



September 24, 2008

USA Technologies Fiscal 2008 Revenue Exceeds \$16.1 Million

Revenues Grow 76% Year-Over-Year and Gross Profit More than Doubles

MALVERN, Pa., Sep 24, 2008 (BUSINESS WIRE) -- USA Technologies (NASDAQ:USAT) announced today its financial results for the fiscal year ended June 30, 2008, including revenues in excess of \$16.1 million.

The \$16.1 million in revenue for fiscal year 2008 represents an increase of 76%, or \$6.9 million, over the \$9.2 million reported for fiscal year 2007. Gross profit more than doubled to \$3.4 million in fiscal 2008 from \$1.3 million the preceding year. The net loss fell to \$16.4 million in fiscal 2008, and diluted loss per share was \$1.21, compared to fiscal year 2007 net loss of \$17.7 million, and diluted loss per share of \$2.13. Weighted average shares outstanding rose in fiscal 2008 to 14.1 million from 8.7 million in fiscal 2007.

George R. Jensen, Jr., Chairman and Chief Executive Officer, USA Technologies, Inc., stated, "We had a strong finish in our fourth quarter, with a record \$5M in revenue. We are very pleased with the top line growth we posted this year. In each quarter we set revenue records, resulting in a record year."

The Company reported an increase of 190% in transaction volume and 62% in dollars processed. During the fiscal year ended June 30, 2008, USAT processed approximately 11.3 million wireless, small ticket, cashless transactions totaling more than \$34.4 million in value on behalf of its customers.

Recent USA Technologies business and operational highlights:

The Company more than doubled the number of connections to USALive: Connections for the period ended June 30, 2008 have more than doubled from approximately 15,000 a year ago to more than 38,000.

The ePort(R) G7 Launched in March 2008: The revolutionary G7 is breaking all records following its launch at the NAMA National Vending Expo. With added features and reduced production costs, the ePort G7 is all-in-one technology that installs quickly in vending machines to accept traditional magnetic stripe credit cards as well as contactless credit cards with tap-and-go technology.

New, exclusive ePort agreement: USA Technologies recently closed a three-year ePort agreement with one of the largest soft drink bottlers in America. Under the terms of an agreement reached earlier this year, the Bottler shall utilize USAT as its sole and exclusive supplier of all credit-debit card vending systems, as well as, all card processing and data services.

The nation's two largest vending and food service companies added VendingMiser to their Sustainability Programs: As part of corporate wide sustainability programs, these two Companies are distributing VendingMiser to their combined customer base of more than 300,000 vending machines across the country.

First to launch cellular phone vending payment pilot with Nokia: USA Technologies is working with major cellular phone companies to introduce Near Field Communications (NFC) to vending, giving consumers the ability to make purchases from vending machines with cellular phones. The first pilot program is underway with Nokia at Gonzaga University in Washington State.

EnergyMiser Rebate Program grows to nearly 50 utilities: Energy utilities offering EnergyMiser devices free or with rebates have doubled over the past 12 months to nearly 50, with another four utilities offering turnkey programs.

Mr. Jensen also said, "There are two trends in today's world that are working in USA Technologies' favor and neither shows sign of letting up. First, the increasing cost of energy around the world which our EnergyMiser product line addresses directly. Second, cashless transactions are growing in popularity, and an entire generation of Americans feels more comfortable with a credit or debit card than they do with currency and coins. We enable the vending machine industry to go cashless, and its helping them grow their businesses and increase customer satisfaction."

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 agreements with AT&T, Honeywell, Blackboard, MasterCard and others. For further information on USA Technologies, please visit www.usatech.com. To view a Company overview presentation, visit http://www.usatech.com/company_info/di/USAT_company_overview.pdf

Statement under the Private Securities Litigation Reform Act:

With the exception of the historical information contained in this release, the matters described herein contain forward-looking statements that involve risk and uncertainties that may individually or mutually impact the matters herein described, including but not limited to, product acceptance, the ability to continually obtain increased orders of its products, the ability to meet installation goals, economic, competitive, governmental impacts, whether pending patents will be granted or defensible, validity of intellectual property and patents, the ability to license patents, the ability to commercialize developmental products, as well as technological and/or other factors.

- FINANCIAL TABLES TO FOLLOW -

USA Technologies, Inc.
Consolidated Balance Sheets

	June 30 2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,970,691	\$ 5,163,844
Available-for-sale securities	--	6,350,000
Accounts receivable, less allowance for uncollectible accounts of \$215,000 and \$142,000 as of 2008 and 2007, respectively	3,483,666	2,269,193
Finance receivables	399,427	330,692
Inventory	2,299,002	3,033,792
Prepaid expenses and other current assets	802,223	206,508
Total current assets	16,955,009	17,354,029
Available-for-sale securities	6,875,000	--
Finance receivables, less current portion	424,336	279,324
Property and equipment, net	2,024,842	1,876,754
Intangibles, net	5,885,432	7,122,032
Goodwill	7,663,208	7,663,208
Other assets	227,824	196,150
Total assets	\$ 40,055,651	\$ 34,491,497
Liabilities and shareholders' equity		
Current liabilities:		

Accounts payable	\$ 4,005,549	\$ 3,893,307
Accrued expenses	2,506,035	1,484,239
Current obligations under long-term debt	526,348	514,302
Total current liabilities	7,037,932	5,891,848
Long-term debt, less current portion	441,170	515,443
Total liabilities	7,479,102	6,407,291
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value:		
Authorized shares- 1,800,000	3,686,218	3,686,218
Series A convertible preferred- Authorized shares- 900,000		
Issued and outstanding shares- 520,392 as of 2008 and 2007		
(liquidation preference of \$14,977,220 and \$14,196,632 as of 2008 and 2007, respectively)		
Common stock, no par value:		
Authorized shares- 640,000,000	193,733,104	172,822,868
Issued and outstanding shares- 15,155,270 and 11,810,849 as of 2008 and 2007, respectively		
Accumulated deficit	(164,842,773)	(148,424,880)
Total shareholders' equity	32,576,549	28,084,206
Total liabilities and shareholders' equity	\$ 40,055,651	\$ 34,491,497

USA Technologies, Inc.
Consolidated Statements of Operations

	Year ended June 30		
	2008	2007	2006
Revenues:			
Equipment sales	\$ 12,384,870	\$ 7,454,076	\$ 5,198,360
License and transaction fees	3,718,676	1,703,936	1,216,443
Total revenues	16,103,546	9,158,012	6,414,803
Cost of equipment	9,703,474	6,442,627	3,549,450
Cost of services	2,981,218	1,369,152	855,007
Gross profit	3,418,854	1,346,233	2,010,346
Operating expenses:			
Selling, general and administrative	18,643,215	14,706,156	12,092,552
Depreciation and amortization	1,923,491	1,748,653	1,699,593
Total operating expenses	20,566,706	16,454,809	13,792,145
Operating loss	(17,147,852)	(15,108,576)	(11,781,799)
Other income (expense):			
Interest income	877,159	315,827	99,776
Legal loss contingency	--	--	(270,000)
Other loss	--	(4,759)	(16,087)
Interest expense:			
Coupon or stated rate	(147,200)	(746,578)	(1,365,860)
Non-cash interest and amortization of debt discount	--	(2,238,372)	(1,513,106)
Total interest expense	(147,200)	(2,984,950)	(2,878,966)
Total other income (expense)	729,959	(2,673,882)	(3,065,277)
Net loss	(16,417,893)	(17,782,458)	(14,847,076)
Cumulative preferred dividends	(780,588)	(781,451)	(783,289)
Loss applicable to common shares	\$ (17,198,481)	\$ (18,563,909)	\$ (15,630,365)
Loss per common share (basic and diluted)	\$ (1.21)	\$ (2.13)	\$ (3.15)
Weighted average number of common shares outstanding (basic and diluted)	14,158,298	8,702,523	4,965,501

SOURCE: USA Technologies

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