

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Filed by the Registrant ☒  
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- Check the appropriate box:
- ☐ Preliminary Proxy Statement
  - ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
  - ☐ Definitive Proxy Statement
  - ☒ Definitive Additional Materials
  - ☐ Soliciting Material Under Rule 14a-12

USA TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(I)(1) and 0-11.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:



# Investor Presentation

May 22, 2012

Steve Herbert, Chairman and CEO  
Dave DeMedio, CFO  
Veronica Rosa, VP Investor Relations

- All statements other than statements of historical fact included in this presentation are forward-looking statements. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, business, financial, market and economic conditions and the outcome of the pending proxy contest. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in USA's most recent filings with the Securities and Exchange Commission (the "SEC"), including the Form 10-Q report for the quarter ended March 31, 2012, which you will find on our website, [www.usatech.com](http://www.usatech.com), under the "Investor Relations" tab and USAT's Definitive Proxy Statement filed with the SEC on May 18, 2012. Undue reliance should not be placed on any such forward looking statement, which speak only as of the time they are made. The Company undertakes no obligation to update any forward looking statement, whether as a result of new information, future events or otherwise.
- **Non-GAAP Information:** This presentation will include a discussion of Adjusted EBITDA which is a non-GAAP financial measure which we believe is useful for an understanding of our ongoing operations. This non-GAAP financial measure is supplemental to, and not a substitute for, GAAP financial measures such as net income or loss. Details of these items and a reconciliation of this non-GAAP financial measure to GAAP financial measures can be found in this presentation and in our Form 10-Q report for the quarter ended March 31, 2012 which is on our website, [www.usatech.com](http://www.usatech.com), under the "Investor Relations" tab.

## Market Leadership

- Leading provider of wireless, cashless payment and machine-to-machine solutions for small ticket, self-serve retail industries such as vending and kiosk.
- Provider of energy saving technology to the cold beverage industry

## Large, Untapped Market Opportunity

- Cashless and contactless small ticket, unattended market is largely untapped, having traditionally relied on cash transactions
- Millions of potential locations (connections)

## Recurring Revenues Fueled by Service Model

- Growing and reliable revenue stream driven by value-added service model (network service fees; transaction processing)
- 80% of revenues 3Q FY12

## Improving Operational Performance

- Working toward profitability as service connection rates and customer wins grow
- Existing customers have potential for 2.5 million connections (USAT estimate)

## Technology Barriers

- Proprietary technology with a strong patent portfolio
- 79 patents

## Strengthened Leadership & Direction

- New leadership; new strategic plan capitalizes on market trends, sustainable growth and profitability
- Stronger board composition

# Cashless, Small-Ticket In Transition

**TO:** Cashless payments systems  
and business intelligence at  
operational and customer level

**FROM:** unattended,  
cash only options with  
little insight into customer  
behavior



# Market Opportunity is Vast



- The small ticket, self-serve market is largely untapped

**\$112 billion**



Sources:

US Department of Transportation, 2008IHL Kiosk Study, 2010 (2011 projections)First Research, March 2011, June 2010Automatic Merchandisers State of the Coffee Industry 2009Vending Times Census 2010Smart Card Alliance 2006

\*Includes self-checkoutsystems, ticketing kiosks check-in kiosks, food ordering kiosks, postal and other retail kiosks.

# Market Forces Driving Adoption



## CONSUMER

- Demand for convenience; cashless preferred
- Increasing reliance on mobile phones
- Small ticket growth
- Increasingly "social"

## OUR CUSTOMERS

- Meet customer desire for cashless
- Reverse shrinking margins through operational benefits

The  
confluence of  
several  
compelling  
drivers should  
further drive  
market  
adoption



## MARKET (STAKEHOLDERS)

- Visa/MasterCard see opportunity to drive acceptance
- Mobile payments
- Incremental business

## TECHNOLOGY

- Wireless performance up/costs down
- Migration to cloud based or SAAS solution
- Decline in hardware costs

# Revenues Now 80% Recurring



## ■ Revenues

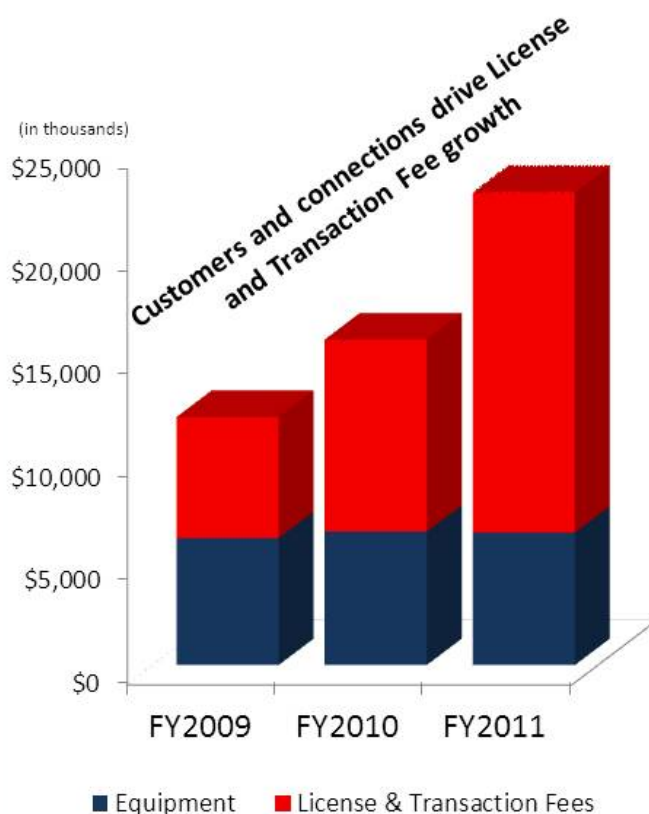
- \$30 million annualized (based on 3Q ended 3/31/12)
- 80% of revenue mix from reliable, recurring revenues

## ■ Two technology platforms

- ePort & ePort Connect cashless payment networking and other services
- eMiser - energy management technology

## ■ Cashless payment adoption drives substantial service base

- 2,825 customers; 148,000 connections (as of 3/31/12)
- "JumpStart" facilitates industry adoption and fuels service model
- Continuing to innovate and launch new valued-added services



# Products & Services



-----Product -----

-----Services -----

**Energy Conservation  
Management**

**Telemetry and Cash Payment  
Systems**

**Payment Processing  
Product, Customer and Operational  
Data**



ePort Software  
Development Kit



- **EnergyMiser**
- Can reduce machine energy use by 35%-45%
- Can save up to \$150/machine/year

- **ePortEDGE, ePortG8**
- G8 NFC enabled
- Wireless; PCA compliant
- Driving connections through "JumpStart"
- Customers buy ePort Connect services



- **ePort Connect service**
- Current monthly fee covers transaction processing and data telemetry services
- Connections and customers growing

# Business Model Example



## Equipment Sales

**ePort**

**Per Device**

- \$200-\$330
- \$30 activation fee

**EnergyMisers**

**Per Device**

- Avg. \$100

## Gross Profit Targets

Range 30% - 35%

## ePort Connect Service Fee

**ePort CONNECT**

**Per connection:**

- \$7-\$10/month for majority of connected base
- Minimal customer churn

## Transaction Fees

**Per connection:**

- 3-5.95% per transaction
- Cost providers: Elavon, major CC's



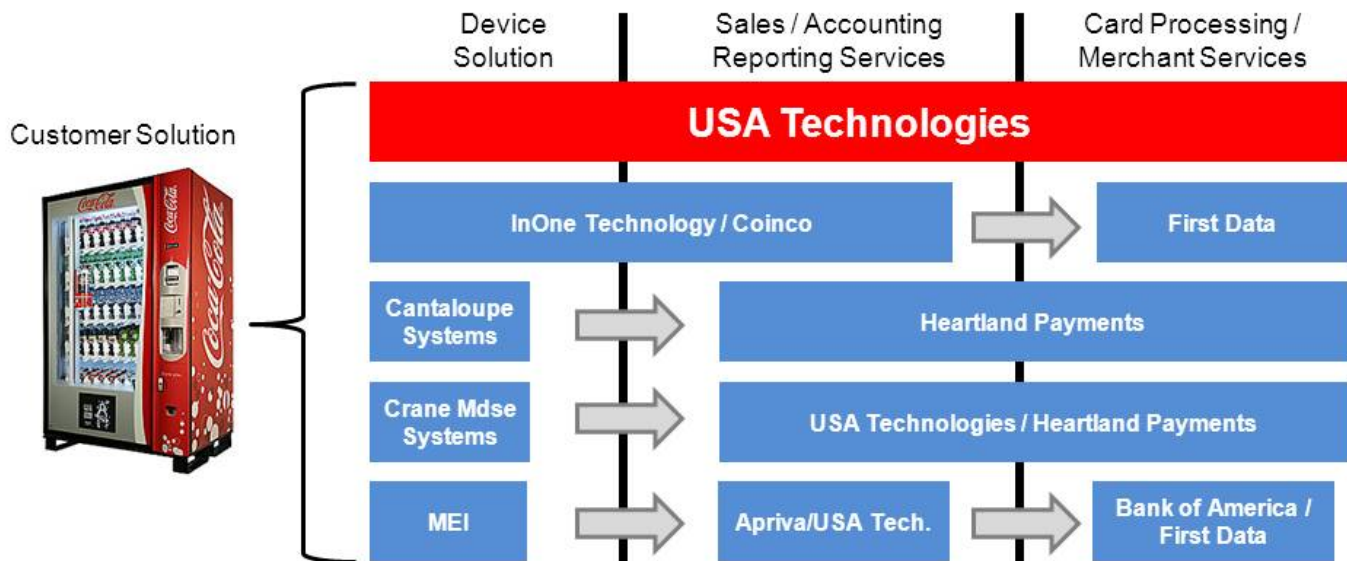
## ePort Connect w Terminal Incl.

**Per connection:**

- JumpStart program (with ePort Connect)
- \$12-\$15/month over 3 years

• Range 30% - 40%

# Unmatched End-to-End Solutions

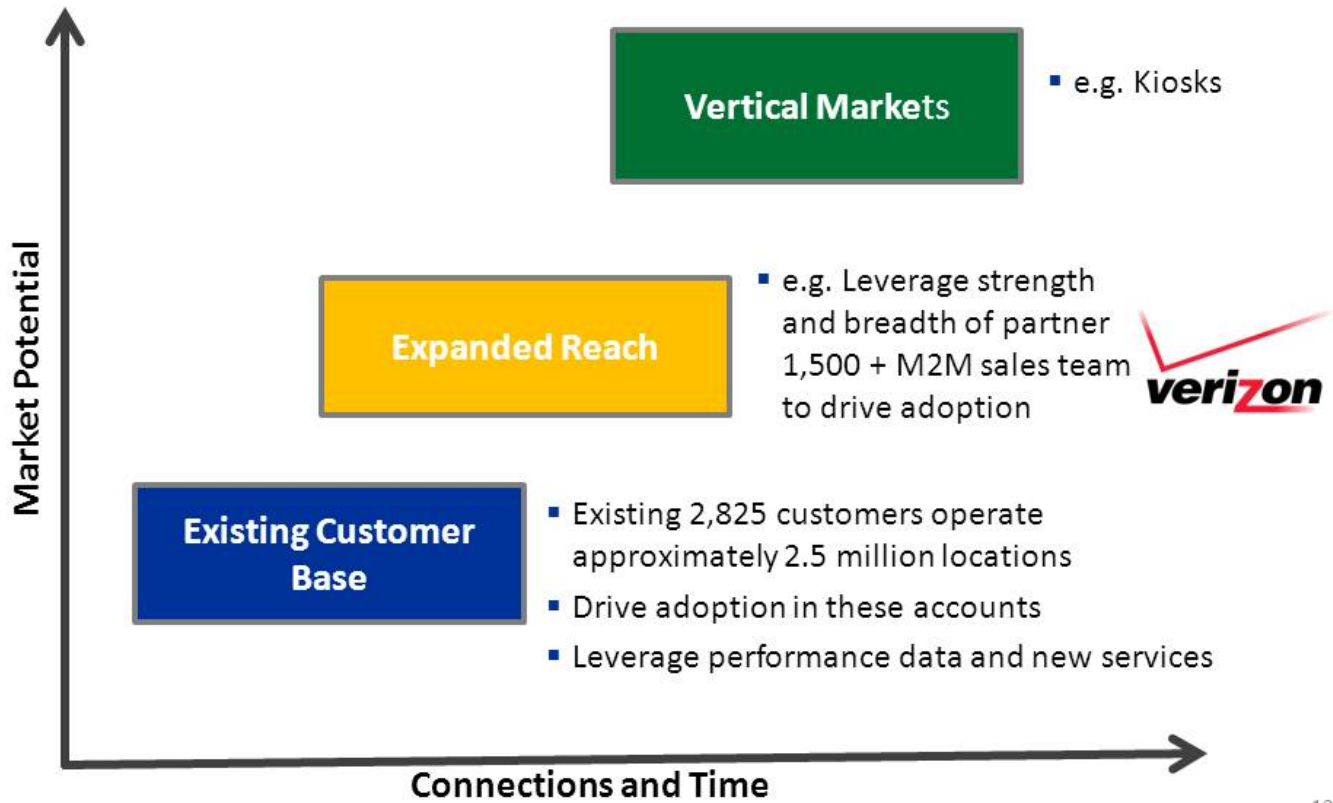


## One-Stop Shopping

**USAT is the only company that offers a complete turn-key solution, from activation to customer service**

## **USAT is Executing a Strategy for Growth and Path to Profitability**

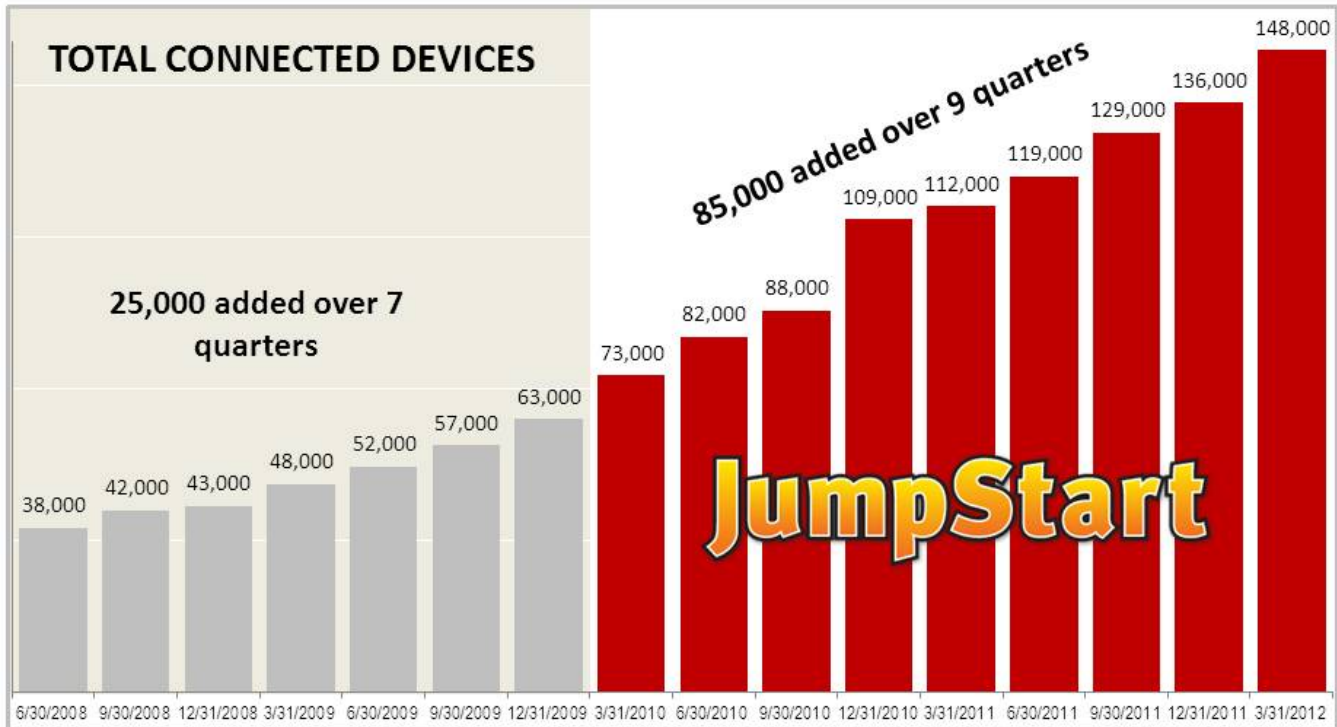
# Growth Through More Connections...



# Growth Through Connections - JumpStart



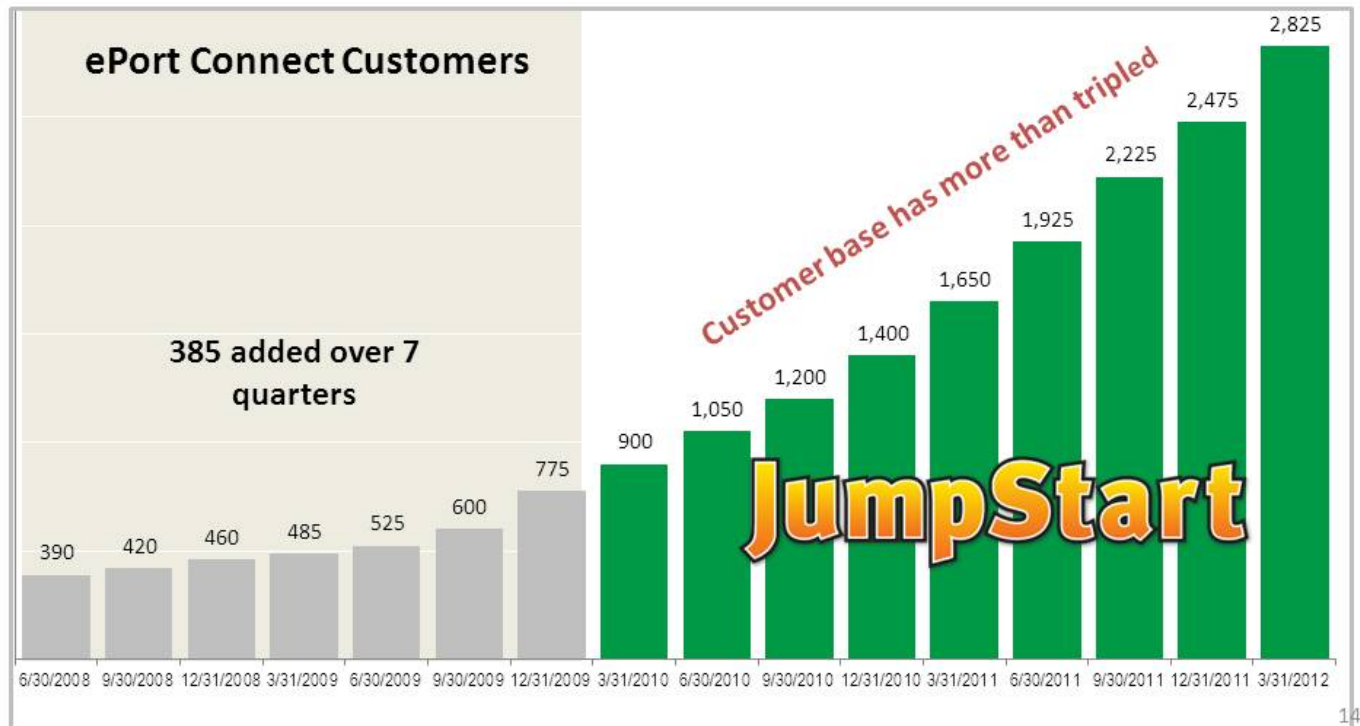
- Jumpstart has accelerated adoption, increased revenues and created competitive advantage



# Growth Through Connections – Expanding Customer Base



- **Customer base** has more than tripled since introduction of the JumpStart rental program



## Expanded Sales Reach - Through Strategic Partners



- Over 1,500 Verizon Wireless M2M sales representatives now carry USAT's cashless payment solutions in their M2M sales toolkit

- National training kickoff in quarter ended 3/31/12
- Co-Marketing Events
  - April-May 2012 - USAT participates in 10 city M2M Connected Technology Tour
  - USAT featured in Verizon Wireless booth at CTIA



# Growing the Value of a Connection – Service Expansion



- 148,000 connections as of 3/31/12
- A PCI compliant, end-to-end suite of cashless payment and telemetry services tailored to fit the needs of self-service retail industries.

Cashless and  
contactless  
payments



M2M  
Telemetry  
Services



**New**  
Prepaid and  
Loyalty  
Program  
(Q1 FY2013)



**New**  
Interactive  
Media  
Services  
(Q1 FY2013)



Jan. 2012

## Introduced two-tier pricing to ePort Connect service

- Increases ROI for operators by enabling them to offset processing fees

Customer  
Demonstrations  
Q3 2012

## Interactive Media Services

- Engage consumers at the point of sale



Customer  
Demonstrations  
Q3 2012

## Prepaid & Loyalty Program

- Reloadable card; cash back rewards and coupons



- NFC-based mobile payment is poised to further push cashless
- 65,000 NFC-enabled ePort devices already mobilized
- Opportunities: couponing, incentives, prepay, loyalty, social media integration...

**PayPal**<sup>TM</sup>



 **Google wallet**



# Improving Operational Performance



## Statement of Operations

### Select Financial Data

(In thousands)

(In thousands)	3Q - 3/31/2012		FYE 6/30/2011	
License and transaction fees	\$ 5,985	80%	\$ 16,443	72%
Equipment fees	1,542	20%	6,426	28%
<b>Total revenues</b>	<b>\$ 7,527</b>	<b>100%</b>	<b>\$ 22,869</b>	<b>100%</b>
Cost of services	3,750	37%	11,651	29%
Cost of equipment	982	36%	3,469	46%
<b>Gross profit</b>	<b>2,795</b>	<b>37%</b>	<b>7,749</b>	<b>34%</b>
Operating expense	3,432		13,437	
<b>Operating loss</b>	<b>\$ (637)</b>	<b>↑</b>	<b>\$ (5,688)</b>	
Other income (expense)	\$ 99		\$ (769)	
<b>Net loss</b>	<b>\$ (538)</b>	<b>↑</b>	<b>\$ (6,457)</b>	
Net interest income	-4		-46	
Non-cash adjustments	878		4,342	
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 336</b>	<b>↑</b>	<b>\$ (2,161)</b>	

(1) See reconciliation of Net Loss to Adjusted EBITDA included herein.

- Substantially stronger recurring revenue base due to increased connections and customers
- More than \$2 million in annualized efficiencies through revenue, cost and expense actions taken since CEO transition
- Enabled USAT to quickly move to positive adjusted EBITDA for the third quarter ended March 31, 2012

# Balance Sheet



## Consolidated Balance Sheet

### Condensed

(In thousands)

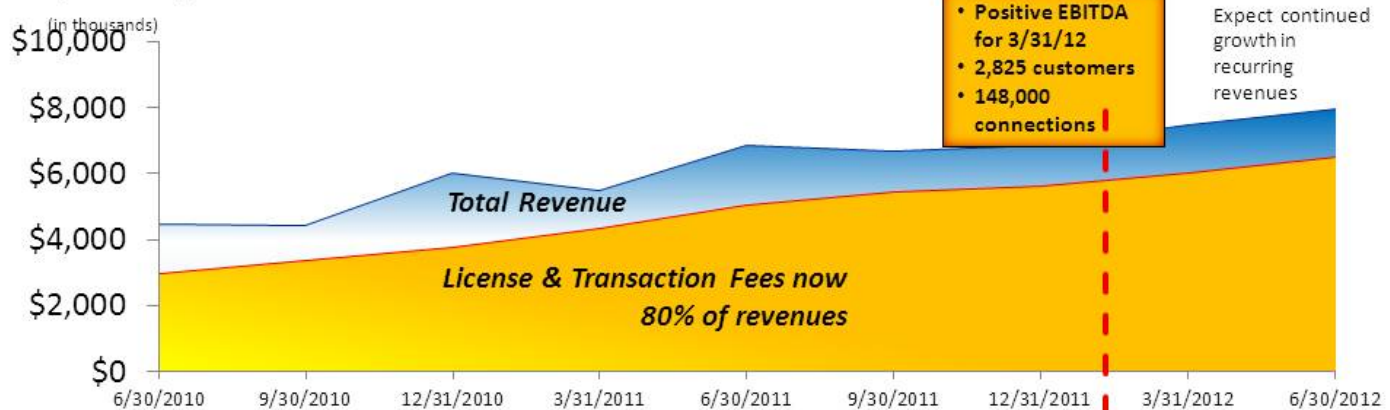
Condensed (In thousands)	3Q FY12 3/31/2012	FYE 6/30/2011
Cash and cash equivalents	\$ 6,194	\$ 12,992
Other current assets	6,891	5,436
Total current assets	13,085	18,428
Property and equipment	9,870	7,396
Intangibles, net and Goodwill	9,081	9,858
Other non-current assets	393	322
<b>Total assets</b>	<b>\$ 32,429</b>	<b>\$ 36,004</b>
Total current liabilities	\$ 6,756	\$ 6,882
Warrant liabilities	749	2,732
Other long-term liabilities	729	264
Total liabilities	8,234	9,878
Total shareholders' equity	24,195	26,126
<b>Total liabilities and shareholders' equity</b>	<b>\$ 32,429</b>	<b>\$ 36,004</b>

- No losses funded in 3Q; this is expected to continue for 4Q excluding proxy costs.
- Currently, our primary use of cash is Jumpstart ; using Jumpstart strategically to accelerate adoption, increased revenues and created competitive advantages

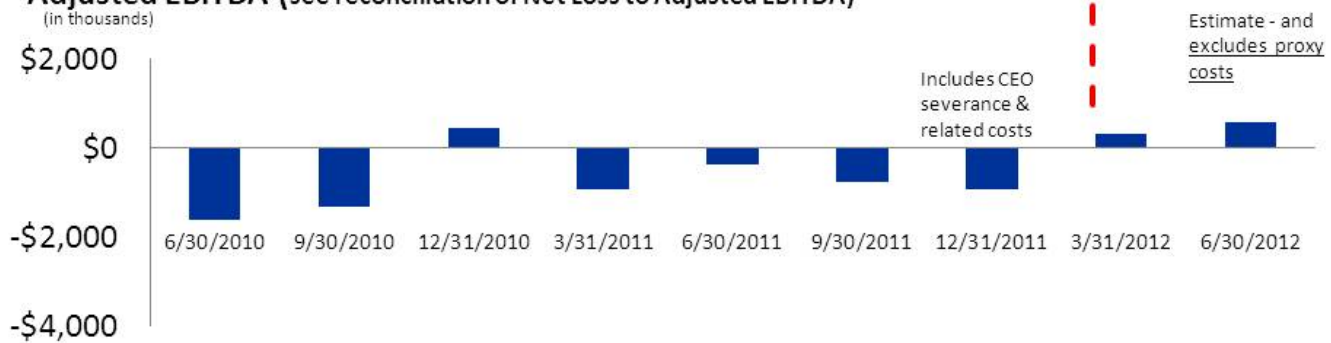
# Path to Profitability Fueled by Growing Recurring Revenue Base



## Quarterly Revenue Trend



## Adjusted EBITDA (see reconciliation of Net Loss to Adjusted EBITDA)



# Summary

## USA Technologies (Nasdaq: USAT)



- Positioned to capture benefits of market shift to cashless
- Growing recurring revenue customer & connection base
- Growth strategies building scale and closing in on profitability
- New verticals and expanded service opportunities



# Appendix

# Non-GAAP Reconciliation



## Adjusted EBITDA

	3Q FY12 3/31/2012	2Q FY12 12/31/2011	1Q FY12 9/30/2011	4Q FY11 6/30/2011	3Q FY11 3/31/2011	2Q FY11 12/31/2010	1Q FY11 9/30/2010	4Q FY10 6/30/2010	3Q FY10 3/31/2010	2Q FY10 12/31/2009
Net loss	\$ (538,618)	\$ (1,821,061)	\$ (78,954)	\$ (1,923,055)	\$ (2,514,268)	\$ (133,131)	\$ (1,886,614)	\$ (2,089,801)	\$ (2,310,138)	\$ (4,245,356)
Less interest income	(14,029)	(13,286)	(17,867)	(25,519)	(13,936)	(17,469)	(25,310)	(48,281)	(9,226)	(12,699)
Plus interest expenses	10,520	49,072	11,164	3,529	9,795	9,977	12,652	12,184	18,622	9,719
Plus income tax expense	-	-	-	-	-	-	-	-	-	-
Plus depreciation expense	631,330	552,990	563,125	480,703	468,611	338,358	266,306	264,273	194,169	171,441
Plus amortization expense	258,600	258,600	258,600	258,600	258,600	258,600	258,600	258,600	258,600	258,600
Less change in fair value of warrant liabilities	(95,074)	(151,759)	(1,736,609)	(35,609)	850,740	-	-	-	-	-
Plus stock-based compensation	83,300	187,044	240,453	293,381	288	(6,209)	69,406	(19,351)	(16,785)	48,829
Plus intangible asset impairment	-	-	-	581,900	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 336,029</b>	<b>\$ (938,400)</b>	<b>\$ (760,088)</b>	<b>\$ (366,070)</b>	<b>\$ (940,170)</b>	<b>\$ 450,126</b>	<b>\$ (1,304,960)</b>	<b>\$ (1,622,376)</b>	<b>\$ (1,864,758)</b>	<b>\$ (3,769,466)</b>

- Adjusted EBITDA represents net income (loss) before interest income, interest expense, income taxes, depreciation, amortization, and change in fair value of warrant liabilities and stock -based compensation expense. We have excluded the non-operating item, change in fair value of warrant liabilities, because it represents a non-cash charge that is not related to USA Technologies' (USAT) operations. We have excluded the non-cash expenses, stock-based compensation, as it does not reflect the cash-based operations of USAT. Adjusted EBITDA is a non-GAAP financial measure which is not required by or defined under GAAP (Generally Accepted Accounting Principles). 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 the net income or net loss of USAT 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 USAT's net income or net loss as determined in accordance with GAAP, and are not a substitute for or a measure of USAT's profitability or net earnings. Adjusted EBITDA is presented because USAT believes it is useful to investors as a measure of comparative operating performance and liquidity, and because it is less susceptible to variances in actual performance resulting from depreciation and amortization and non-cash charges for changes in fair value of warrant liabilities and stock-based compensation expense.