



Why USA Technologies Stock Fell Thursday

Description

What happened

Shares of networking and [cashless transaction](#) company **USA Technologies** (NASDAQ: USAT) were hit hard on Thursday, falling as much as 22.2%. As of 11:07 a.m. EDT, the stock was down 18%.

The stock's decline follows USA Technologies' fiscal fourth-quarter and full-year update, including the announcement that the company is now up to date on its financial disclosures, which were delayed by [an internal investigation](#) by the board's audit committee.

So what

Along with filing its fiscal 2019 results this week, the company released results for fiscal 2018, along with "restatements of financial results of certain prior periods," management said in an open letter to shareholders.

Perhaps explaining the Street's disappointment, its fiscal 2019 fourth-quarter revenue came in at \$38.2 million, down from \$42.1 million in the same period last year. This 9% year-over-year decline contrasts from the company's 9% revenue growth for the full year.

A capital raise could have also explained some of the market's bearish response to the report. The company said it received \$20 million from the sale of its common stock to Antara Capital Master Fund. Also under the agreement, USA Technologies entered into a \$30 million senior secured debt facility.

Now what

Importantly, USA Technologies expects to grow its revenue in fiscal 2020. Management guided for revenue during the period to be between \$165 million and \$175 million, compared with \$144 million in fiscal 2019. In addition, the company forecast adjusted [EBITDA](#) (earnings before interest, taxes,

depreciation, and amortization) to between \$10 million and \$11 million — which would be an improvement from adjusted EBITDA of negative \$3.1 million in fiscal 2019 and positive \$7.4 million in fiscal 2018.

“We are eager to reach new customers and to expand our footprint within our existing customer base, as well as within the new markets that we see as a natural extension of our current core technology,” said USA Technologies CEO Stephen Herbert in the company’s open letter to shareholders. “Our strategic plan is centered on expanding our presence across unattended retail markets to take advantage of the inflection point we’re seeing in the adoption of cashless and cloud-based technology solutions.”

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