall be entitled to object only to the Benchmark Replacement Adjustment contained therein. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders of each Class have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of LIBO Rate with a Benchmark Replacement will occur prior to the applicable Benchmark Transition Start Date.

(c) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark

Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(d) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.14.

(e) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an CBFR Borrowing and (iii) any request by the Borrower for a Eurodollar Competitive Borrowing shall be ineffective.

SECTION 2.15 Increased Costs.

(a) If any Change in Law shall:impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; orimpose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; orsubject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, the Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or such other Recipient hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, the Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such

certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.09(c) or (d) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19 or 9.02(d), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Eurodollar Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Eurodollar Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17 Taxes.

(a) Withholding Taxes; Gross-Up; Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Loan Parties. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payment. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.17, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment, or other evidence of such payment reasonably satisfactory to the

Administrative Agent.

(d) Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Loan Party by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed copy of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the U.S. is a party (x) with respect to payments of interest under any Loan Document, an executed copy of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed copy of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit C-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) an executed IRS Form W-8BEN or IRS Form W- 8BEN-E, as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, an executed copy of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit C- 2 or Exhibit C-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

g. Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with

respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph (g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

h. Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document (including the Payment in Full of the Secured Obligations).

i. Defined Terms. For purposes of this Section 2.17, the term "Lender" includes any Issuing Bank and the term "applicable law" includes FATCA.

SECTION 2.18 Payments Generally; Allocation of Proceeds; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Sections 2.15, 2.16 or 2.17, or otherwise) prior to 3:00 p.m., New York time, on the date when due or the date fixed for any prepayment hereunder, in immediately available funds, without set-off, recoupment or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 10 South Dearborn, Floor L2, Suite IL1-0480, Chicago, IL, 60603-2300, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. Unless otherwise provided for herein, if any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Any proceeds of Collateral or any payment by or on behalf of any Loan Party received by the Administrative Agent (i) not constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents (which shall be applied as specified by the Borrower), or (B) a mandatory prepayment (which shall be applied in accordance with Section 2.11) or (ii) after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, shall be applied ratably first, to pay any fees, indemnities, or expense reimbursements then due to the Administrative Agent, the Swingline Lender and the Issuing Bank from the Borrower (other than in connection with Banking Services Obligations or Swap Agreement Obligations), second, to pay any fees, indemnities, or expense reimbursements then due to the Lenders from the Borrower (other than in connection with Banking Services Obligations or Swap Agreement Obligations), third, to pay interest then due and payable on the Loans ratably, fourth, to prepay principal on the Loans and unreimbursed LC Disbursements and to pay any amounts owing in respect of Swap Agreement Obligations and Banking Services Obligations up to and including the amount most recently provided to the Administrative Agent pursuant to Section 2.22, ratably (with amounts allocated to the Term Loans of any Class applied to reduce the subsequent scheduled repayments of the Term Loans of such Class to be made pursuant to Section 2.10 ratably based on the amount of such scheduled repayments), fifth, to pay an amount to the

Administrative Agent equal to one hundred three percent (103%) of the aggregate LC Exposure, to be held as cash collateral for such Obligations, and sixth, to the payment of any other Secured Obligation due to the Administrative Agent or any Lender from the Borrower or any other Loan Party. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower, or unless an Event of Default is in existence, neither the Administrative Agent nor any Lender shall apply any payment which it receives to any Eurodollar Loan of a Class, except (i) on the expiration date of the Interest Period applicable thereto, or (ii) in the event, and only to the extent, that there are no outstanding CBFR Loans of the same Class and, in any such event, the Borrower shall pay the break funding payment required in accordance with Section 2.16. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Secured Obligations.

Notwithstanding the foregoing, Secured Obligations arising under Banking Services Obligations or Swap Agreement Obligations shall be excluded from the application described above and paid in clause sixth if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may have reasonably requested from the applicable provider of such Banking Services or Swap Agreements.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees, costs and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder, whether made following a request by the Borrower pursuant to Section 2.03 or 2.05 or a deemed request as provided in this Section or may be deducted from any deposit account of the Borrower maintained with the Administrative Agent. The Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans (including Swingline Loans), and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03 or 2.05, as applicable, and (ii) the Administrative Agent to charge any deposit account of the Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If, except as otherwise expressly provided herein, any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other similarly situated Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment or sale of a participation in any of its Loans or participations in LC Disbursements or Swingline Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the

Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it hereunder, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations hereunder until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender hereunder. Application of amounts pursuant to (i) and (ii) above shall be made in such order as may be determined by the Administrative Agent in its discretion.

(g) The Administrative Agent may from time to time provide the Borrower with account statements or invoices with respect to any of the Secured Obligations (the "Statements"). The Administrative Agent is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrower's convenience. Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Secured Obligations. If the Borrower pays the full amount indicated on a Statement on or before the due date indicated on such Statement, the Borrower shall not be in default of payment with respect to the billing period indicated on such Statement; provided, that acceptance by the Administrative Agent, on behalf of the Lenders, of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Administrative Agent's or the Lenders' right to receive payment in full at another time.

SECTION 2.19 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender) pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.15 or 2.17) and obligations under this Agreement and other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and in circumstances where its consent would be required under Section 9.04, the Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section

2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Each party hereto agrees that (i) an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (ii) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto.

SECTION 2.20 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 2.18(b) or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank or Swingline Lender hereunder; third, to cash collateralize the Issuing Bank' LC Exposure with respect to such Defaulting Lender in accordance with this Section; fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize the Issuing Bank' future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with this Section; sixth, to the payment of any amounts owing to the Lenders, the Issuing Bank or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Bank or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure and Swingline Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to clause (d) below. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(c) such Defaulting Lender shall not have the right to vote on any issue on which voting is required (other than to the extent expressly provided in Section 9.02(b)) and the Commitment and Revolving Exposure and, if applicable, Term Commitment and Term Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder or under any other Loan Document; provided that, except as otherwise provided in Section 9.02, this clause (c) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(d) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

i. all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender (other than the portion of such Swingline Exposure referred to in clause (b) of the definition of such term) shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Exposure to exceed its Revolving Commitment;

ii. if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize, for the benefit of the Issuing Bank, the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

iii. if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

iv. if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Sections 2.12(a) and 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

v. if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(e) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend, renew, extend or increase any Letter of Credit, unless it is satisfied that the related exposure and such Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.20(d), and Swingline Exposure related to any such newly made Swingline Loan or LC Exposure related to any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(d)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event or a Bail-In Action with respect to the Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline

Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that each of the Administrative Agent, the Borrower, the Swingline Lender and the Issuing Bank agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Commitment and on the date of such readjustment such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

SECTION 2.21 Returned Payments. If, after receipt of any payment which is applied to the payment of all or any part of the Obligations (including a payment effected through exercise of a right of setoff), the Administrative Agent or any Lender is for any reason compelled to surrender such payment or proceeds to any Person because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion), then the Obligations or part thereof intended to be satisfied shall be revived and continued and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Administrative Agent or such Lender. The provisions of this Section 2.21 shall be and remain effective notwithstanding any contrary action which may have been taken by the Administrative Agent or any Lender in reliance upon such payment or application of proceeds. The provisions of this Section 2.21 shall survive the termination of this Agreement.

SECTION 2.22 Banking Services and Swap Agreements. Each Lender or Affiliate thereof providing Banking Services for, or having Swap Agreements with, any Loan Party or any Subsidiary or Affiliate of a Loan Party shall deliver to the Administrative Agent, promptly after entering into such Banking Services or Swap Agreements, written notice setting forth the aggregate amount of all Banking Services Obligations and Swap Agreement Obligations of such Loan Party or Subsidiary or Affiliate thereof to such Lender or Affiliate (whether matured or unmatured, absolute or contingent). In furtherance of that requirement, each such Lender or Affiliate thereof shall furnish the Administrative Agent, from time to time after a significant change therein or upon a request therefor, a summary of the amounts due or to become due in respect of such Banking Services Obligations and Swap Agreement Obligations. The most recent information provided to the Administrative Agent shall be used in determining which tier of the waterfall, contained in Section 2.18(b), such Banking Services Obligations and/or Swap Agreement Obligations will be placed.

ARTICLE III

Representations and Warranties

Each Loan Party represents and warrants to the Lenders that (and where applicable, agrees):

SECTION 3.01 Organization; Powers. Each Loan Party and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02 Authorization; Enforceability. The Transactions are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. Each Loan Document to which each Loan Party is a party has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in

equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except for filings necessary to perfect Liens created pursuant to the Loan Documents, (b) will not violate any Requirement of Law applicable to any Loan Party or any Subsidiary, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or any Subsidiary or the assets of any Loan Party or any Subsidiary, or give rise to a right thereunder to require any payment to be made by any Loan Party or any Subsidiary, except to the extent such violation could not reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary, except Liens created pursuant to the Loan Documents.

SECTION 3.04 Financial Condition; No Material Adverse Change.

(a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows as of and for the fiscal year ended June 30, 2019 reported on by BDO USA LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to normal year-end audit adjustments all of which, when taken as a whole, would not be materially adverse.

(b) No event, change or condition has occurred that has had, or could reasonably be expected to have, a Material Adverse Effect, since June 30, 2019.

SECTION 3.05 Properties.

(a) As of the date of this Agreement, Schedule 3.05 sets forth the address of each parcel of real property that is owned or leased by any Loan Party. Each of such leases and subleases is valid and enforceable in accordance with its terms and is in full force and effect, and no default by any party to any such lease or sublease exists. Each of the Loan Parties and each Subsidiary has good and indefeasible title to, or valid leasehold interests in, all of its real and personal property, free of all Liens other than those permitted by Section 6.02.

(b) Each Loan Party and each Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property necessary to its business as currently conducted, a correct and complete list of which, as of the date of this Agreement, is set forth on Schedule 3.05, and the use thereof by each Loan Party and each Subsidiary does not infringe in any material respect upon the rights of any other Person, and each Loan Party's and each Subsidiary's rights thereto are not subject to any licensing agreement or similar arrangement.

SECTION 3.06 Litigation and Environmental Matters.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, threatened against or affecting any Loan Party or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters set forth on Schedule 3.06) or (ii) that involve any Loan Document or the Transactions.

(b) Except for the Disclosed Matters, (i) no Loan Party or any Subsidiary has received notice of any claim with respect to any Environmental Liability or knows of any basis for any Environmental Liability which, in either case, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect and (ii) except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, no Loan Party or any Subsidiary (A) has failed to comply with

any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law (B) has become subject to any Environmental Liability, (C) has received notice of any claim with respect to any Environmental Liability or (D) knows of any basis for any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.07 Compliance with Laws and Agreements; No Default. Except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, each Loan Party and each Subsidiary is in compliance with (a) all Requirements of Law applicable to it or its property and (b) all indentures, agreements and other instruments binding upon it or its property. No Default or Event of Default has occurred and is continuing.

SECTION 3.08 Investment Company Status. No Loan Party or any Subsidiary is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09 Taxes. Except as set forth in Schedule 3.09, each Loan Party and each Subsidiary has timely filed or caused to be filed all federal, state and material local. Tax returns and reports (or timely extensions therefor) required to have been filed and has paid or caused to be paid all federal, state and material local Taxes required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves. No tax liens have been filed and no claims are being asserted with respect to any such taxes.

SECTION 3.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87 or subsequent recodification thereof, as applicable) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan.

SECTION 3.11 Disclosure.

(a) The Loan Parties have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which any Loan Party or any Subsidiary is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time delivered and, if such projected financial information was delivered prior to the Effective Date, as of the Effective Date.

(b) As of the Effective Date, to the best knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the Effective Date to any Lender in connection with this Agreement is true and correct in all respects.

SECTION 3.12 Material Agreements. All material agreements and contracts to which any Loan Party or any Subsidiary is a party or is bound as of the date of this Agreement are listed on Schedule 3.12. No Loan Party or any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any material agreement to which it is a party or (ii) any agreement or instrument evidencing or governing Indebtedness, except, in either case, where such default could not reasonably be expected to result in

a Material Adverse Effect.

SECTION 3.13 Solvency.

(a) Immediately after the consummation of the Transactions to occur on the Effective Date, (i) the fair value of the assets of the Loan Parties, taken as a whole, at a fair valuation, will exceed their debts and liabilities, subordinated, contingent or otherwise, taken as a whole; (ii) the present fair saleable value of the property of the Loan Parties, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, taken as a whole, as such debts and other liabilities become absolute and matured; (iii) the Loan Parties, taken as a whole, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, taken as a whole; and (iv) the Loan Parties will not have unreasonably small capital, taken as a whole, with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted after the Effective Date.

(b) Loan Parties do not intend to and the Loan Parties do not believe that the Loan Parties and their Subsidiaries, taken as a whole, will, incur debts beyond their ability, taken as a whole, to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by any Loan Party or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of their Indebtedness or the Indebtedness of any such Subsidiary.

SECTION 3.14 Insurance. Schedule 3.14 sets forth a description of all insurance maintained by or on behalf of the Loan Parties and their Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid. The Loan Parties believe that the insurance maintained by or on behalf of the Loan Parties and their Subsidiaries is adequate and is customary for companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 3.15 Capitalization and Subsidiaries. Schedule 3.15 sets forth (a) a correct and complete list of the name and relationship to the Borrower of each Subsidiary, (b) a true and complete listing of each class of each of Borrower's Subsidiaries' authorized Equity Interests, of which all of such issued Equity Interests are validly issued, outstanding, fully paid and non-assessable (to the extent such concepts are relevant with respect to such ownership interests), and owned beneficially and of record by the Persons identified on Schedule 3.15, and (c) the type of entity of the Borrower and each Subsidiary. All of the issued and outstanding Equity Interests owned by any Loan Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

SECTION 3.16 Security Interest in Collateral. The provisions of this Agreement and the other Loan Documents create legal and valid Liens on all the Collateral in favor of the Administrative Agent, for the benefit of the Secured Parties, and such Liens constitute perfected and continuing Liens on the Collateral, securing the Secured Obligations, enforceable against the applicable Loan Party and all third parties, and having priority over all other Liens on the Collateral except in the case of (a) Permitted Encumbrances, to the extent any such Permitted Encumbrances would have priority over the Liens in favor of the Administrative Agent pursuant to any applicable law and (b) Liens perfected only by possession (including possession of any certificate of title), to the extent the Administrative Agent has not obtained or does not maintain possession of such Collateral.

SECTION 3.17 Employment Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against any Loan Party or any Subsidiary pending or, to the knowledge of any Loan Party, threatened. The hours worked by and payments made to employees of the Loan Parties and their Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable federal, state, local or foreign law dealing with such matters. All payments due from any Loan Party or any Subsidiary, or for which any claim may be made against any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Loan Party or such Subsidiary.

SECTION 3.18 Federal Reserve Regulations. No part of the proceeds of any Loan or Letter of Credit has

been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.19 Use of Proceeds. The proceeds of the Loans have been used and will be used, whether directly or indirectly as set forth in Section 5.08.

SECTION 3.20 No Burdensome Restrictions. No Loan Party is subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 6.10.

SECTION 3.21 Anti-Corruption Laws and Sanctions. Each Loan Party has implemented and maintains in effect policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and such Loan Party, its Subsidiaries and their respective officers and directors and, to the knowledge of such Loan Party, its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) any Loan Party, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of any such Loan Party or Subsidiary, any agent of such Loan Party or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds, Transaction or other transaction contemplated by this Agreement or the other Loan Documents will violate Anti-Corruption Laws or applicable Sanctions.

SECTION 3.22 EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

SECTION 3.23. Plan Assets; Prohibited Transactions. None of the Loan Parties or any of their Subsidiaries is an entity deemed to hold "plan assets" (within the meaning of the Plan Asset Regulations), and neither the execution, delivery nor performance of the transactions contemplated under this Agreement, including the making of any Loan and the issuance of any Letter of Credit hereunder, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

ARTICLE IV

Conditions

SECTION 4.01 Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) Credit Agreement and Loan Documents. The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include fax or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including any promissory notes requested by a Lender pursuant to Section 2.10 payable to the order of each such requesting Lender.

(b) Financial Statements and Projections. The Lenders shall have received (i) audited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal years ending June 30, 2018 and June 30, 2019 and (ii) satisfactory Projections through June 30, 2022.

(c) Opinions of Counsel. Favorable written legal opinion of Cadwalader, Wickersham & Taft and applicable local counsel in the jurisdictions of organization of the Loan Parties addressed to the Administrative Agent and each of the Lenders, and covering such customary matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request.

(d) Secretary Certificates; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Effective Date and executed by its Secretary or Assistant Secretary, which shall (A) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (B) identify by name and title and bear the signatures of the officers of such Loan Party authorized to sign the Loan Documents to which it is a party and, in the case of the Borrower, its Financial Officers, and (C) contain appropriate attachments, including the charter, articles or certificate of organization or incorporation of each Loan Party certified by the relevant authority of the jurisdiction of organization of such Loan Party and a true and correct copy of its bylaws or operating, management or partnership agreement, or other organizational or governing documents, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization.

(e) Closing Certificate. The Administrative Agent shall have received a certificate, signed by the chief financial officer of the Borrower and each other Loan Party, dated as of the Effective Date, after giving effect to the initial Loans, and the other Transactions hereunder, (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in the Loan Documents are true and correct as of such date, and (iii) certifying as to any other factual matters as may be reasonably requested by the Administrative Agent.

(f) Approvals. All governmental and third party approvals necessary in connection with the financing contemplated hereby and the other Transactions, if any, and the continuing operations of the Loan Parties and their Subsidiaries (including shareholder approvals, if any) shall have been obtained on terms satisfactory to the Administrative Agent and shall be in full force and effect.

(g) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses required to be reimbursed for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Effective Date. All such amounts will be paid with proceeds of Loans made on the Effective Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Effective Date.

(h) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in the jurisdiction of organization of each Loan Party and each jurisdiction where assets of the Loan Parties are located, and such search shall reveal no Liens on any of the assets of the Loan Parties except for liens permitted by Section 6.02 or discharged on or prior to the Effective Date pursuant to a pay-off letter or other documentation satisfactory to the Administrative Agent.

(i) Pay-Off Letter. The Administrative Agent shall have received satisfactory pay-off letters for all existing Indebtedness required to be repaid on the Effective Date and which confirms that all Liens upon any of the property of the Loan Parties constituting Collateral will be terminated concurrently with such payment and all letters of credit issued or guaranteed as part of such Indebtedness shall have been cash collateralized or supported by a Letter of Credit.

(j) Funding Account. The Administrative Agent shall have received a notice setting forth the deposit account of the Borrower (the "Funding Account") to which the Administrative Agent is authorized by the Borrower to transfer the proceeds of any Borrowings requested or authorized pursuant to this Agreement.

(k) Solvency. The Administrative Agent shall have received a solvency certificate signed by a Financial Officer dated the Effective Date in form and substance reasonably satisfactory to the Administrative Agent.

(l) Pledged Equity Interests; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the Equity Interests pledged pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Security Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(m) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Collateral Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.02), shall be in proper form for filing, registration or recordation.

(n) Insurance. The Administrative Agent shall have received evidence of insurance coverage in form, scope, and substance reasonably satisfactory to the Administrative Agent and otherwise in compliance with the terms of Section 5.10 of this Agreement and Section 4.12 of the Security Agreement.

(o) Due Diligence. The Administrative Agent and its counsel shall have completed all business and legal due diligence with respect to the Borrower and its Subsidiaries, including, without limitation, approval of the final corporate structure, approval of the terms of any agreements with Affiliates, and one or more meetings with the Borrower's management team, in each case, the results of which shall be satisfactory to Administrative Agent in its sole discretion.

(p) USA PATRIOT Act, Etc. (i) The Administrative Agent shall have received, (x) at least five (5) days prior to the Effective Date, all documentation and other information regarding the Borrower requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, to the extent requested in writing of the Borrower at least ten (10) days prior to the Effective Date, and (y) a properly completed and signed IRS Form W-8 or W- 9, as applicable, for each Loan Party, and (ii) to the extent the Borrower qualify as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).

(q) Other Documents. The Administrative Agent shall have received such other documents as the Administrative Agent, the Issuing Bank, any Lender or their respective counsel may have reasonably requested.

SECTION 4.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects with the same effect as though made on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

(c) After giving effect to any Borrowing or the issuance, amendment, renewal or extension of any Letter of Credit, Availability shall not be less than zero.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) and (c) of this Section.

Notwithstanding the failure to satisfy the conditions precedent set forth in paragraphs (a) or (b) or (c) of this Section,

unless otherwise directed by the Required Lenders, the Administrative Agent may, but shall have no obligation to, continue to make Loans and the Issuing Bank may, but shall have no obligation to, issue, amend, renew or extend, or cause to be issued, amended, renewed or extended, any Letter of Credit for the ratable account and risk of the Lenders from time to time if the Administrative Agent believes that making such Loans or issuing, amending, renewing or extending, or causing the issuance, amendment, renewal or extension of, any such Letter of Credit is in the best interests of the Lenders.

ARTICLE V

Affirmative Covenants

Until all of the Secured Obligations shall have been Paid in Full, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 5.01 Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender, including their Public-Siders:

(a) within ninety (90) days after the end of each fiscal year of the Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing acceptable to the Administrative Agent (without a "going concern" or like qualification, commentary or exception, and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, accompanied by any management letter prepared by said accountants;

(b) within forty-five (45) days after the end of each fiscal quarter of the Borrower, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above (collectively or individually, as the context requires, the "Financial Statements"), a certificate of a Financial Officer in substantially the form of Exhibit D (i) certifying, in the case of the Financial Statements delivered under clause (b) above, as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (iii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12, (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the Financial Statements accompanying such certificate, and (v) attaching an Account aging report and a calculation of Accounts that do not constitute Eligible Receivables;

(d) [Reserved];

(e) as soon as available, but in any event no later than thirty (30) days after the end of each fiscal year of the Borrower, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and cash flow statement) of the Borrower for each quarter of the upcoming fiscal year (the "Projections") in form reasonably satisfactory to the Administrative Agent;

(f) [Reserved];

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Loan Party or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be;

(h) promptly after receipt thereof by the Borrower or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by the SEC or such other agency regarding financial or other operational results of the Borrower or any Subsidiary thereof;

(i) promptly following any request therefor, (x) such other information regarding the operations, changes in ownership of Equity Interests, business affairs and financial condition of any Loan Party or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request and (y) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation; and

(j) promptly after any request therefor by the Administrative Agent or any Lender, copies of (i) any documents described in Section 101(k)(1) of ERISA that the Borrower or any ERISA Affiliate may request with respect to any Multiemployer Plan and (ii) any notices described in Section 101(l)(1) of ERISA that the Borrower or any ERISA Affiliate may request with respect to any Multiemployer Plan; provided that if the Borrower or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the Borrower or the applicable ERISA Affiliate shall promptly make a request for such documents and notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof.

Documents required to be delivered pursuant to Section 5.10(a), (b) or (g) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR) or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) upon written request by the Administrative Agent, the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such document to it and maintaining its copies of such documents.

SECTION 5.02 Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt (but in any event within any time period that may be specified below) written notice of the following:

(a) the occurrence of any Default;

(b) receipt of any notice of any investigation by a Governmental Authority or any litigation or proceeding commenced or threatened against any Loan Party or any Subsidiary that (i) in the good faith estimate of the

Borrower could result in damages in excess of $500,000, (ii) alleges criminal misconduct by any Loan Party or any Subsidiary, (v) alleges the material violation of, or seeks to impose material remedies under, any Environmental Law or related Requirement of Law, or seeks to impose material Environmental Liability or (vi) asserts liability on the part of any Loan Party or any Subsidiary in excess of $500,000 in respect of any tax, fee, assessment, or other governmental charge;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Loan Parties and their Subsidiaries in an aggregate amount exceeding $500,000;

(d) within two (2) Business Days after the occurrence thereof, any Loan Party entering into a Swap Agreement or an amendment to a Swap Agreement, together with copies of all agreements evidencing such Swap Agreement or amendment;

(e) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect; and

(f) any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Existence; Conduct of Business. Each Loan Party will, and will cause each Subsidiary to, (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, qualifications, licenses, permits, franchises, governmental authorizations, intellectual property rights, licenses and permits material to the conduct of its business, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except where the failure to do so could not be reasonably expected to result in a Material Adverse Exchange; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03 and (b) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

SECTION 5.04 Payment of Obligations. Each Loan Party will, and will cause each Subsidiary to, pay or discharge all Material Indebtedness and all other material liabilities and obligations, including federal, state and material local Taxes, before the same shall become delinquent or in default (subject to any notice and cure period), except (i) as set forth on Schedule 3.09 and (ii) where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect; provided, however, that each Loan Party will, and will cause each Subsidiary to, remit withholding taxes and other payroll taxes to appropriate Governmental Authorities as and when claimed to be due, notwithstanding the foregoing exceptions.

SECTION 5.05 Maintenance of Properties. Each Loan Party will, and will cause each Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06 Books and Records; Inspection Rights. Each Loan Party will, and will cause each Subsidiary to, (a) keep proper books of record and account in which full, true and correct entries in all material respects are made of all dealings and transactions in relation to its business and activities and (b) permit any representatives designated by the Administrative Agent or any Lender (including employees of the Administrative Agent, any Lender or any consultants, accountants, lawyers, agents and appraisers retained by the Administrative Agent) during normal business hours, upon reasonable prior notice, to visit and inspect its properties, conduct at the Loan Party's premises field examinations of the Loan Party's assets, liabilities, books and records, including examining and making extracts

from its books and records, environmental assessment reports and Phase I or Phase II studies, and to discuss its affairs, finances and condition with its officers and independent accountants (in the presences of its officers), all at such reasonable times and as often as reasonably requested, provided that unless an Event of Default exists or the Administrative Agent believes in good faith that an Event of Default may exist Administrative Agent and the Lenders will not make the inspections and examinations pursuant to this clause (b) more than once per year without the prior consent of the Borrower. The Loan Parties acknowledge that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain Reports pertaining to the Loan Parties' assets for internal use by the Administrative Agent and the Lenders.

SECTION 5.07 Compliance with Laws and Material Contractual Obligations. Each Loan Party will, and will cause each Subsidiary to, (a) comply with each Requirement of Law applicable to it or its property (including without limitation Environmental Laws) and (b) perform in all material respects its obligations under material agreements to which it is a party , except, in each case, where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each Loan Party will maintain in effect and enforce policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08 Use of Proceeds.

(a) The proceeds of the Loans and the Letters of Credit will be used only for (i) working capital and general corporate purposes of the Borrower and its Subsidiaries, and (ii) to refinance certain Indebtedness existing on the Effective Date. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, (i) for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X or (ii) to make any Acquisition other than Permitted Acquisitions.

(b) The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent that such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or the European Union, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.09 Accuracy of Information. The Loan Parties will ensure that any information, including financial statements or other documents, furnished to the Administrative Agent or the Lenders in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder contains no material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the furnishing of such information shall be deemed to be a representation and warranty by the Borrower on the date thereof as to the matters specified in this Section 5.09; provided that, with respect to the Projections, the Loan Parties will cause the Projections to be prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 5.10 Insurance. Each Loan Party will, and will cause each Subsidiary to, maintain with financially sound and reputable carriers having a financial strength rating of at least A- by A.M. Best Company (a) insurance in such amounts (with no greater risk retention) and against such risks (including loss or damage by fire and loss in transit; theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; business interruption; and general liability) and such other hazards, as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (b) all insurance required pursuant to the Collateral Documents. The Borrower will furnish to the Lenders, upon request of the Administrative Agent, but no less frequently than annually, information in reasonable detail as to the insurance so maintained.

SECTION 5.11 Reserved.

SECTION 5.12 Casualty and Condemnation. The Borrower (a) will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents

SECTION 5.13 Depository Banks. Subject to Section 5.15, each Loan Party will maintain the Administrative Agent as its principal depository bank, including for the maintenance of operating, administrative, cash management, collection activity, and other deposit accounts for the conduct of its business.

SECTION 5.14 Additional Collateral; Further Assurances.

(a) Subject to applicable Requirements of Law, each Loan Party will cause each of its Subsidiaries formed or acquired after the date of this Agreement within thirty (30) days (or such longer period the Administrative Agent shall approve in writing) after such formation or acquisition to become a Loan Party by executing a Joinder Agreement. In connection therewith, the Administrative Agent shall have received all documentation and other information regarding such newly formed or acquired Subsidiaries as may be required to comply with the applicable "know your customer" rules and regulations, including the USA PATRIOT Act. Upon execution and delivery thereof, each such Person (i) shall automatically become a Loan Guarantor hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (ii) will grant Liens to the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, in any property of such Loan Party which constitutes Collateral, including any Material Real Property located in the U.S. owned by any Loan Party.

(b) Each Loan Party will cause 100% of the issued and outstanding Equity Interests of each of its Subsidiaries to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent for the benefit of the Administrative Agent and the other Secured Parties, pursuant to the terms and conditions of the Loan Documents or other security documents as the Administrative Agent shall reasonably request.

(c) Without limiting the foregoing, each Loan Party will, and will cause each Subsidiary to, execute and deliver, or cause to be executed and delivered, to the Administrative Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the delivery of legal opinions, filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by any Requirement of Law or which the Administrative Agent may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of the Loan Parties.

(d) With respect to all owned Material Real Property that is acquired after the Effective Date or that becomes Material Real Property after the Effective Date, the Loan Parties shall within sixty (60) days thereafter (or such later date as approved by the Administrative Agent), deliver each of the following, in form and substance reasonably satisfactory to the Administrative Agent:

(i) a Mortgage on such property;

(ii) evidence that a counterpart of the Mortgage has been recorded in the place necessary, in the Administrative Agent's reasonable judgment, to create a valid and enforceable first priority Lien in favor of the Administrative Agent for the benefit of itself and the Secured Parties, subject to Permitted Encumbrances;

(iii) ALTA or other mortgagee's title policy;

(iv) an ALTA survey prepared and certified to the Administrative Agent by a surveyor reasonably acceptable to the Administrative Agent;

(v) an opinion of counsel in the state in which such real property is located in form and substance and from counsel reasonably satisfactory to the Administrative Agent;

(vi) if any such parcel of real property is determined by the Administrative Agent to be in a flood zone, a flood notification form signed by the Borrower and evidence that flood insurance is in place for the building and contents, all in form and substance satisfactory to the Administrative Agent;

(vii) if reasonably required by the Administrative Agent, a current appraisal of the real property prepared by an appraiser reasonably acceptable to the Administrative Agent, and in form and substance reasonably satisfactory to the Administrative Agent;

(viii) if required by the Administrative Agent, an environmental assessment of the real property prepared by an environmental engineer reasonably acceptable to the Administrative Agent, and accompanied by such reports, certificates, studies or data as Administrative Agent may reasonably require, which shall all be in form and substance reasonably satisfactory to the Administrative Agent; and

(ix) such other information, documentation, and certifications as may be reasonably required by the Administrative Agent.

(e) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by any Loan Party after the Effective Date (other than assets constituting Collateral under the Security Agreement that become subject to the Lien under the Security Agreement upon acquisition thereof), the Borrower will (i) notify the Administrative Agent and the Lenders thereof, and, if requested by the Administrative Agent or the Required Lenders, cause such assets to be subjected to a Lien securing the Secured Obligations and (ii) take, and cause each applicable Loan Party to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (c) of this Section, all at the expense of the Loan Parties.

SECTION 5.15 Post-Closing Matters.

(a) Within 180 days following the Effective Date (or such later date as the Administrative Agent may agree it its sole discretion), the Borrower shall dissolve Stitch Networks.

(b) Within 10 Business Days following the Effective Date (or such later date as the Administrative Agent may agree it its sole discretion), the Borrower shall deliver a deposit account control agreement duly executed and delivered by Silicon Valley Bank, Cantaloupe, and the Administrative Agent with respect to the Specified SVB Account, which agreement shall be in form and substance reasonably satisfactory to the Administrative Agent.

(c) Within 60 days following the Effective Date (or such later date as the Administrative Agent may agree it its sole discretion), the Borrower shall close its deposit accounts with Silicon Valley Bank (other than the Specified SVB Account), Avid Bank, and Valley National Bank; and until such accounts are closed the Borrower shall cause all funds in excess of $100,000 in all such accounts in the aggregate to be transferred on at least a weekly basis to a deposit account maintained with the Administrative Agent.

(d) Within 120 days following the Effective Date (or such later date as the Administrative Agent may agree it its sole discretion), the Borrower shall close the Specified SVB Account; and until such accounts are closed the Borrower shall cause all funds in excess of $5,000,000 in the Specified SVB Account in the aggregate to be transferred on at least a weekly basis to a deposit account maintained with the Administrative Agent.

(e) The Borrower shall use commercially reasonable efforts to deliver to the Administrative Agent, not later than 60 days following the Effective Date (or such later date as the Administrative Agent may agree it its sole

discretion), a collateral access agreement with respect to its headquarters location and such other locations as required by the Security Agreement.

(f) Within 45 days following the Effective Date (or such later date as the Administrative Agent may agree it its sole discretion), the Borrower shall deliver such insurance endorsements as is required by the terms of the Loan Documents, including, without limitation a lenders' loss payable endorsement.

(g) Within five (5) Business Days after the Effective Date (or such later date as the Administrative Agent may agree in writing in its discretion), the Administrative Agent shall have received the certificates representing the Equity Interests pledged pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

ARTICLE VI

Negative Covenants

Until all of the Secured Obligations shall have been Paid in Full, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 6.01 Indebtedness. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) the Secured Obligations;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 (excluding, however, following the making of the initial Loan hereunder, the Indebtedness to be repaid with the proceeds of such Loans as indicated on Schedule 6.01) and any extensions, renewals, refinancings and replacements of any such Indebtedness in accordance with clause (f) hereof;

(c) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary, provided that (i) Indebtedness of any Subsidiary that is not a Loan Party to the Borrower or any other Loan Party shall be subject to Section 6.04 and (ii) Indebtedness of any Loan Party to any Subsidiary that is not a Loan Party shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Administrative Agent;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary, provided that (i) the Indebtedness so Guaranteed is permitted by this Section 6.01, (ii) Guarantees by the Borrower or any other Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04 and (iii) Guarantees permitted under this clause (d) shall be subordinated to the Secured Obligations on the same terms as the Indebtedness so Guaranteed is subordinated to the Secured Obligations;

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets (whether or not constituting purchase money Indebtedness), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness in accordance with clause (f) below; provided that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) together with any Refinance Indebtedness in respect thereof permitted by clause (f) below, shall not exceed $5,000,000 at any time outstanding;

(f) Indebtedness which represents extensions, renewals, refinancing or replacements (such Indebtedness being so extended, renewed, refinanced or replaced being referred to herein as the "Refinance Indebtedness") of any of the Indebtedness described in clauses (b) and (e) and (i) hereof (such Indebtedness being referred to herein

as the "Original Indebtedness"); provided that (i) such Refinance Indebtedness does not increase the principal amount or interest rate of the Original Indebtedness, (ii) any Liens securing such Refinance Indebtedness are not extended to any additional property of any Loan Party or any Subsidiary, (iii) no Loan Party or any Subsidiary that is not originally obligated with respect to repayment of such Original Indebtedness is required to become obligated with respect to such Refinance Indebtedness, (iv) such Refinance Indebtedness does not result in a shortening of the average weighted maturity of such Original Indebtedness, (v) the terms of such Refinance Indebtedness (other than fees and interest) are not less favorable to the obligor thereunder than the original terms of such Original Indebtedness and (vi) if such Original Indebtedness was subordinated in right of payment to the Secured Obligations, then the terms and conditions of such Refinance Indebtedness must include subordination terms and conditions that are at least as favorable to the Administrative Agent and the Lenders as those that were applicable to such Original Indebtedness;

(g) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(h) Indebtedness of any Loan Party in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business;

(i) Indebtedness of any Person that becomes a Subsidiary after the date hereof; provided that (i) such Indebtedness exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) the aggregate principal amount of Indebtedness permitted by this clause (i) together with any Refinance Indebtedness in respect thereof permitted by clause (f) above, shall not exceed $500,000 at any time outstanding;

(j) other unsecured Indebtedness of the Loan Parties in an aggregate principal amount not exceeding $1,000,000 at any time outstanding; and

(k) earn-outs in connection with Permitted Acquisitions.

SECTION 6.02 Liens. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including Accounts) or rights in respect of any thereof, except:

(a) Liens created pursuant to any Loan Document;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary; provided that (i) such Liens secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, and (iii) such Liens shall not apply to any other property or assets of the Borrower or any Subsidiary;

(e) any Lien existing on any property or asset (other than Accounts and Inventory) prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset (other than Accounts and Inventory) of any Person that becomes a Loan Party after the date hereof prior to the time such Person becomes a Loan Party; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Loan Party, as the case may be, (ii) such Lien shall not apply to any other property or assets of the

Loan Party and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Loan Party, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(f) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC in effect in the relevant jurisdiction covering only the items being collected upon;

(g) Liens arising out of Sale and Leaseback Transactions permitted by Section 6.06;

(h) Liens granted by a Subsidiary that is not a Loan Party in favor of the Borrower or another Loan Party in respect of Indebtedness owed by such Subsidiary;

(i) non-exclusive licenses or sublicenses (including the provision of software under an open source license) of Intellectual Property permitted by this Agreement (so long as any such Lien does not secure any Indebtedness) and do not interfere in any material respect with the rights and remedies of the Administrative Agent; and

(j) leasing or licensing of fixed asset Inventory to third parties in the ordinary course of business.

SECTION 6.03 Fundamental Changes.

(a) No Loan Party will, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or otherwise Dispose of all or substantially all of its assets, or all or substantially all of the Equity Interests of any of its Subsidiaries, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (i) any Subsidiary of the Borrower may merge into the Borrower in a transaction in which the Borrower is the surviving entity, (ii) any Loan Party (other than the Borrower) may merge into any other Loan Party in a transaction in which the surviving entity is a Loan Party, (iii) any Subsidiary that is not a Loan Party may merge into a Loan Party so long as such Loan Party is the surviving entity, (iv) any Subsidiary may merge into a Person that is not a Loan Party if after giving effect to such merger, such Person becomes a wholly-owned Subsidiary of the Borrower and a Loan Party in accordance with Section .14 below and if such merger constitutes a Permitted Acquisition, and (v) any Subsidiary that is not a Loan Party may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) No Loan Party will, nor will it permit any Subsidiary to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related thereto.

(c) No Loan Party will, nor will it permit any Subsidiary to change its fiscal year or any fiscal quarter from the basis in effect on the Effective Date.

(d) No Loan Party will change the accounting basis upon which its financial statements are prepared.

(e) No Loan Party will change the tax filing elections it has made under the Code.

(f) No Loan Party will, nor will it permit any Subsidiary to, consummate a Division as the Dividing Person, without the prior written consent of Administrative Agent. Without limiting the foregoing, if any Loan Party that is a limited liability company consummates a Division (with or without the prior consent of Administrative Agent as required above), each Division Successor shall be required to comply with the obligations set forth in Section 5.14 and the other further assurances obligations set forth in the Loan Documents and become a Loan Party under this Agreement and the other Loan Documents.

SECTION 6.04 Investments, Loans, Advances, Guarantees and Acquisitions. No Loan Party will, nor will it permit any Subsidiary to, form any subsidiary after the Effective Date, or purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party and a wholly owned Subsidiary prior to such merger) any Equity Interests, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise), except:

(a) Permitted Investments, subject to control agreements in favor of the Administrative Agent for the benefit of the Secured Parties or otherwise subject to a perfected security interest in favor of the Administrative Agent for the benefit of the Secured Parties;

(b) investments in existence on the date hereof and described in Schedule 6.04;

(c) investments by the Borrower and the Subsidiaries in Equity Interests in their respective Subsidiaries, provided that (i) any such Equity Interests held by a Loan Party shall be pledged pursuant to the Security Agreement (subject to the limitations applicable to Equity Interests of a Foreign Subsidiary referred to in Section 5.14) and (ii) the aggregate amount of investments by Loan Parties in Subsidiaries that are not Loan Parties shall not exceed $1,000,000 at any time outstanding (in each case determined net of any returns on capital but without regard to any write-downs or write-offs);

(d) loans or advances made by any Loan Party to any Subsidiary and made by any Subsidiary to a Loan Party or any other Subsidiary, provided that (i) to the extent any such loans and advances made by a Loan Party is evidenced by a promissory note, such promissory note shall be pledged pursuant to the Security Agreement and (ii) the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties (together with outstanding Guarantees permitted under the proviso of Section 6.04(e)) shall not exceed $1,000,000 at any time outstanding (in each case determined net of any cash payments of principal thereon but without regard to any write-downs or write-offs);

(e) Guarantees constituting Indebtedness permitted by Section 6.01, provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party (together with outstanding intercompany loans permitted under clause (ii) of the proviso to Section 6.04(d)) shall not exceed $1,000,000 at any time outstanding (in each case determined without regard to any write-downs or write-offs);

(f) loans or advances made by a Loan Party to its employees on an arms-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar purposes up to a maximum of $250,000 in the aggregate at any one time outstanding;

(g) notes payable, or stock or other securities issued by Account Debtors to a Loan Party pursuant to negotiated agreements with respect to settlement of such Account Debtor's Accounts in the ordinary course of business, consistent with past practices;

(h) investments in the form of Swap Agreements permitted by Section 6.07;

(i) investments of any Person existing at the time such Person becomes a Subsidiary of the Borrower or consolidates or merges with the Borrower or any Subsidiary (including in connection with a Permitted Acquisition), so long as such investments were not made in contemplation of such Person becoming a Subsidiary or of such merger;

(j) investments received in connection with the disposition of assets permitted by Section 6.05;

(k) investments constituting deposits described in clauses (c) and (d) of the definition of the term "Permitted Encumbrances";

(l) customary Guarantees in connection with asset sales and other asset dispositions permitted hereunder and in connection with operating leases permitted hereunder (but not with respect of Indebtedness), including indemnification obligations and parent guarantees with respect to such leases;

(m) Permitted Acquisitions; and

(n) additional investments (other than Acquisitions) in an amount not to exceed (i) $2,000,000 in the aggregate after the Effective Date and prior to the first anniversary of the Effective Date and (ii) $5,000,000 in the aggregate after the Effective Date.

SECTION 6.05 Asset Sales. No Loan Party will, nor will it permit any Subsidiary to, sell, transfer, lease or otherwise Dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any Subsidiary to issue any additional Equity Interest in such Subsidiary (other than to the Borrower or another Subsidiary in compliance with Section 6.03 or Section 6.04), except:

(a) Dispositions of (i) Inventory in the ordinary course of business and (ii) used, obsolete, worn out or surplus Equipment or property in the ordinary course of business;

(b) transfers of assets (i) among Loan Parties and (ii) by any Subsidiary that is not a Loan Party to any Loan Party or other Subsidiary;

(c) sales, transfers and dispositions of Accounts (excluding sales or dispositions in a factoring arrangement) in connection with the compromise, settlement or collection thereof;

(d) sales, transfers and dispositions of Permitted Investments;

(e) Sale and Leaseback Transactions permitted by Section 6.06;

(f) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary;

(g) non-exclusive licensing of Intellectual Property in the ordinary course of business that does not interfere in any material respect with the business of the Loan Parties or the rights and remedies of the Administrative Agent with respect to such Intellectual Property; and

(h) sales, transfers and other dispositions of assets (other than Equity Interests in a Subsidiary unless all Equity Interests in such Subsidiary are sold) that are not permitted by any other clause of this Section, provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this paragraph (g) shall not exceed $1,000,000 during any fiscal year of the Borrower; provided that all sales, transfers, leases and other dispositions permitted under this Section 6.05 (other than those permitted by paragraphs (b), (d) and (f) above) shall be made for fair value and for at least 75% cash consideration.

SECTION 6.06 Sale and Leaseback Transactions. No Loan Party will, nor will it permit any Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (a "Sale and Leaseback Transaction").

SECTION 6.07 Swap Agreements. No Loan Party will, nor will it permit any Subsidiary to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of Equity Interests of the Borrower or any Subsidiary), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from floating to

fixed rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

SECTION 6.08 Restricted Payments; Certain Payments of Indebtedness.

(a) No Loan Party will, nor will it permit any Subsidiary to, declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) the Borrower may declare and pay dividends with respect to its common stock payable solely in additional shares of its common stock, and, with respect to its preferred stock, payable solely in additional shares of such preferred stock or in shares of its common stock, (ii) Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests, (iii) the Borrower may make Restricted Payments, not exceeding $500,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries, and (iv) the Borrower may buy back for cash its outstanding Series A Preferred Stock in an amount not to exceed $3,000,000 in the aggregate per fiscal year so long as (A) no Default or Event of Default exists before and immediately after giving effect to such buyback, (B) after giving pro forma effect to such buyback, the Borrower would be in compliance with the financial covenants in Section 6.12, and (C) the Borrower has delivered to the Administrative Agent a certificate signed by its chief financial officer certifying that the foregoing conditions have been satisfied together with calculations demonstrating compliance with clause (B).

(b) No Loan Party will, nor will it permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except:

(i) payment of Indebtedness created under the Loan Documents;

(ii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness permitted under Section 6.01, other than payments in respect of the Subordinated Indebtedness prohibited by the subordination provisions thereof;

(iii) refinancings of Indebtedness to the extent permitted by Section 6.01; and

(iv) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such sale or transfer is permitted by the terms of Section 6.05.

SECTION 6.09 Transactions with Affiliates. No Loan Party will, nor will it permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions that (i) are in the ordinary course of business and (ii) are at prices and on terms and conditions not less favorable to such Loan Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Loan Parties not involving any other Affiliate, (c) any investment permitted by Sections 6.04(c) or 6.04(d), (d) any Indebtedness permitted under Section 6.01(c), (e) any Restricted Payment permitted by Section 6.08, (f) loans or advances to employees permitted under Section 6.04(f), (g) the payment of reasonable fees to directors of the Borrower or any Subsidiary who are not employees of the Borrower or any Subsidiary, including equity compensation, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrower or its Subsidiaries in the ordinary course of business, and (h) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by the Borrower's board of directors.

SECTION 6.10 Restrictive Agreements. No Loan Party will, nor will it permit any Subsidiary to, directly

or indirectly enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Loan Party or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any Equity Interests or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by any Requirement of Law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11 Amendment of Material Documents. No Loan Party will, nor will it permit any Subsidiary to, amend, modify or waive any of its rights under (a) any agreement relating to any Subordinated Indebtedness, or (b) its charter, articles or certificate of organization or incorporation and bylaws or operating, management or partnership agreement, or other organizational or governing documents, to the extent any such amendment, modification or waiver would be adverse to the Lenders.

SECTION 6.12 Financial Covenants.

(a) Adjusted Quick Ratio. The Borrower will not permit the Adjusted Quick Ratio, at any time during any period set forth below, to be less the ratio set forth below opposite such period:

Period	Ratio
Effective Date through and including September 30, 2020,	2.00 to 1.00
October 1, 2020, through and including December 31, 2020	2.50 to 1.00
January 1, 2021, through and including March 31, 2021	2.75 to 1.00
April 1, 2021, through and including December 30, 2021	3.00 to 1.00

(b) Total Leverage Ratio. Commencing with the fiscal quarter ending December 31, 2021, the Borrower will not permit the Total Leverage Ratio, on the last day of any fiscal quarter, to be greater than 3.00 to 1.00.

SECTION 6.13 Stitch Networks. Until dissolved in accordance with Section 5.15 of this Agreement, (a) Stitch Networks shall not conduct any operations (other than to the extent necessary to complete the dissolution process) or maintain any material assets and (b) none of the Loan Parties shall transfer any assets to Stitch Networks or otherwise make any investments in Stitch Networks.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or

at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Loan Party or any Subsidiary in, or in connection with, this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, shall prove to have been materially incorrect when made or deemed made (it being understood and agreed that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects);

(d) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03 (with respect to a Loan Party's existence), 5.08, 5.14 or in Article VI;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d)), and such failure shall continue unremedied for a period of (i) 10 days after the earlier of any Loan Party's knowledge of such breach or notice thereof from the Administrative Agent (which notice will be given at the request of any Lender) if such breach relates to terms or provisions of Section 5.01, 5.02 (other than Section 5.02(a)), 5.03 through 5.07, 5.10, 5.13, or 5.15 of this Agreement or (ii) 30 days after the earlier of any Loan Party's knowledge of such breach or notice thereof from the Administrative Agent (which notice will be given at the request of any Lender) if such breach relates to terms or provisions of any other Section of this Agreement;

(f) any Loan Party or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such sale or transfer is permitted by the terms of Section 6.05;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of a Loan Party or Subsidiary or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Loan Party or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Loan Party or Subsidiary of any Loan Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of

creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Loan Party or any Subsidiary shall become unable, admit in writing its inability, or publicly declare its intention not to, or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $1,500,000 in excess of insurance coverage therefor (as provided by an underwriter acceptable to Administrative Agent, where such underwriter has admitted coverage in writing, and such insurance coverage otherwise fully complies in all respects with this Agreement) shall be rendered against any Loan Party, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Loan Party or any Subsidiary to enforce any such judgment or any Loan Party or any Subsidiary shall fail within thirty (30) days to discharge one or more non-monetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgments or orders, in any such case, are not stayed on appeal and being appropriately contested in good faith by proper proceedings diligently pursued;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding $1,500,000 for all periods;

(m) a Change in Control shall occur;

(n) the occurrence of any "event of default", as defined in any Loan Document (other than this Agreement), or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided;

(o) the Loan Guaranty or any Obligation Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Loan Guaranty or any Obligation Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of the Loan Guaranty or any Obligation Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under the Loan Guaranty or any Obligation Guaranty to which it is a party, or shall give notice to such effect, including, but not limited to notice of termination delivered pursuant to Section 10.08 or any notice of termination delivered pursuant to the terms of any Obligation Guaranty;

(p) except as permitted by the terms hereof of any Collateral Document, (i) any Collateral Document shall for any reason fail to create a valid security interest in any Collateral purported to be covered thereby, or (ii) any Lien securing any Secured Obligation shall cease to be a perfected, first priority Lien;

(q) any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document;

(r) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Loan Party shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction that evidences its assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms); or

(s) any Loan Party is criminally indicted or convicted under any law that may reasonably be expected to lead to a forfeiture of any property of such Loan Party having a fair market value in excess of $1,000,000;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the

following actions, at the same or different times: (i) terminate the Commitments (including the Swingline Commitment), whereupon the Commitments shall terminate immediately, (ii) declare the Loans then outstanding to be due and payable in whole (or in part, but ratably as among the Classes of Loans and the Loans of each Class at the time outstanding, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, and (iii) require cash collateral for the LC Exposure in accordance with Section 2.06(j) hereof; and in the case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments (including the Swingline Commitment) shall automatically terminate and the principal of the Loans then outstanding, and cash collateral for the LC Exposure, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Notwithstanding the foregoing, the Administrative Agent's remedies with respect to clause (ii) above shall include, upon request of the Required Lenders, the right to the appointment of a receiver for any properties and assets of the Loan Parties (to the extent such Loan Parties' properties and assets secure the Obligations), and each Loan Party hereby consents to such right and such appointment and hereby waives any objection each Loan Party may have thereto or the right to have a bond or security posted by the Administrative Agent on behalf of the Lenders, in connection therewith. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, increase the rate of interest applicable to the Loans and other Obligations as set forth in this Agreement and exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity, including all remedies provided under the UCC.

ARTICLE VIII

The Administrative Agent

SECTION 8.01 Authorization and Action.

(a) Each Lender, on behalf of itself and any of its Affiliates that are Secured Parties and Issuing Bank hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors and assigns to serve as the administrative agent and collateral agent under the Loan Documents and each Lender and Issuing Bank authorizes the Administrative Agent to take such actions as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than within the United States, each Lender and Issuing Bank hereby grants to the Administrative Agent any required powers of attorney to execute and enforce any Collateral Document governed by the laws of such jurisdiction on such Lender's or such Issuing Bank's behalf. Without limiting the foregoing, each Lender and Issuing Bank hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, and to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents.

(b) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender and Issuing Bank; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner

satisfactory to it from the Lenders and the Issuing Bank with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any other Loan Party, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuing Bank (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

(i) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender, Issuing Bank, any other Secured Party or holder of any other obligation other than as expressly set forth herein and in the other Loan Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and/or the transactions contemplated hereby; and

(ii) nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account;

(d) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and non- appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(e) Any Arranger shall have obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity, but all such persons shall have the benefit of the indemnities provided for hereunder.

(f) In case of the pendency of any proceeding with respect to any Loan Party under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent

(irrespective of whether the principal of any Loan or any reimbursement obligation in respect of any LC Disbursement shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Disbursements and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Bank and the Administrative Agent (including any claim under Sections 2.12, 2.13, 2.15, 2.17 and 9.03) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender, Issuing Bank and each other Secured Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, the Issuing Bank or the other Secured Parties, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 9.03). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Bank, and, except solely to the extent of the Borrower's rights to consent pursuant to and subject to the conditions set forth in this Article, none of the Borrower or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions. Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral and of the Guarantees of the Secured Obligations provided under the Loan Documents, to have agreed to the provisions of this Article.

SECTION 8.02 Administrative Agent's Reliance, Indemnification, Etc.

(a) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by such party, the Administrative Agent or any of its Related Parties under or in connection with this Agreement or the other Loan Documents (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and non-appealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party to perform its obligations hereunder or thereunder.

(b) The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof (stating that it is a "notice of default") is given to the Administrative Agent by the Borrower, a Lender or the Issuing Bank, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or

genuineness of any Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items (which on their face purport to be such items) expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent, or (vi) the creation, perfection or priority of Liens on the Collateral.

(c) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 9.04, (ii) may rely on the Register to the extent set forth in Section 9.04(b), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or Issuing Bank and shall not be responsible to any Lender or Issuing Bank for any statements, warranties or representations made by or on behalf of any Loan Party in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Bank sufficiently in advance of the making of such Loan or the issuance of such Letter of Credit and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

SECTION 8.03 Posting of Communications.

(a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Issuing Bank by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other Electronic System chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Bank and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Bank and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT,

ANY ARRANGER, ANY CO-DOCUMENTATION AGENT, ANY SYNDICATION AGENT OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, "APPLICABLE PARTIES") HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

(d) Each Lender and Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender and Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's or Issuing Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders, each of the Issuing Bank and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Bank to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 8.04 The Administrative Agent Individually. With respect to its Commitment, Loans (including Swingline Loans) and Letters of Credit, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or Issuing Bank, as the case may be. The terms "Issuing Bank", "Lenders", "Required Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, Issuing Bank or as one of the Required Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, any Loan Party, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders or the Issuing Bank.

SECTION 8.05 Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving 30 days' prior written notice thereof to the Lenders, the Issuing Bank and the Borrower, whether or not a successor Administrative Agent has been appointed. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case, such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required while an Event of Default has occurred and is continuing). Upon the acceptance of any appointment as Administrative Agent by a successor

Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Bank and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Collateral Document for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties, and continue to be entitled to the rights set forth in such Collateral Document and Loan Document, and, in the case of any Collateral in the possession of the Administrative Agent, shall continue to hold such Collateral, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this Section (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Security Document, including any action required to maintain the perfection of any such security interest), and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article, Section 2.17(d) and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (a) above.

SECTION 8.06 Acknowledgements of Lenders and Issuing Bank.

(a) Each Lender represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and that it has, independently and without reliance upon the Administrative Agent, any Arranger, any Syndication Agent, any Co-Documentation Agent, or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger, any Syndication Agent, any Co-Documentation Agent, or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non- public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the

Administrative Agent or the Lenders on the Effective Date or the effective date of any such Assignment and Assumption or any other Loan Document pursuant to which it shall have become a Lender hereunder.

(c) Each Lender hereby agrees that (i) it has requested a copy of each Report prepared by or on behalf of the Administrative Agent; (ii) the Administrative Agent (A) makes no representation or warranty, express or implied, as to the completeness or accuracy of any Report or any of the information contained therein or any inaccuracy or omission contained in or relating to a Report and (B) shall not be liable for any information contained in any Report; (iii) the Reports are not comprehensive audits or examinations, and that any Person performing any field examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel and that the Administrative Agent undertakes no obligation to update, correct or supplement the Reports; (iv) it will keep all Reports confidential and strictly for its internal use, not share the Report with any Loan Party or any other Person except as otherwise permitted pursuant to this Agreement; and (v) without limiting the generality of any other indemnification provision contained in this Agreement, (A) it will hold the Administrative Agent and any such other Person preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any extension of credit that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (B) it will pay and protect, and indemnify, defend, and hold the Administrative Agent and any such other Person preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including reasonable attorneys' fees) incurred by the Administrative Agent or any such other Person as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

SECTION 8.07 Collateral Matters.

(a) Except with respect to the exercise of setoff rights in accordance with Section 9.08 or with respect to a Secured Party's right to file a proof of claim in an insolvency proceeding, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any Guarantee of the Secured Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Secured Parties in accordance with the terms thereof. In its capacity, the Administrative Agent is a "representative" of the Secured Parties within the meaning of the term "secured party" as defined in the UCC. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Secured Parties.

(b) In furtherance of the foregoing and not in limitation thereof, no arrangements in respect of Banking Services the obligations under which constitute Secured Obligations and no Swap Agreement the obligations under which constitute Secured Obligations, will create (or be deemed to create) in favor of any Secured Party that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under any Loan Document. By accepting the benefits of the Collateral, each Secured Party that is a party to any such arrangement in respect of Banking Services or Swap Agreement, as applicable, shall be deemed to have appointed the Administrative Agent to serve as administrative agent and collateral agent under the Loan Documents and agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

(c) The Secured Parties irrevocably authorize the Administrative Agent, at its option and in its discretion, to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 6.02(b). The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders or any other Secured Party for any failure to monitor or maintain

any portion of the Collateral.

SECTION 8.08 Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 9.02 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership interests, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata with their original interest in such Obligations and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

SECTION 8.09 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset

Regulations) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96- 23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that none of the Administrative Agent, or any Arranger, any Syndication Agent, any Co-Documentation Agent or any of their respective Affiliates is a fiduciary with respect to the Collateral or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

(c) The Administrative Agent and each Arranger, Syndication Agent and Co-Documentation Agent hereby informs the Lenders that each such Person is not undertaking to provide investment advice or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments, this Agreement and any other Loan Documents (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing

SECTION 8.10 Flood Laws. JPM has adopted internal policies and procedures that address requirements

placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and related legislation (the "Flood Laws"). JPM, as administrative agent or collateral agent on a syndicated facility, will post on the applicable electronic platform (or otherwise distribute to each Lender in the syndicate) documents that it receives in connection with the Flood Laws. However, JPM reminds each Lender and Participant in the facility that, pursuant to the Flood Laws, each federally regulated Lender (whether acting as a Lender or Participant in the facility) is responsible for assuring its own compliance with the flood insurance requirements.

ARTICLE IX

Miscellaneous

SECTION 9.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone or Electronic Systems (and subject in each case to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or other electronic communication, as follows:

(i) if to any Loan Party, to it in care of the Borrower at:

c/o USA Technologies, Inc.
100 Deerfield Lane
Suite 300
Malvern, PA 19355
Attention: Chief Financial Officer
Telephone: 800-633-0340
Fax: 610-989-0344

With a copy to:

Cadwalader, Wickersham & Taft LLP
227 West Trade Street
Charlotte, NC 28202
Attention: Kurt Oosterhouse
Fax No.: 704-348-5200

(ii) if to the Administrative Agent, the Swingline Lender, or JPM in its capacity as the Issuing Bank, to JPMorgan Chase Bank, N.A. at:

JPMorgan Chase Bank, N.A.
Middle Market Technology Banking
237 Park Avenue, 6th Floor
New York, NY 10017 Attention: Ted Karsos
Email: ted.karsos@jpmorgan.com

(iii) if to any other Lender or Issuing Bank, to it at its address or fax number set forth in its Administrative Questionnaire.

All such notices and other communications (i) sent by hand or overnight courier service, or mailed by certified or registered mail shall be deemed to have been given when received, (ii) sent by fax shall be deemed to have been given when sent, provided that if not given during normal business hours for the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day of the recipient, or (iii) delivered through Electronic Systems or Approved Electronic Platforms, as applicable, to the extent

provided in paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems or Approved Electronic Platforms, as applicable, or pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II or to compliance and no Default certificates delivered pursuant to Section 5.01(c) unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrower (on behalf of the Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by using Electronic Systems or Approved Electronic Platforms, as applicable, pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise proscribes, all such notices and other communications (i) sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i)and (ii) above, if such notice, e-mail or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day of the recipient.

(c) Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02 Waivers; Amendments.

(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Subject to Section 2.14(b), Section 2.14(c) and Section 9.02(c) below, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (i) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders (unless otherwise expressly provided) or (ii) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, with the consent of the Required Lenders (unless otherwise expressly provided); provided that no such agreement shall (A) increase the Commitment of any Lender without the written consent of such Lender (including any such Lender that is a Defaulting Lender), (B) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon (subject to Section 2.13(c)), or reduce or forgive any interest or fees payable hereunder (subject to Section 2.13(c)), without the written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby (except that any amendment or modification of the financial covenants in this Agreement (or defined terms used in the financial covenants in this Agreement) shall not constitute a reduction in the rate of interest or fees for purposes of this clause (B)), (C) postpone any scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any date for the payment of any interest, fees or other Obligations payable hereunder, or reduce the amount of,

waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby, (D) change Section 2.18(b) or (d) in a manner that would alter the manner in which payments are shared, without the written consent of each Lender (other than any Defaulting Lender), (E) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (other than any Defaulting Lender) directly affected thereby, (F) change Section 2.20, without the consent of each Lender (other than any Defaulting Lender), (G) release any Guarantor from its obligation under its Loan Guaranty or Obligation Guaranty (except as otherwise permitted herein or in the other Loan Documents), without the written consent of each Lender (other than any Defaulting Lender), (H) permit any Loan Party to assign its obligations under the Loan Documents, or (I) except as provided in clause (c) of this Section or in any Collateral Document, release all or substantially all of the Collateral without the written consent of each Lender (other than any Defaulting Lender); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Swingline Lender or the Issuing Bank hereunder without the prior written consent of the Administrative Agent, the Swingline Lender or the Issuing Bank, as the case may be (it being understood that any amendment to Section 2.20 shall require the consent of the Administrative Agent, the Swingline Lender and the Issuing Bank); provided further that no such agreement shall amend or modify the provisions of Section 2.07 or any letter of credit application and any bilateral agreement between the Borrower and the Issuing Bank regarding the Issuing Bank's Issuing Bank Sublimit or the respective rights and obligations between the Borrower and the Issuing Bank in connection with the issuance of Letters of Credit without the prior written consent of the Administrative Agent and the Issuing Bank, respectively. The Administrative Agent may also amend the Commitment Schedule to reflect assignments entered into pursuant to Section 9.04. Any amendment, waiver or other modification of this Agreement or any other Loan Document that by its terms affects the rights or duties under this Agreement of the Lenders of one or more Classes (but not the Lenders of any other Class), may be effected by an agreement or agreements in writing entered into by the Borrower and the requisite number or percentage in interest of each affected Class of Lenders that would be required to consent thereto under this Section if such Class of Lenders were the only Class of Lenders hereunder at the time.

(c) The Lenders and the Issuing Bank hereby irrevocably authorize the Administrative Agent, at its option and in its sole discretion, to release any Liens granted to the Administrative Agent by the Loan Parties on any Collateral (i) upon the Payment in Full of all Secured Obligations, and the cash collateralization of all Unliquidated Obligations in a manner satisfactory to each affected Lender, (ii) constituting property being sold or disposed of if the Loan Party disposing of such property certifies to the Administrative Agent that the sale or disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), and to the extent that the property being sold or disposed of constitutes 100% of the Equity Interests of a Subsidiary, the Administrative Agent is authorized to release any Loan Guaranty or Obligation Guaranty provided by such Subsidiary, (iii) constituting property leased to a Loan Party under a lease which has expired or been terminated in a transaction permitted under this Agreement, or (iv) as required to effect any sale or other disposition of such Collateral in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII. Except as provided in the preceding sentence, the Administrative Agent will not release any Liens on Collateral without the prior written authorization of the Required Lenders; provided that the Administrative Agent may, in its discretion, release its Liens on Collateral valued in the aggregate not in excess of $500,000 during any calendar year without the prior written authorization of the Required Lenders (it being agreed that the Administrative Agent may rely conclusively on one or more certificates of the Borrower as to the value of any Collateral to be so released, without further inquiry). Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral. Any execution and delivery by the Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by the Administrative Agent.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each

Lender" or "each Lender affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but has not been obtained being referred to herein as a "Non-Consenting Lender"), then the Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower, the Administrative Agent and the Issuing Bank shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non- Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) the Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non- Consenting Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender. Each party hereto agrees that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to an be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto.

(e) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03 Expenses; Indemnity; Damage Waiver.

(a) The Loan Parties, jointly and severally, shall pay all (i) reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication and distribution (including, without limitation, via the internet or through an Electronic System or Approved Electronic Platform) of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel, professionals and other advisors for the Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement, collection or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit; provided, that with respect to any action brought by the Administrative Agent, any Lender or the Issuing Bank in connection with the enforcement, collection or protection of its rights under the Loan Documents, with respect to the payment of legal fees, the Borrower shall only be responsible for the legal fees one counsel to the Administrative Agent, the Lenders and the Issuing Bank (and, in the event of any actual or perceived conflict of interest, one additional counsel to the affected parties) and appropriate local counsel and regulatory counsel. Expenses being reimbursed by the Loan Parties under this Section include, without limiting the generality of the foregoing, fees, costs and expenses incurred in connection with:

(A) appraisals and insurance reviews;

(B) field examinations and the preparation of Reports based on the fees charged by a third party retained by the Administrative Agent or the internally allocated fees for each Person employed by the Administrative Agent with respect to each field examination;

(C) background checks regarding senior management and/or key investors, as deemed necessary or appropriate in the sole discretion of the Administrative Agent;

(D) Taxes, fees and other charges for (i) lien and title searches and title insurance and (ii) recording the Mortgages, filing financing statements and continuations, and other actions to perfect, protect, and continue the Administrative Agent's Liens;

(E) sums paid or incurred to take any action required of any Loan Party under the Loan Documents that such Loan Party fails to pay or take; and

(F) forwarding loan proceeds, collecting checks and other items of payment, and establishing and maintaining the accounts and lock boxes, and costs and expenses of preserving and protecting the Collateral.

All of the foregoing fees, costs and expenses may be charged to the Borrower as Revolving Loans or to another deposit account, all as described in Section 2.18(c).

(b) The Loan Parties, jointly and severally, shall indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, penalties, incremental taxes, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee (subject to Section 9.03(a)(iii) above), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by a Loan Party or a Subsidiary, or any Environmental Liability related in any way to a Loan Party or a Subsidiary, (iv) the failure of a Loan Party to deliver to the Administrative Agent the required receipts or other required documentary evidence with respect to a payment made by such Loan Party for Taxes pursuant to Section 2.17, or (v) any actual or prospective claim, litigation, investigation, arbitration or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation, arbitration or proceeding is brought by any Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) Each Lender severally agrees to pay any amount required to be paid by any Loan Party under paragraph (a) or (b) of this Section 9.03 to the Administrative Agent, the Swingline Lender and Issuing Bank, and each Related Party of any of the foregoing Persons (each, an "Agent Indemnitee") (to the extent not reimbursed by the Loan Parties and without limiting the obligation of any Loan Party to do so), ratably according to their respective Applicable Percentage in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Applicable Percentage immediately prior to such date), from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans)

be imposed on, incurred by or asserted against such Agent Indemnitee in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent Indemnitee in its capacity as such; provided further that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent Indemnitee's gross negligence or willful misconduct. The agreements in this Section shall survive the termination of this Agreement and the Payment in Full of the Secured Obligations.

(d) To the extent permitted by applicable law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this paragraph (d) shall relieve any Loan Party of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable not later than five (5) Business Days after written demand therefor.

SECTION 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, participations in Letters of Credit and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof, and provided further that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund;

(C) the Issuing Bank, provided that no consent of the Issuing Bank shall be required for an assignment of all or any portion of a Term Loan; and

(D) the Swingline Lender, provided that no consent of the Swingline Lender shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 or, in the case of a Term Loan, $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the other Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including federal and state securities laws.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means a (a) natural person, (b) a Defaulting Lender or its Parent, (c) holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof; provided that, such holding company, investment vehicle or trust shall not constitute an Ineligible Institution if it (x) has not been established for the primary purpose of acquiring any Loans or Commitments, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than $25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business; provided that upon the occurrence of an Event of Default, any Person (other than a Lender) shall be an Ineligible Institution if after giving effect to any proposed assignment to such Person, such Person would hold more than 25% of the then outstanding Aggregate Credit Exposure or Commitments, as the case may be or (d) a Loan Party or a Subsidiary or other Affiliate of a Loan Party.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and

obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05, 2.06(d) or (e), 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Swingline Lender or the Issuing Bank, sell participations to one or more banks or other entities (a "Participant") other than an Ineligible Institution in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (iii) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Sections 2.17(f) and (g) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender and the information and documentation required under Section 2.17(g) will be delivered to the Borrower and the Administrative Agent)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17 with respect to any participation than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement or any other Loan Document (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under this Agreement or any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to (i) fees payable to the Administrative Agent and (ii) increases or reductions of the Issuing Bank Sublimit of the Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries

or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

SECTION 9.07 Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Bank, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held, and other obligations at any time owing, by such Lender, such Issuing Bank or any such Affiliate, to or for the credit or the account of any Loan Party against any and all of the Secured Obligations owing to such Lender or such Issuing Bank or their respective Affiliates, irrespective of whether or not such Lender, Issuing Bank or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Loan Parties may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender or such Issuing Bank different from the branch office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.20 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Bank, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Secured Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The applicable Lender, the Issuing Bank or such Affiliate shall notify the Borrower and the Administrative Agent of such setoff or application; provided that the failure to give such notice shall not affect the validity of such setoff or application under this Section. The rights of each Lender, Issuing Bank and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Bank or their respective Affiliates may have.

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process.

(a) The Loan Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws of the State of New York, but giving effect to federal laws applicable to national banks.

(b) Each of the Lenders and the Administrative Agent hereby irrevocably and unconditionally agrees that, notwithstanding the governing law provisions of any applicable Loan Document, any claims brought against the Administrative Agent by any Secured Party relating to this Agreement, any other Loan Document, the Collateral or the consummation or administration of the transactions contemplated hereby or thereby shall be construed in accordance with and governed by the law of the State of New York.

(c) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any U.S. federal or New York state court sitting in New York, New York in any action or proceeding arising out of or relating to any Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such state court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided

by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(d) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(e) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OR OTHER AGENT (INCLUDING ANY ATTORNEY) OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by any Requirement of Law or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (x) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Loan Parties and their obligations, (g) with the consent of the Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis prior to disclosure by the Borrower and other than information pertaining to this Agreement provided by arrangers to data service providers, including league table providers, that serve the lending industry; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same

degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION (AS DEFINED IN THIS SECTION 9.12) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER, THE OTHER LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

SECTION 9.13 Several Obligations; Nonreliance; Violation of Law. The respective obligations of the Lenders hereunder are several and not joint and the failure of any Lender to make any Loan or perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board) for the repayment of the Borrowings provided for herein. Anything contained in this Agreement to the contrary notwithstanding, neither the Issuing Bank nor any Lender shall be obligated to extend credit to the Borrower in violation of any Requirement of Law.

SECTION 9.14 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the USA PATRIOT Act.

SECTION 9.15 Disclosure. Each Loan Party, each Lender and the Issuing Bank hereby acknowledges and agrees that the Administrative Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with, any of the Loan Parties and their respective Affiliates.

SECTION 9.16 Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession or control. Should any Lender (other than the Administrative Agent) obtain possession or control of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

SECTION 9.17 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with

all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.18 No Fiduciary Duty, etc. The Borrower acknowledges and agrees, and acknowledges its subsidiaries' understanding, that no Credit Party will have any obligations except those obligations expressly set forth herein and in the other Loan Documents and each Credit Party is acting solely in the capacity of an arm's length contractual counterparty to the Borrower with respect to the Loan Documents and the transaction contemplated therein and not as a financial advisor or a fiduciary to, or an agent of, the Borrower or any other person. The Borrower agrees that it will not assert any claim against any Credit Party based on an alleged breach of fiduciary duty by such Credit Party in connection with this Agreement and the transactions contemplated hereby. Additionally, the Borrower acknowledges and agrees that no Credit Party is advising the Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. The Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Credit Parties shall have no responsibility or liability to the Borrower with respect thereto.

The Borrower further acknowledges and agrees, and acknowledges its subsidiaries' understanding, that each Credit Party, together with its affiliates, is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, the Borrower and other companies with which the Borrower may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

In addition, the Borrower acknowledges and agrees, and acknowledges its subsidiaries' understanding, that each Credit Party and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Borrower may have conflicting interests regarding the transactions described herein and otherwise. No Credit Party will use confidential information obtained from the Borrower by virtue of the transactions contemplated by the Loan Documents or its other relationships with the Borrower in connection with the performance by such Credit Party of services for other companies, and no Credit Party will furnish any such information to other companies. The Borrower also acknowledges that no Credit Party has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to the Borrower, confidential information obtained from other companies.

SECTION 9.19 Marketing Consent. The Borrower hereby authorizes JPM and its affiliates (collectively, the "JPM Parties"), at their respective sole expense, but without any prior approval by the Borrower, to publish such tombstones and give such other publicity to this Agreement as each may from time to time determine in its sole discretion. The foregoing authorization shall remain in effect unless the Borrower notifies JPM in writing that such authorization is revoked.

SECTION 9.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution;

and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

SECTION 9.21 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

ARTICLE X

Loan Guaranty

SECTION 10.01 Guaranty. Each Loan Guarantor (other than those that have delivered a separate Guaranty) hereby agrees that it is jointly and severally liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Secured Parties, the prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Secured Obligations and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Administrative Agent, the Issuing Bank and the Lenders in endeavoring to collect all or any part of the Secured Obligations from, or in prosecuting any action against, the Borrower, any Loan Guarantor or any other guarantor of all or any part of the Secured Obligations (such costs and expenses, together with the Secured Obligations, collectively the "Guaranteed Obligations"); provided, however, that the definition of "Guaranteed Obligations" shall not create any guarantee by any Loan Guarantor of (or grant of security interest by any Loan Guarantor to support, as applicable) any Excluded Swap Obligations of such Loan Guarantor for purposes of

determining any obligations of any Loan Guarantor). Each Loan Guarantor further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. All terms of this Loan Guaranty apply to and may be enforced by or on behalf of any domestic or foreign branch or Affiliate of any Lender that extended any portion of the Guaranteed Obligations.

SECTION 10.02 Guaranty of Payment. This Loan Guaranty is a guaranty of payment and not of collection. Each Loan Guarantor waives any right to require the Administrative Agent, the Issuing Bank or any Lender to sue the Borrower, any Loan Guarantor, any other guarantor of, or any other Person obligated for all or any part of the Guaranteed Obligations (each, an "Obligated Party"), or otherwise to enforce its payment against any collateral securing all or any part of the Guaranteed Obligations.

SECTION 10.03 No Discharge or Diminishment of Loan Guaranty.

(a) Except as otherwise provided for herein, the obligations of each Loan Guarantor hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the Payment in Full of the Guaranteed Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of the Borrower or any other Obligated Party liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party, or their assets or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, setoff or other rights which any Loan Guarantor may have at any time against any Obligated Party, the Administrative Agent, the Issuing Bank, any Lender, or any other Person, whether in connection herewith or in any unrelated transactions.

(b) The obligations of each Loan Guarantor hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of any Loan Guarantor hereunder are not discharged or impaired or otherwise affected by: (i) the failure of the Administrative Agent, the Issuing Bank or any Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection, or invalidity of any indirect or direct security for the obligations of the Borrower for all or any part of the Guaranteed Obligations or any obligations of any other Obligated Party liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Administrative Agent, the Issuing Bank or any Lender with respect to any collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Loan Guarantor or that would otherwise operate as a discharge of any Loan Guarantor as a matter of law or equity (other than the Payment in Full of the Guaranteed Obligations).

SECTION 10.04 Defenses Waived. To the fullest extent permitted by applicable law, each Loan Guarantor hereby waives any defense based on or arising out of any defense of the Borrower or any Loan Guarantor or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of the Borrower, any Loan Guarantor or any other Obligated Party, other than the Payment in Full of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Loan Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party, or any other Person. Each Loan Guarantor confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. The Administrative Agent may, at its election, foreclose on any Collateral held by it by one or more judicial or nonjudicial sales, accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act with respect to any collateral securing all or a part of

the Guaranteed Obligations, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of such Loan Guarantor under this Loan Guaranty, except to the extent the Guaranteed Obligations have been Paid in Full. To the fullest extent permitted by applicable law, each Loan Guarantor waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Loan Guarantor against any Obligated Party or any security.

SECTION 10.05 Rights of Subrogation. No Loan Guarantor will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against any Obligated Party with respect to the Guaranteed Obligations, or any collateral, until the Loan Parties and the Loan Guarantors have fully performed all their obligations to the Administrative Agent, the Issuing Bank and the Lenders.

SECTION 10.06 Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Guaranteed Obligations (including a payment effected through exercise of a right of setoff) is rescinded, or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise (including pursuant to any settlement entered into by a Secured Party in its discretion), each Loan Guarantor's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not the Administrative Agent, the Issuing Bank and the Lenders are in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the Loan Guarantors forthwith on demand by the Administrative Agent.

SECTION 10.07 Information. Each Loan Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each Loan Guarantor assumes and incurs under this Loan Guaranty, and agrees that none of the Administrative Agent, the Issuing Bank or any Lender shall have any duty to advise any Loan Guarantor of information known to it regarding those circumstances or risks.

SECTION 10.08 Termination. Each of the Lenders and the Issuing Bank may continue to make loans or extend credit to the Borrower based on this Loan Guaranty until five (5) days after it receives written notice of termination from any Loan Guarantor. Notwithstanding receipt of any such notice, each Loan Guarantor will continue to be liable to the Lenders for any Guaranteed Obligations created, assumed or committed to prior to the fifth day after receipt of the notice, and all subsequent renewals, extensions, modifications and amendments with respect to, or substitutions for, all or any part of such Guaranteed Obligations. Nothing in this Section 10.08 shall be deemed to constitute a waiver of, or eliminate, limit, reduce or otherwise impair any rights or remedies the Administrative Agent or any Lender may have in respect of, any Default or Event of Default that shall exist under clause (o) of Article VII hereof as a result of any such notice of termination.

SECTION 10.09 Taxes. Each payment of the Guaranteed Obligations will be made by each Loan Guarantor without withholding for any Taxes, unless such withholding is required by law. If any Loan Guarantor determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Loan Guarantor may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by such Loan Guarantor shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the Administrative Agent, Lender or Issuing Bank (as the case may be) receives the amount it would have received had no such withholding been made.

SECTION 10.10 Maximum Liability. Notwithstanding any other provision of this Loan Guaranty, the amount guaranteed by each Loan Guarantor hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any

applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, Uniform Voidable Transaction Act or similar statute or common law. In determining the limitations, if any, on the amount of any Loan Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Loan Guarantor may have under this Loan Guaranty, any other agreement or applicable law shall be taken into account.

SECTION 10.11 Contribution.

(a) To the extent that any Loan Guarantor shall make a payment under this Loan Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Loan Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Loan Guarantor if each Loan Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Loan Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Loan Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following the Payment in Full of the Guaranteed Obligations and the termination of this Agreement, such Loan Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Loan Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Loan Guarantor shall be equal to the excess of the fair saleable value of the property of such Loan Guarantor over the total liabilities of such Loan Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Loan Guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Loan Guarantors as of such date in a manner to maximize the amount of such contributions.

(c) This Section 10.11 is intended only to define the relative rights of the Loan Guarantors, and nothing set forth in this Section 10.11 is intended to or shall impair the obligations of the Loan Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Loan Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Loan Guarantor or Loan Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Loan Guarantors against other Loan Guarantors under this Section 10.11 shall be exercisable upon the Payment in Full of the Guaranteed Obligations and the termination of this Agreement.

SECTION 10.12 Liability Cumulative. The liability of each Loan Party as a Loan Guarantor under this Article X is in addition to and shall be cumulative with all liabilities of each Loan Party to the Administrative Agent, the Issuing Bank and the Lenders under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

SECTION 10.13 Keepwell.Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Guarantee in respect of a Swap Obligation (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 10.13 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10.13 or otherwise under this Loan Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Except as otherwise provided herein, the obligations of each Qualified

ECP Guarantor under this Section 10.13 shall remain in full force and effect until the termination of all Swap Obligations. Each Qualified ECP Guarantor intends that this Section 10.13 constitute, and this Section 10.13 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

USA TECHNOLOGIES, INC.

By: /s/ Sean Feeney
Name: Sean Feeney
Title: Chief Executive Officer

USAT CAPITAL CORP, LLC

By: /s/ Sean Feeney
Name: Sean Feeney
Title: Chief Executive Officer

CANTALOUPE SYSTEMS, INC.

By: /s/ Sean Feeney
Name: Sean Feeney
Title: Chief Executive Officer

JPMORGAN CHASE BANK, N.A., individually, and as Administrative Agent, Lender, Swingline Lender and Issuing Bank

By: /s/ Eleftherios Karsos
Name: Eleftherios Karsos
Title: Authorized Officer

COMMITMENT SCHEDULE

Lender	Revolving Commitment	Term A Commitment	Commitment
JPMorgan Chase Bank, N.A.	$5,000,000.00	$15,000,000.00	$20,000,000.00
Total	**$5,000,000.00**	**$15,000,000.00**	**$20,000,000.00**

SCHEDULE 3.05

Properties, etc.

(a) Address of each parcel of real property that is owned or leased by any Loan Party

(i) USA Technologies, Inc.:

Principal Office: 100 Deerfield Lane, Suite 300, Malvern, PA 19355
Denver Office: 1550 Wynkoop Street, Suite 2R, Denver CO, 80202
Louisiana Office: 3900 North Causeway Blvd., Suite 925, Metairie, LA 70002

(ii) USAT Capital Corp, LLC: None.

(iii) Cantaloupe Systems, Inc.: None.

(b) Trademarks, tradenames, copyrights, patents and other intellectual property

1. **Patents:**

Loan Party	Patent Description	Patent / Application Number	Issue Date
USA Technologies, Inc.	DYNAMIC IDENTIFICATION INTERCHANGE METHOD FOR EXCHANGING ONE FORM OF IDENTIFICATION FOR ANOTHER	6,754,641	6/22/2004
USA Technologies, Inc.	METHOD OF CONSTRUCTING A DIGITAL CONTENT PLAY LIST FOR TRANSMISSION AND PRESENTATION ON A PUBLIC ACCESS ELECTRONIC TERMINAL	7,805,338	9/28/2010
USA Technologies, Inc.	COMMUNICATION INTERFACE DEVICE FOR MANAGING WIRELESS DATA TRANSMISSION BETWEEN A VEHICLE AND THE INTERNET	7,003,289	2/21/2006
USA Technologies, Inc.	SYSTEM FOR PROVIDING REMOTE AUDIT, CASHLESS PAYMENT, AND INTERACTIVE TRANSACTION CAPABILITIES IN A VENDING MACHINE	6,505,095	1/7/2003
USA Technologies, Inc.	POINT OF SALE TERMINAL MOUNTABLE ON A VENDING MACHINE	D543,588	5/29/2007

USA Technologies, Inc.	WIRELESS SYSTEM FOR COMMUNICATING CASHLESS VENDING TRANSACTION DATA AND VENDING MACHINE AUDIT DATA TO REMOTE LOCATIONS	7,593,897	9/22/2009
USA Technologies, Inc.	SYSTEM AND METHOD FOR LOCALLY AUTHORIZING CASHLESS TRANSACTIONS AT POINT OF SALE	7,630,939	12/8/2009
USA Technologies, Inc.	CASHLESS VENDING TRANSACTION MANAGEMENT BY A VEND ASSIST MODE OF OPERATION	7,076,329	7/11/2006
USA Technologies, Inc.	CASHLESS VENDING TRANSACTION MANAGEMENT BY A VEND ASSIST MODE OF OPERATION	7,693,602	4/6/2010
USA Technologies, Inc.	INTERACTIVE INTERFACE EFFECTUATED VENDING	8,596,529	12/3/2013
USA Technologies, Inc.	CARD READER ASSEMBLY	7,690,495	4/6/2010
USA Technologies, Inc.	CASHLESS VENDING SYSTEM WITH TETHERED PAYMENT INTERFACE	7,464,867	12/16/2008
USA Technologies, Inc.	CASHLESS TRANSACTION PAYMENT MODULE	7,865,430	1/4/2011
USA Technologies, Inc.	DEVICES AND METHODS FOR PROVIDING CASHLESS PAYMENT AND DIAGNOSTICS FOR VENDING MACHINES	8,373,558	2/12/2013
USA Technologies, Inc.	VENDING APPROVAL SYSTEMS, METHODS, AND APPARATUS USING CARD READERS	9,159,182	10/13/2015
USA Technologies, Inc.	APPARATUS, SYSTEM, AND METHODS FOR RETROFITTING VENDING SYSTEMS WITH WIRELESS COMMUNICATION	9,619,795	4/11/2017
USA Technologies, Inc.	VENDING INTERFACE CONTROLLER	1534461	8/28/2015
USA Technologies, Inc.	VENDING INTERFACE CONTROLLER	D727,428	4/21/2015
USA Technologies, Inc.	UNATTENDED RETAIL SYSTEMS, METHODS AND DEVICES FOR LINKING PAYMENTS, LOYALTY, AND REWARDS	9,245,269	1/26/2016
USA Technologies, Inc.	VENDING MACHINE SYSTEMS USING STANDARD INVENTORY CONTROL SYSTEM COMPONENT	8,788,341	7/22/2014

USA Technologies, Inc.	VENDING MACHINE NUTRITIONAL INFORMATION DISPLAY SYSTEM USING STANDARD INVENTORY CONTROL SYSTEM COMPONENTS	8,583,280	11/12/2013
USA Technologies, Inc.	REFRIGERATED VENDING MACHINE EXPLOITING EXPANDED TEMPERATURE VARIANCE DURING POWER-CONSERVATION MODE	2001263356	1/13/2005
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	PI0111132-9	4/24/2013
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	2,409,228	3/9/2010
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	1299680	8/2/2017
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	1299680	8/2/2017
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	1299680	8/2/2017
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	1299680	8/2/2017
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	1299680	8/2/2017
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	1299680	8/2/2017
USA Technologies, Inc.	TEMPERATURE CONTROLLER FOR A REFRIGERATED VENDING MACHINE	234363	2/13/2006
USA Technologies, Inc.	METHOD AND APPARATUS FOR CONSERVING POWER CONSUMED BY A REFRIGERATED APPLIANCE UTILIZING AUDIO SIGNAL DETECTION	7,286,907	10/23/2007

USA Technologies, Inc.	METHOD AND APPARATUS FOR CONSERVING POWER CONSUMED BY A VENDING MACHINE UTILIZING AUDIO SIGNAL DETECTION	7,856,289	12/21/2010
USA Technologies, Inc.	POWER-CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT- LIGHT DETERMINATIONS	60225149.4	2/20/2008
USA Technologies, Inc.	POWER-CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT-LIGHT DETERMINATIONS	1419425	2/20/2008
USA Technologies, Inc.	POWER-CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT- LIGHT DETERMINATIONS	1419425	2/20/2008
USA Technologies, Inc.	POWER-CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT-LIGHT DETERMINATIONS	1419425	2/20/2008
USA Technologies, Inc.	POWER-CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT- LIGHT DETERMINATIONS	1419425	2/20/2008
USA Technologies, Inc.	POWER-CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT- LIGHT DETERMINATIONS	1419425	2/20/2008
USA Technologies, Inc.	POWER CONSERVATION SYSTEM BASED ON INDOOR/OUTDOOR AND AMBIENT- LIGHT DETERMINATION	6,801,836	10/5/2004
USA Technologies, Inc.	METHOD AND APPARATUS FOR CONSERVING POWER CONSUMED BY A REFRIGERATED APPLIANCE UTILIZING DISPENSING EVENT DATA SIGNALS	6,898,942	5/31/2005
USA Technologies, Inc.	METHOD AND APPARATUS FOR POWER MANAGEMENT CONTROL OF A COMPRESSOR-BASED APPLIANCE THAT REDUCES ELECTRICAL POWER CONSUMPTION OF AN APPLIANCE	6,975,926	12/13/2005

USA Technologies, Inc.	METHOD AND APPARATUS FOR POWER MANAGEMENT CONTROL OF A COOLING SYSTEM IN A CONSUMER ACCESSIBLE APPLIANCE	7,200,467	4/3/2007
USA Technologies, Inc.	METHOD FOR REVALUING A PRIVATE LABEL CARD USING AN ELECTRONIC COMMERCE TERMINAL (AS AMENDED)	6,684,197	1/27/2004
USA Technologies, Inc.	METHOD OF TRANSACTING AN ELECTRONIC MAIL, AN ELECTRONIC COMMERCE, AND AN ELECTRONIC BUSINESS TRANSACTION BY AN ELECTRONIC COMMERCE TERMINAL USING A WIRELESSLY NETWORKED PLURALITY OF PORTABLE DIGITAL..	6,763,336	7/13/2004
USA Technologies, Inc.	VENDING APPROVAL SYSTEM, METHOD, AND APPARATUS USING A CARD READER	3039629	10/24/2018
USA Technologies, Inc.	APPARATUS, SYSTEM, AND METHODS FOR RETROFITTING VENDING SYSTEMS WITH WIRELESS COMMUNICATION	3129960	6/26/2019
USA Technologies, Inc.	SYSTEMS AND METHODS FOR WIRELESS AUTHORIZATION OF TRANSACTIONS WITH MOBILE PAYMENT DEVICES	9,852,423	12/26/2017
USA Technologies, Inc.	METHOD AND DEVICE OF AUTOMATICALLY DETERMINING A PLANOGRAM IN VENDING	9,972,158	5/15/2018
USA Technologies, Inc.	PERSONAL VENDING	9,898,884	2/20/2018
USA Technologies, Inc.	PORTABLE SECURITY BIN	10,169,980	1/1/2019
USAT Capital Corp, LLC	None	None	None
USA Technologies, Inc.	Remote management of vending machines	US8103380	1/24/2012
USA Technologies, Inc.	Remote diagnosis and repair of vending machine communication failures	US7325728	2/5/2008
USA Technologies, Inc.	Vending machine door monitoring system	US7385504	6/10/2008
USA Technologies, Inc.	Vending machine service scheduling	US7894938	2/22/2011
USA Technologies, Inc.	Vending machine service scheduling taking into account hardness data indicating importance of minimizing the number of service visits to a vending machine and/or to the vending machine’s location	US8311867	11/13/2012

USA Technologies, Inc.	Vending machine service scheduling	US8571705	10/29/2013
USA Technologies, Inc.	Vending machine service scheduling	US9286588	3/15/2016
USA Technologies, Inc.	Antenna housing for a vending machine	D531626	11/7/2006
USA Technologies, Inc.	Radio antenna	D729214	5/12/2015
USA Technologies, Inc.	Remote management of vending machines	US8103380	1/24/2012

Patent Applications:

Loan Party	Ref. #	Title	CNTRY	Serial #	Filed Date	Patent #	Issue Date	Status
USA Technologies, Inc.	USE- 714CA	VENDING APPROVAL SYSTEM, METHOD, AND APPARATUS USING A CARD READER	CA	2,921,660	8/27/2014			PENDIN G
USA Technologies, Inc.	USE- 716CA	SYSTEMS AND METHODS FOR SENDING INFORMATI ON TO MOBILE DEVICES UTILIZING MOBILE DEVICE IDENTIFIERS	CA	2,943,880	4/8/2015			PENDING
USA Technologies, Inc.	USE- 717CA	APPARATUS, SYSTEM, AND METHODS FOR RETROFITTING VENDING SYSTEMS WITH WIRELESS COMMUNICATION	CA	2,943,883	4/8/2015			PEND ING
USA Technologies, Inc.	USE- 718CA	SYSTEMS AND METHODS FOR WIRELESS AUTHORIZATI ON OF TRANSACTIONS WITH MOBILE PAYMENT DEVICES	CA	2,943,884	4/8/2015			PEND ING

USA Technologies, Inc.	USE- 718EP	SYSTEMS AND METHODS FOR WIRELESS AUTHORIZATION OF TRANSACTIONS WITH MOBILE PAYMENT DEVICES	EP	15718113.2	4/8/2015			PUBLISHED
USA Technologies, Inc.	USE- 721CA	UNATTENDED RETAIL SYSTEMS, METHODS, AND DEVICES FOR LINKING PAYMENTS, LOYALTY, AND REWARDS	CA	2,956,731	9/11/2015			PENDIN G
USAT Capital Corp, LLC	None	None	None	None	None	None	None	None
Cantaloupe Systems, Inc.	None	None	None	None	None	None	None	None

Trademarks:

Loan Party	**Trademark**	**Registration Date**	**Registration Number**
USA Technologies, Inc.	USA TECHNOLOGIES	2/23/2016	4,903,734
USA Technologies, Inc.	MORE & Design	N/A (Pending as of 6/19/2017)	N/A (Pending as of 6/19/2017)
USA Technologies, Inc.	USALIVE	5/25/2004	2,845,393
USA Technologies, Inc.	INTELLIGENT VENDING	6/16/2009	3,641,380
USA Technologies, Inc.	VM2IQ	8/15/2006	3,130,828
USA Technologies, Inc.	CM2IQ	8/15/2006	3,130,829
USA Technologies, Inc.	ENERGYMISER	5/6/2008	3,424,496
USA Technologies, Inc.	BLUE LIGHT SEQUENCE	12/11/2007	3,352,247
USA Technologies, Inc.	BLUE LIGHT SEQUENCE	N/A (Published as of 6/19/2017)	N/A (Published as of 6/19/2017)
USA Technologies, Inc.	CREATING VALUE THROUGH INNOVATION	5/8/2012	4,139,315
USA Technologies, Inc.	EPORT CONNECT	7/8/2008	3,462,181

USA Technologies, Inc.	ESUDS	11/18/2008	006428239
USA Technologies, Inc.	ESUDS	6/18/2013	4,354,183
USA Technologies, Inc.	EPORT EDGE	3/23/2010	3,764,912
USA Technologies, Inc.	EPORT MOBILE	6/3/2014	4,542,131
USA Technologies, Inc.	EPORT MOBILE & Design	3/31/2015	4,713,726
USA Technologies, Inc.	EPORT GO	4/15/2014	4,513,884
USA Technologies, Inc.	USA TECHNOLOGIES & DESIGN	2/23/2016	4,903,756
USA Technologies, Inc.	VENDSCREEN	4/7/2015	4,716,736
USA Technologies, Inc.	VENDSCREEN	10/6/2015	4,827,283
USA Technologies, Inc.	SNACKMISER	1/25/2005	2,920,610
USA Technologies, Inc.	VENDINGMISER	10/1/2002	2,628,447
USA Technologies, Inc.	PC EXPRESS	12/18/2001	2,520,390
USA Technologies, Inc.	BUSINESS EXPRESS	6/21/2000	529,642
USA Technologies, Inc.	TRANSACT	7/23/2002	2,598,187
USA Technologies, Inc.	EPORT	3/25/2003	2,700,645
USA Technologies, Inc.	EPORT	N/A (Allowed as of 6/19/2017)	N/A (Allowed as of 6/19/2017)
USA Technologies, Inc.	EPORT	6/10/2003	2,724,498
USAT Capital Corp, LLC	None	None	None
Cantaloupe Systems, Inc.	BECAUSE MACHINES CAN'T CRY FOR HELP	6/26/2007	3256437
Cantaloupe Systems, Inc.	BUZZBOX	7/9/2002	2593017
Cantaloupe Systems, Inc.	CANTALOUPE CIRCLE LOGO (design)	7/10/2007	3260944
Cantaloupe Systems, Inc.	CANTALOUPE SYSTEMS	6/11/2008	5768767
Cantaloupe Systems, Inc.	CANTALOUPE SYSTEMS (design)	1/2/2007	3192164
Cantaloupe Systems, Inc.	COMPUVEND	11/5/1985	1368742
Cantaloupe Systems, Inc.	OPENVDI	9/2/2014	4597685
Cantaloupe Systems, Inc.	ROUTEMASTER	4/22/1997	2053727
Cantaloupe Systems, Inc.	SEED	8/5/2011	9771461
Cantaloupe Systems, Inc.	SEED	5/3/2011	3954711
Cantaloupe Systems, Inc.	SEED (design)	1/16/2007	3198306
Cantaloupe Systems, Inc.	SEED OFFICE	2/28/2013	11230141
Cantaloupe Systems, Inc.	SEED OFFICE	9/2/2014	4597636
Cantaloupe Systems, Inc.	SEEDCASHLESS (and design)	10/31/2011	9959883
Cantaloupe Systems, Inc.	SEEDCASHLESS (and design/logo)	5/29/2012	4148607
Cantaloupe Systems, Inc.	VENDPRO	5/13/2005	2958533
Cantaloupe Systems, Inc.	WAREHOUSE MASTER	6/22/2004	2856013

Domains Names:

USA Technologies, Inc.:

Cantaloupesys.com
coolermiser.com
e-vend.net
energymisers.co.uk
energymisers.com
energymisers.eu
energymisers.net
eport-go.com
eportgo.com
eportmobile.com
esuds.online
snackmiser.com
usatech.com
vendingmiser.com
cint.co
mycanteloupe.com
seedt.com
Shredsafe.co
vendingreceipt.com
vsm2m.net
einteractive.net

USAT Capital Corp, LLC

None

Cantaloupe Systems, Inc.

None

Copyrights:

None

SCHEDULE 3.06

Disclosed Matters

None

SCHEDULE 3.09

Taxes

1. USA Technologies, Inc.

The Company recorded an accrual for the payment of state and federal income taxes in the amount of $200,000 as of June 30, 2020.

2. USAT Capital Corp, LLC

None

3. Cantaloupe Systems, Inc.:

None

SCHEDULE 3.12

Material Agreements

USA Technologies, Inc.

1. Form of Indemnification Agreement between the Company and each of its officers and directors (See Exhibit 10.1 to Form 10-Q filed May 15, 2007).

2. USA Technologies, Inc. 2013 Stock Incentive Plan (See Exhibit 10.6 to Form 10-K filed on September 30, 2013).

3. USA Technologies, Inc. 2014 Stock Option Incentive Plan (See Appendix A to the Company's Definitive Proxy Statement filed on May 15, 2014).

4. USA Technologies, Inc. 2015 Equity Incentive Plan (See Appendix A to the Company's Definitive Proxy Statement filed on May 15, 2015).

5. USA Technologies, Inc. 2018 Equity Incentive Plan (See Appendix A to the Company's Definitive Proxy Statement filed on April 2, 2018).

6. First Amendment to the USA Technologies, Inc. 2018 Equity Incentive Plan (See Exhibit 10.1 to Form 8-K filed May 26, 2020).

7. Employment Separation Agreement and General Releases by and between the Company and Stephen P. Herbert dated October 17, 2019 (See Exhibit 10.2 to Form 8-K filed October 18, 2019).

8. Employment, Non-Interference, Non-Solicitation, Non-Competition and Invention Assignment Agreement by and between the Company and Anant Agrawal dated November 9, 2017 (See Exhibit 10.9 to Form 10-K filed October 9, 2019).

9. First Amendment to Employment, Non-Interference, Non-Solicitation, Non-Competition and Invention Assignment Agreement by and between the Company and Anant Agrawal dated February 25, 2018 (See Exhibit 10.9.1 to Form 10-K filed October 9, 2019).

10. Second Amendment to Employment, Non-Interference, Non-Solicitation, Non-Competition and Invention Assignment Agreement by and between the Company and Anant Agrawal dated August 7, 2019 (See Exhibit 10.9.2 to Form 10-K filed October 9, 2019).

11. Restricted Stock Unit Award Agreement, dated May 29, 2020, between the Company and Anant Agrawal (See Exhibit 10.1 to Form 8-K filed June 3, 2020).

12. Employment Agreement between the Company and Glen E. Goold dated March 2, 2020 (See Exhibit 10.3 to Form 10-Q filed June 24, 2020).

13. Employment Agreement dated March 27, 2019, by and between the Company and James M. Pollock (See Exhibit 10.1 to Form 8-K filed April 3, 2019).

14. Separation Agreement and Release, dated May 10, 2020, between the Company and Donald W. Layden, Jr. (See Exhibit 10.1 to Form 8-K filed May 13, 2020).

15. Employment Agreement between the Company and Michael Wasserfuhr dated February 28, 2020 (See Exhibit 10.2 to Form 10-Q filed June 24, 2020).

16. Employment Agreement, dated May 8, 2020, between the Company and Sean Feeney (See Exhibit 10.2 to Form 8-K filed May 13, 2020).

17. Non-Qualified Stock Option Agreement, dated May 8, 2020, between the Company and Sean Feeney (See Exhibit 10.3 to Form 8-K filed May 13, 2020).

18. Independent Contractor Agreement, dated as of June 29, 2020, by and between the Company and Eugene Cavanaugh (See Exhibit 10.1 to Form 8-K filed July 26, 2020).

19. Non-Qualified Stock Option Agreement, dated as of July 16, 2020, by and between the Company and Jeff Vogt (See Exhibit 10.1 to Form 8-K filed July 21, 2020).

20. Small Ticket and Deployment Support Incentive Agreement between the Company and Visa U.S.A. Inc., dated as of October 31, 2017 (See Exhibit 10.1 to Form 10-Q filed February 9, 2018; Portions of this exhibit were redacted pursuant to a confidential treatment request).

21. Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated (See Exhibit 10.2 to Form 10-Q filed May 15, 2015; Portions of this exhibit were redacted pursuant to a confidential treatment request).

22. First Amendment to Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated dated April 27, 2015 (See Exhibit 10.45 to Form 10-K filed September 30, 2015; Portions of this exhibit were redacted pursuant to a confidential treatment request).

23. Second Amendment to Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated dated July 13, 2015 (See Exhibit 10.14.2 to Form 10-K filed October 9, 2019).

24. Third Amendment to Mastercard Acceptance Agreement by and between the Company and Mastercard International Incorporated dated July 17, 2018 (See Exhibit 10.14.3 to Form 10-K filed October 9, 2019).

25. Third Party Payment Processor Agreement dated April 24, 2015 by and among the Company, JPMorgan Chase Bank, N.A. and Paymentech, LLC (See Exhibit 10.46 to Form 10-K filed September 30, 2015; Portions of this exhibit were redacted pursuant to a confidential treatment request).

26. Integrator Amendment (2018) to Third Party Payment Processor Agreement dated October 22, 2018 by and among the Company, JPMorgan Chase Bank, N.A. and Paymentech, LLC (See Exhibit 10.15.1 to Form 10-K filed October 9, 2019).

27. Merchant Processing Agreement dated April 6, 2018 by and among Cantaloupe Systems, Inc., and Heartland Payment Systems, Inc. (See Exhibit 10.16 to Form 10-K filed October 9, 2019).

28. Stock Purchase Agreement dated October 9, 2019 by and between the

Company and Antara Capital Master Fund LP (See Exhibit 10.1 to Form 8-K filed on October 9, 2019).

29. Financing Agreement by and among the Company, as borrower, its subsidiaries, as guarantors, Antara Capital Master Fund LP, as lender, and Cortland Capital Market Services LLC, as administrative agent and collateral agent, dated as of October 31, 2019 (See Exhibit 10.1 to Form 8-K filed November 1, 2019).

30. Payment Solutions Agreement between the Company, First Data Merchant Services LLC and Wells Fargo Bank, N.A., dated March 20, 2020 (See Exhibit 10.1 to Form 10-Q filed on June 24, 2020; Portions of this exhibit were redacted pursuant to a confidential treatment request).

USAT Capital Corp, LLC

None

Cantaloupe Systems, Inc.

All references to "The Company" in this Schedule 3.12 are references to Cantaloupe Systems, Inc.

1. The Company is a party to a Business Agreement dated April 28, 2004 with Inovar, Inc., pursuant to which the Company and Inovar, Inc. have agreed to certain business terms and conditions related to the manufacture of products by Inovar, Inc. for the Company.

2. The Company is a party to a Merchant Application with Heartland Payment Systems dated April 1, 2009, as amended, which contains business agreements between the parties.

SCHEDULE 3.14

Insurance

Insurance Maintained by the Company and its Subsidiaries:

Policy #	Policy Term	Writing Company	Coverage Type
35372128	11/01/2019 - 11/01/2020	Federal Insurance Company	Commercial General Liability and Property
73253160	11/01/2019 - 11/01/2020	Federal Insurance Company	Automobile Liability
79833160	11/01/2019 - 11/01/2020	Federal Insurance Company	Umbrella Liability
71628616	11/01/2019 - 11/01/2020	Federal Insurance Company	Workers Compensation and Employers' Liability
35372128	11/01/2019 - 11/01/2020	Federal Insurance Company	Information Network Technology Liability and Cyber Liability

SCHEDULE 3.15

Capitalization and Subsidiaries

USA Technologies, Inc.

Capitalization

1. Common Stock
   - Authorized: 640,000,000 shares
   - Issued and outstanding: 63,808,481 shares
2. Preferred Stock
   - Authorized: 1,800,000 shares
   - Issued and outstanding: 0 shares
3. Series A Convertible Preferred Stock
   - Authorized: 900,000 shares
   - Issued and outstanding: 445,063 shares
4. Series B Preferred Stock
   - Authorized: 765,000 shares
   - Issued and outstanding: 0 shares
5. Warrants: Issued to Heritage Bank of Commerce, and exercisable for 23,978 shares of common stock at $5 a share until 3/29/2021
6. Stock options - Issued to employees and directors with varying expiration dates and exercise prices

Subsidiaries

1. USAT Capital Corp, LLC Wholly owned by USA Technologies, Inc.
2. Stitch Networks Corporation Wholly owned by USA Technologies, Inc.
3. Cantaloupe Systems, Inc. Wholly owned by USA Technologies, Inc.

USAT Capital Corp, LLC

Membership Interests

- 100% Units of Limited Liability Company interest - issued to USA Technologies, Inc.

Cantaloupe Systems, Inc.

Common Stock

- Authorized 1,000 shares
- Issued and Outstanding: 1,000 shares - issued to USA Technologies, Inc.

Stitch Networks Corporation

1. Common Stock
   - Authorized: 17,000,000 Shares
   - Issued and Outstanding: 100,000 shares - issued to USA Technologies, Inc.

2. Preferred Stock
   - Authorized: 8,391,532 shares
   - Issued and Outstanding: 0 shares

SCHEDULE 6.01

Existing Indebtedness

Capital Leases:

Loan Party	Name of Lessor	Lease Date	Termination Date	Balance at
USA Technologies, Inc.	GreatAmerica (Ricoh MPC3004 & MO4054) - Wells Fargo	11/22/2016	11/22/2021	$7,474.69
USA Technologies, Inc.	Dell Finance (PowerEdge R430 Server)	1/1/2017	1/1/2022	$19,962.73
USA Technologies, Inc.	Dell Finance (Server)	9/30/2017	9/1/2020	$20,403.50
USA Technologies, Inc.	Univest Debt Collection	12/31/2017	11/1/2022	$36,619.74
USA Technologies, Inc.	GreatAmerica (Ricoh C407) Wells Fargo	12/26/2018	11/22/2023	$3,640.60
USA Technologies, Inc.	Stratix (Ricoh Copier)	7/1/2019	9/1/2022	$9,022.54
USAT Capital Corp, LLC	None	None	None	None
Cantaloupe Systems, Inc.	None	None	None	None
Stitch Networks Corporation	None	None	None	None

Promissory Notes:

USA Technologies, Inc.

None

USAT Capital Corp, LLC

None

Cantaloupe Systems, Inc.

1. Note and Warrant Purchase Agreements by and between Cantaloupe Systems, Inc. and 13 private trusts and individual investors (together with Series A Promissory Notes and Warrants) dated between April and May of 2016 in the aggregate amount of $1,150,000.

Borrower	Name of Lender	Original Principal Amount/ Principal Outstanding	Maturity Date	Amount Outstanding
Cantaloupe Systems, Inc.	R&R Trading LTD	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Vikram Wasu	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Robinder Arora	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Thianh Lu	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Phil Nies	$100,000.00	April 1, 2021	$12,500.00
Cantaloupe Systems, Inc.	Fred Cheng	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Michael Marett	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Arora Living Trust	$500,000.00	April 1, 2021	$31,250.00
Cantaloupe Systems, Inc.	Paul Family Trust	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Pietro Bonanno	$50,000.00	April 1, 2021	$6,250.00
Cantaloupe Systems, Inc.	Maribel Gonzales	$25,000.00	April 1, 2021	$1,562.50

2. Note and Warrant Purchase Agreements by and between Cantaloupe Systems, Inc. and 4 private trusts and individual investors (together with Series B Promissory Notes and Warrants) dated June 15, 2016 in the aggregate amount of $400,000.

Borrower	Name of Lender	Original Principal Amount/ Principal Outstanding	Maturity Date	Amount Outstanding
Cantaloupe Systems, Inc.	Dilmohan Chadha	$75,000.00	December 15, 2019	$6,250.00
Cantaloupe Systems, Inc.	Raj Kapany	$100,000.00	December 15, 2019	$8,333.33
Cantaloupe Systems, Inc.	Howard Bailey	$50,000.00	December 15, 2019	$4,166.67
Cantaloupe Systems, Inc.	Glynne Lewis	$100,000.00	December 15, 2019	$8,333.33

SCHEDULE 6.02

Existing Liens

None

SCHEDULE 6.04

Existing Investments

USA Technologies, Inc.

1. 100,000 shares (100% of issued and outstanding) in Stitch Networks Corporation
2. 1,000 shares (100% of issued and outstanding) in Cantaloupe Systems, Inc.
3. 100% of membership interests in USAT Capital Corp, LLC

USAT Capital Corp, LLC

None

Cantaloupe Systems, Inc.

None

SCHEDULE 6.10

Existing Restrictions

None

EXHIBIT A
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit and guarantees [and swingline loans] included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and other rights of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____
[and is an Affiliate/Approved Fund of [*identify Lender*][1]]

3. Borrower: _____

4. Administrative Agent:_____, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of August 14, 2020 among USA Technologies, Inc., a Pennsylvania corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, and the other parties thereto

[1]Select as applicable.

6. Assigned Interest:

Facility Assigned[2]	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans[3]
	$	$	
	$	$	
	$	$	

Effective Date:_____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By:_____

Name:_____

Title:_____

ASSIGNEE

[NAME OF ASSIGNEE]

By:_____

Name:_____

Title:_____

[2]Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Commitment," "Term Commitment," etc.)

[3]Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[Consented to and][4] Accepted:

[NAME OF ADMINISTRATIVE AGENT], as
Administrative Agent[, Issuing Bank and Swingline Lender]

By: _____

Name:_____

Title:_____

[Consented to:][5]

[NAME OF RELEVANT PARTY]

By:_____

Name:_____

Title:_____

[4]To be added only if the consent of the Administrative Agent, Issuing Bank and/or Swingline Lender, as applicable, is required by the terms of the Credit Agreement.
[5]To be added only if the consent of the Borrower and/or other parties (e.g. Swingline Lender, Issuing Bank) is required by the terms of the Credit Agreement.

ANNEX 1 to ASSIGNMENT AND ASSUMPTION

Credit Agreement dated as of August 14, 2020 among USA Technologies, Inc., a Pennsylvania corporation, the other Loan Parties, JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, and each lender from time to time party thereto

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any Subsidiary or Affiliate or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any Subsidiary or Affiliate, or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments.From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument.

Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor

by Electronic Signature (as defined in the Credit Agreement) or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System (as defined in the Credit Agreement) shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

FORM OF BORROWING REQUEST

USA TECHNOLOGIES, INC.

Borrowing Request Date: [_____], 20____

JPMorgan Chase Bank, N.A.
Middle Market Servicing
10 South Dearborn, Floor L2
Suite IL1-0480
Chicago, IL, 60603-2300
Email: jpm.agency.cri@jpmorgan.com
Attn: Katy Tyler
Fax No: (844) 490-5663

Ladies and Gentlemen:

This Borrowing Request is furnished pursuant to Section 2.03 of that certain Credit Agreement dated as of August 14, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement") among USA TECHNOLOGIES, INC. (the "Borrower"), the other Loan Parties, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent")for the Lenders. Unless otherwise defined herein, capitalized terms used in this Borrowing Request have the meanings ascribed thereto in the Agreement. The Borrower represents that, as of this date, the conditions precedent set forth in Section 4.02 are satisfied.

1. The Borrower hereby notifies Administrative Agent of its request for the following Borrowing:

(1) [**Revolving**] [**Term Loan**] Borrowing
(2) Aggregate Amount of the [**Revolving**] [**Term Loan**] Borrowing: $[_____]
(3) Name of the applicable Borrower: USA TECHNOLOGIES, INC.
(4) Borrowing Date of the Borrowing (must be a Business Day): [_____]
(5) The Borrowing shall be a [_____] CBFR Borrowing **or** [_____] Eurodollar Borrowing
(6) If a Eurodollar Borrowing, the duration of Interest Period:

One Month [_____] Three Months [_____]

Six Months [_____]

USA TECHNOLOGIES, INC.

By:_____

Name:_____

Title:_____

EXHIBIT C-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of August 14, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among USA Technologies, Inc., a Pennsylvania corporation (the "Borrower"), the other Loan Parties, JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:_____

Title:_____

Date:_____ , 20[____]

EXHIBIT C-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of August 14, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among USA Technologies, Inc., a Pennsylvania corporation (the "Borrower"), the other Loan Parties, JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:_____

Title:_____

Date:_____ , 20[____]

EXHIBIT C-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of August 14, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among USA Technologies, Inc., a Pennsylvania corporation (the "Borrower"), the other Loan Parties, JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole Beneficial Owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's Beneficial Owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:_____

Title:_____

Date:_____ , 20[____]

EXHIBIT C-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of August 14, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among USA Technologies, Inc., a Pennsylvania corporation (the "Borrower"), the other Loan Parties, JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole Beneficial Owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W- 8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's Beneficial Owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:_____

Title:_____

Date:_____ , 20[____]

EXHIBIT D

COMPLIANCE CERTIFICATE

To: The Lenders party to the
Credit Agreement described below

This Compliance Certificate ("Certificate"), for the period ended _____ __, 20__, is furnished pursuant to that certain Credit Agreement dated as of August 14, 2020 (as amended, modified, renewed or extended from time to time, the "Agreement") among USA Technologies, Inc., a Pennsylvania corporation (the "Borrower"), the other Loan Parties, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders and as the Issuing Bank and Swingline Lender. Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the [ ] of the Borrower and I am authorized to deliver this Certificate on behalf of the Borrower and its Subsidiaries;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the compliance of the Borrower and its Subsidiaries with the Agreement during the accounting period covered by the attached financial statements (the "Relevant Period");

3. The attached financial statements of the Borrower and, as applicable, its Subsidiaries and/or Affiliates for the Relevant Period: (a) have been prepared on an accounting basis (the "Accounting Method") consistent with the requirements of the Agreement and, except as may have been otherwise expressly agreed to in the Agreement, in accordance with GAAP consistently applied, and (b) to the extent that the attached are not the Borrower's annual fiscal year end statements, are subject to normal year-end audit adjustments and the absence of footnotes;

4. The examinations described in paragraph 2 did not disclose and I have no knowledge of, except as set forth below, (a) the existence of any condition or event which constitutes a Default or an Event of Default under the Agreement or any other Loan Document during or at the end of the Relevant Period or as of the date of this Certificate or (b) any change in the Accounting Method or in the application thereof that has occurred since the date of the annual financial statements delivered to the Administrative Agent in connection with the closing of the Agreement or subsequently delivered as required in the Agreement;

5. I hereby certify that, except as set forth below, no Loan Party has changed (i) its name, (ii) its chief executive office, (iii) its principal place of business, (iv) the type of entity it is or (v) its state of incorporation or organization without having given the Administrative Agent the notice required by Section 4.15 of the Security Agreement;

6. The representations and warranties of the Loan Parties set forth in the Loan Documents are true and correct in all material respects as of the date hereof, except (i) to the extent that any such representation or warranty specifically refers to an earlier date, in which case it is true and correct in all material respects only as of such earlier date, and (ii) that any representation or warranty which is subject to any materiality qualifier is true and

correct in all respects;

7. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct; and

8. Schedule II hereto sets forth the computations necessary to determine the Applicable Rate commencing on the Business Day this Certificate is delivered.

9. Schedule III hereto contains an Account aging report and a calculation of Accounts that do not constitute Eligible Receivables.

Described below are the exceptions, if any, referred to in paragraph 4 hereof by listing, in detail, the (i) nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event or (ii) change in the Accounting Method or the application thereof and the effect of such change on the attached financial statements:

_____
_____
_____

The foregoing certifications, together with the computations set forth in Schedule I and Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this day of ,.

_____

By:_____

Name:_____

Title:_____

Schedule I to Compliance Certificate

Compliance as of _____, ____with Provisions of and of the Agreement

Schedule II to Compliance Certificate
Borrower's Applicable Rate Calculation

Schedule III to Compliance Certificate
A/R Aging Report

EXHIBIT E

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Agreement"), dated as of [ ], is entered into between _____, a_____(the "New Subsidiary") and JPMORGAN CHASE BANK, N.A., in its capacity as administrative agent (the "Administrative Agent") under that certain Credit Agreement dated as of August 14, 2020 (as the same may be amended, modified, extended or restated from time to time, the "Credit Agreement") among USA Technologies, Inc., a Pennsylvania corporation (the "Borrower"), the other Loan Parties party thereto, the Lenders party thereto and the Administrative Agent for the Lenders. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

The New Subsidiary and the Administrative Agent, for the benefit of the Secured Parties, hereby agree as follows:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a Loan Party under the Credit Agreement and a "Loan Guarantor" for all purposes of the Credit Agreement and shall have all of the obligations of a Loan Party and a Loan Guarantor thereunder as if it had executed the Credit Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement, including without limitation (a) all of the representations and warranties of the Loan Parties set forth in Article III of the Credit Agreement, (b) all of the covenants set forth in Articles V and VI of the Credit Agreement, and (c) all of the guaranty obligations set forth in Article X of the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the New Subsidiary, subject to the limitations set forth in Section 10.10 and 10.13 of the Credit Agreement, hereby guarantees, jointly and severally with the other Loan Guarantors, to the Administrative Agent and the Lenders, as provided in Article X of the Credit Agreement, the prompt payment and performance of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof and agrees that if any of the Guaranteed Obligations are not paid or performed in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the New Subsidiary will, jointly and severally together with the other Loan Guarantors, promptly pay and perform the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2. If required, the New Subsidiary is, simultaneously with the execution of this Agreement, executing and delivering such Collateral Documents (and such other documents and instruments) as requested by the Administrative Agent in accordance with the Credit Agreement.

3. The address of the New Subsidiary for purposes of Section 9.01 of the Credit Agreement is as follows:

_____
_____
_____

4. The New Subsidiary hereby waives acceptance by the Administrative Agent and the Lenders of the guaranty by the New Subsidiary upon the execution of this Agreement by the New Subsidiary.

5. This Agreement may be executed in any number of counterparts, each of which when so

executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

6. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Subsidiary has caused this Agreement to be duly executed by its authorized officer, and the Administrative Agent, for the benefit of the Secured Parties, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY]

By:_____

Name:_____
Title:_____

Acknowledged and accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By:_____

Name:_____
Title:_____

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

USA Technologies, Inc.
Malvern, Pennsylvania

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-248106, 333-248105, 333-217818, 333-234233, and 333-199009) of USA Technologies, Inc. of our reports dated September 11, 2020, relating to the consolidated financial statements and schedule, and the effectiveness of USA Technologies, Inc.'s internal control over financial reporting appearing in the Company's Annual Report on Form 10-K for the year ended June 30, 2020. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of USA Technology, Inc.'s internal control over financial reporting as of June 30, 2020.

/s/ BDO USA, LLP
Philadelphia, PA
September 11, 2020

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Sean Feeney, certify that:

1. I have reviewed this annual report on Form 10-K of USA Technologies, 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 officer 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 upon 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 and I have disclosed, based on our most recent evaluation, of internal control over financial reporting to the 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 controls 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: September 11, 2020

/s/ Sean Feeney

Sean Feeney,
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, R. Wayne Jackson, certify that:

1. I have reviewed this annual report on Form 10-K of USA Technologies, 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 officer 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 upon 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 and I have disclosed, based on our most recent evaluation, of internal control over financial reporting to the 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 controls 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: September 11, 2020

/s/ R. Wayne Jackson

R. Wayne Jackson,
Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Annual Report of USA Technologies, Inc., a Pennsylvania corporation (the "Company"), on Form 10-K for the period ended June 30, 2020 (the "Report"), I, Sean Feeney, Chief Executive Officer of the Company, hereby certify, pursuant to §906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 11, 2020

/s/ Sean Feeney

Sean Feeney,
Chief Executive Officer

Exhibit 32.2

CERTIFICATIONS OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the accompanying Annual Report of USA Technologies, Inc., a Pennsylvania corporation (the "Company"), on Form 10-K for the period ended June 30, 2020 (the "Report"), I, R. Wayne Jackson, Chief Financial Officer of the Company, hereby certify, pursuant to §906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 11, 2020

/s/ R. Wayne Jackson

R. Wayne Jackson,
Chief Financial Officer