



September 21, 2010

USA Technologies Reports Results for Fiscal Year 2010 Highlighted by Record Gross Profit for Its Fiscal Fourth Quarter

- Company Believes It Will Attain Strategic Goals of 100,000 Network Connections and Positive EBITDA for the Quarter Ending December 31, 2010 -

MALVERN, Pa., Sep 21, 2010 (BUSINESS WIRE) -- USA Technologies, Inc. (NASDAQ: USAT) a leader in the networking of wireless cashless transactions, today reported results for the fiscal year ended and for the quarter ended June 30, 2010.

Results for Fourth Quarter

Total revenue for the quarter increased by 23% to \$4.5 million, compared to \$3.6 million in the fourth quarter of the prior year. Gross profit more than doubled to a record \$1.5 million, versus \$690,000, from last year's fiscal fourth quarter. Gross profit margin expanded to 34.0%, compared to 18.9% a year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved to a loss of \$1.6 million for the quarter, the smallest EBITDA loss in more than three years. The prior year fourth quarter EBITDA loss was \$2.5 million.

During the fourth quarter the Company recorded significant growth across its operating performance metrics as compared to the fourth quarter of the prior year:

- Increased the number of devices connected to its network by 58%, bringing the total number of devices connected at quarter end to approximately 82,000, compared to approximately 52,000 as of June 30, 2009.
- The number of cashless transactions processed during the quarter increased by 73% to 11,655,000, compared to 6,736,000 transactions processed during the prior year's fiscal fourth quarter.
- The dollar value of transactions processed during the fiscal fourth quarter increased by 54% to \$20.8 million, compared to \$13.5 million during the fiscal fourth quarter last year.
- Approximately 150 new customers were added to its USALive(R) Network during the three months ended June 30, 2010 bringing the total number of such customers to 1,050 as of June 30, 2010. By comparison, the company had 525 customers as of June 30, 2009, representing a 100% increase during fiscal 2010.

Results for Fiscal Year

Total revenue for the fiscal year increased by 31% to \$15.8 million, compared to \$12.0 million for the prior fiscal year. Gross profit grew 64%, to \$4.9 million, versus \$2.8 million, from last year's fiscal year. Gross profit margin expanded to 30.8%, compared to 23.7% for the fiscal year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved to a loss of \$9.8 million which includes \$1.6 million in proxy contest and related litigation expenses, for the fiscal year from a loss of \$12.2 million in the prior fiscal year.

During the fiscal year the Company recorded significant growth across its operating performance metrics as compared to the prior fiscal year:

- The number of cashless transactions processed during the fiscal year increased by 65% to 36,878,000, compared to 22,361,000 transactions processed during the prior fiscal year.
- The dollar value of transactions processed during the fiscal year increased by 44% to \$67.6 million, compared to \$47.1 million during the prior fiscal year.

"Our fiscal fourth quarter was our best quarter ever in terms of gross profit, and capped a year of great accomplishments for USA Technologies," said George Jensen, Chairman and CEO of USA Technologies. "Our operating and performance metrics continued to improve as our products gained increased market acceptance and the proliferation of our cashless payment devices continued to drive adoption rates higher."

"We continue to believe that we will attain 100,000 network connections by December 31, 2010 and that we will report our first

positive EBITDA quarter in our fiscal second quarter ending December 31, 2010," continued Jensen.

"Over the past several years we have focused on developing innovative wireless cashless terminals, spending heavily on research and development, and on building relationships with customers, strategic partners and market sponsors," said Jensen. "Today, we boast a customer base numbering over 1000 customers; and we are working closely with key market influencers in the transaction services industry to drive consumer acceptance of cashless transactions in unattended locations such as vending machines, kiosks, commercial laundry and the like."

"As the acceptance for wireless cashless transactions in our markets moves mainstream, we will continue to attempt to increase penetration in our target markets, apply our solutions to new markets and introduce new applications. Our objective is to solidify our market leadership position through increased revenue with existing customers, new customer relationships, new products and new channels of distribution," concluded Jensen.

USA Technologies' industry leadership was recognized earlier this month by The Nilson Report, a leading source of research on global consumer payment systems, which again ranked the company 6th in the United States for shippers of POS terminals, and 31st among the world's leading shippers of POS terminals, an improvement of three positions from the previous year. The Company also reported that on September 2, 2010, it had reached a new record of over 200,000 transactions processed in a single day, and that as of August 2010, it had reached a run rate of \$100 million in transaction processing for its customers on the ePort Connect Service. The Company believes these milestones may indicate a "tipping point" (i.e., accelerated adoption) of wireless cashless payment systems in the markets that it serves.

Non-GAAP Financial Measures: EBITDA

This press release includes the following financial measure defined as a non-GAAP financial measure by the Securities and Exchange Commission: EBITDA. This supplemental financial measure is not required by GAAP, nor is the presentation of this financial information intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management recognizes that non-GAAP financial measures have limitations in that they do not reflect all of the items associated with USA Technologies Inc.'s (USAT) earnings results as determined in accordance with GAAP. However, for the reasons described below, we used this non-GAAP measure to evaluate the performance of USAT's business. See "Reconciliation of GAAP Net Earnings to Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)" table included in this press release for further information regarding these non-GAAP financial measures. In addition, EBITDA is presented because the Company has a publically stated goal of achieving positive EBITDA for the quarter ended December 31, 2010 and believes it is frequently used by securities analysts, investors and others in the evaluation of companies.

EBITDA is calculated by adding income taxes, interest expense, depreciation and amortization to net earnings, EBITDA is not defined under GAAP and should not be considered in isolation or as a substitute for net earnings and other consolidated earnings data prepared in accordance with GAAP or as a measure of USAT's profitability.

Reconciliation of GAAP Net Earnings to Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

| | <u>Q4 FY10</u> | <u>Q4 FY09</u> | <u>FY10</u> | <u>FY09</u> |
|------------------|----------------|----------------|-----------------|-----------------|
| Net Loss | \$ (2,089,803) | \$ (2,918,336) | \$ (11,571,496) | \$ (13,731,818) |
| Interest Income | (48,281) | (19,693) | (85,144) | (282,930) |
| Interest Expense | 12,184 | 20,050 | 60,942 | 96,992 |
| Taxes | - | - | - | - |
| Depreciation | 264,273 | 161,566 | 783,415 | 632,408 |
| Amortization | 258,600 | 258,600 | 1,034,400 | 1,040,379 |
| EBITDA | \$ (1,603,027) | \$ (2,497,813) | \$ (9,777,883) | \$ (12,244,969) |

About USA Technologies:

USA Technologies is a leader in the networking of wireless non-cash transactions, associated financial/network services and energy management. USA Technologies provides networked credit card and other non-cash systems in the vending, commercial laundry, hospitality and digital imaging industries. The Company has been granted 77 patents and has agreements with AT&T, Visa, Compass and others. Visit our website at www.usatech.com.

Forward-looking Statements:

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: All statements other than statements of historical fact included in this release, including without limitation the anticipated "tipping point" in the markets in which the Company serves, future financial results of the Company, and the number of devices predicted to be connected to its network

in the future are forward-looking statements. When used in this release, words such as "anticipate", "believe", "estimate", "expect", "intend", and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, whether or not the marketplace continues to adopt cashless transaction processing; whether or not the marketplace continues to purchase the Company's products in the future; the ability of the Company to retain key customers from whom a significant portion of its revenues is derived; the ability of the Company to compete with its competitors to obtain market share in the future; the ability of the Company to obtain widespread commercial acceptance of its products in the future; whether the Company's existing or anticipated customers lease or purchase ePort devices in the future at levels currently anticipated by the Company; whether customers participate in the Jump Start program in the future at levels currently anticipated by the Company; or whether the Company's shares or publicly traded warrants would continue to meet the eligibility requirements for continued listing on The NASDAQ Stock Market, LLC. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made by us in this release speaks only as of the date of this release. Unless required by law, the Company does not undertake to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

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