



May 11, 2009

## USA Technologies Reports Third Quarter Fiscal 2009 Results

MALVERN, Pa., May 11, 2009 (BUSINESS WIRE) -- USA Technologies (NASDAQ:USAT), a leading supplier of networked devices and wireless non-cash transactions, associated financial/network services and energy management, reported its financial results for its third fiscal quarter 2009 ended March 31, 2009.

### Highlights for the Quarter

- Increased the number of devices connected to its USALive(R) network to 48,000, compared with approximately 31,000 devices at the end of last year's third fiscal quarter;
- Increased the number of transactions processed, in quarter, to approximately 5.7 million totaling more than \$11.2 million, compared with approximately 3.2 million transactions totaling more than \$8.9 million during last year's third fiscal quarter, an increase of 78% in transaction volume and 26% in dollars processed;
- Launched ePort G8(TM), an improved and lower-cost version of the ePort "G" Series product;
- Neared completion of the new ePort Edge(TM) product, which, at \$199 will provide a faster return on investment for our customers that implement cashless payment capabilities;
- Expanded into the \$4 billion office coffee industry;
- Completed a series of improvements to Company's ePort Connect Service;
- Reduced selling, general and administrative expenses by \$637,047, or 15%, to \$3,755,245 for the quarter ended March 31, 2009 compared to the quarter ended March 31, 2008.

### Management Discussion

George Jensen, Chairman and Chief Executive Officer of USA Technologies said, "With the launch of our new ePort G8 product, and nearing completion of the ePort Edge product, USA Technologies has entered a new paradigm in its development. With limited competition, we have expanded into new markets, upgraded our products and services and created value for our customers and partners. In addition, we took measures this quarter to further reduce costs, and this coupled with our new products, we believe position the Company for growth in fiscal 2010, despite the global economic downturn."

Mr. Jensen added, "We have also begun to benefit from customer agreements, including our agreements with AIR-Serv, Merit Entertainment and a NYSE-listed bottler company, which name USAT as the exclusive provider of cashless payment services for each of these clients. Additionally, capitalizing on our experience in the university market, we launched eSuds Credit(TM), a unique laundry service operating commercially, in a modern high-rise apartment complex in the center of Washington, D.C. Based upon its initial success, we look forward to expanding the eSuds service to other multi-unit housing developments, and eliminating the seasonality factor from a product that was once previously targeted to universities."

"With the accelerated trend towards cashless transactions, our new products and services, our pursuit of new markets that augment our current strategic partnerships with diverse, global, market leaders and our reduced expenses, we are very excited about the Company's future."

### Financial Results

Fiscal 2009 third quarter ended March 31, 2009 total revenues were \$2,308,932 compared with \$4,263,512 for the fiscal 2008 third quarter ended March 31, 2008. License and transaction fees increased 37% to \$1,425,614 for the fiscal 2009 third quarter, compared with \$1,043,115 in the comparable fiscal 2008 third quarter. Equipment sales were \$883,318 for the quarter ended March 31, 2009, a decrease of \$2,337,079 compared with \$3,220,397 for the quarter ended March 31, 2008. The increase in license and transaction fees was primarily due to the increase in the number of units on the Company's USALive(R) network. The decrease in equipment revenue was related to key customers awaiting the availability of our new ePort G8 and ePort Edge products, as well as a decrease in capital spending by some of our customers due to the current economic slowdown. The ePort G8 product became available for sale at the end of the third quarter, so it had little impact on revenue during the third quarter and ePort Edge is expected to be launched during the fourth quarter 2009.

During the third quarter of fiscal 2009, the Company processed approximately 5.7 million transactions totaling over \$11.2 million as compared with approximately 3.2 million transactions totaling over \$8.9 million during the corresponding quarter of fiscal 2008, an increase of 78% in transaction volume and 26% in dollars processed.

Gross profit for the third quarter of fiscal 2009 was \$591,184, compared with a gross profit of \$895,722 for the corresponding quarter in the previous fiscal year, while gross profit margins increased to 26% from 21% during last year's third quarter. The decrease in gross profit is primarily the result of a decrease in sales of both energy conservation equipment as well as ePort vending equipment, which was related to customers awaiting the availability of the new generation ePort products. The increase in gross profit margins was due to an increase in the profit margin of ePort vending equipment sales, mainly as a result of lower production costs from offshore production.

Operating expenses for the third quarter of fiscal 2009 declined 15% to \$4,136,633 compared with \$4,882,385 in the fiscal 2008 third quarter. The overall decrease was mainly due to decreases in selling, general and administrative expenses, principally due to decreases in compensation and consulting expenses as a result of the Company's cost reductions measures implemented in fiscal 2008 third and fourth quarters.

Net loss applicable to common shares for the 2009 fiscal third quarter was \$3,913,256 or \$0.26 per share, compared with \$4,150,840, or \$0.28 per share reported in the third quarter fiscal 2008.

As of March 31, 2009, the Company had \$8,440,255 in cash and cash equivalents.

#### **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](http://www.usatech.com). To view a Company overview presentation, visit [http://www.usatech.com/company\\_info/dl/USAT\\_company\\_overview.pdf](http://www.usatech.com/company_info/dl/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 FOLLOW)**  
**USA TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>Three months ended March 31, 2009</b>		<b>Nine months ended March 31, 2008</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Revenues:				
Equipment sales	\$ 883,318	\$ 3,220,397	\$ 4,166,927	\$ 8,501,722
License and transaction fees	1,425,614	1,043,115	4,207,113	2,576,849
Total revenues	<u>2,308,932</u>	<u>4,263,512</u>	<u>8,374,040</u>	<u>11,078,571</u>
Cost of equipment	608,943	2,563,596	2,939,529	6,592,088
Cost of services	1,108,805	804,194	3,274,789	2,028,675
Cost of sales	<u>1,717,748</u>	<u>3,367,790</u>	<u>6,214,318</u>	<u>8,620,763</u>
Gross profit	591,184	895,722	2,159,722	2,457,808
Operating expenses:				
Selling, general and administrative	3,755,245	4,392,292	11,971,078	14,226,973
Depreciation and amortization	381,388	490,093	1,188,420	1,497,768
Total operating expenses	<u>4,136,633</u>	<u>4,882,385</u>	<u>13,159,498</u>	<u>15,724,741</u>
Operating loss	<u>(3,545,449)</u>	<u>(3,986,663)</u>	<u>(10,999,776)</u>	<u>(13,266,933)</u>
Other expense:				
Interest income	38,700	264,567	263,237	716,120
Interest expense	<u>(23,804)</u>	<u>(38,450)</u>	<u>(76,942)</u>	<u>(112,388)</u>

Total other income	14,896	226,117	186,295	603,732
Net loss	(3,530,553)	(3,760,546)	(10,813,481)	(12,663,201)
Cumulative preferred dividends	(382,703)	(390,294)	(772,997)	(780,588)
Loss applicable to common shares	\$ (3,913,256)	\$ (4,150,840)	\$ (11,586,478)	\$ (13,443,789)
Loss per common share (basic and diluted)	\$ (0.26)	\$ (0.28)	\$ (0.76)	\$ (0.97)
Weighted average number of common shares outstanding (basic and diluted)	15,345,492	15,023,313	15,236,442	13,837,206

**USA TECHNOLOGIES, INC.  
CONSOLIDATED BALANCE SHEETS**

	March 31, 2009	June 30, 2008
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,440,255	\$ 9,970,691
Accounts receivable, less allowance for uncollectible accounts of approximately \$157,000 at March 31, 2009 and \$215,000 at June 30, 2008	1,767,200	3,483,666
Finance receivables	281,493	399,427
Inventory, net	2,310,164	2,299,002
Prepaid expenses and other current assets	759,255	802,223
Total current assets	13,558,367	16,955,009
Available-for-sale securities	-	6,875,000
Finance receivables, less current portion	184,728	424,336
Property and equipment, net	2,149,059	2,024,842
Intangibles, net	5,103,653	5,885,432
Goodwill	7,663,208	7,663,208
Other assets	229,561	227,824
Total assets	\$ 28,888,576	\$ 40,055,651
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 3,104,318	\$ 4,005,549
Accrued expenses	2,128,694	2,506,035
Current obligations under long-term debt	567,311	526,348
Total current liabilities	5,800,323	7,037,932
Long-term debt, less current portion	396,629	441,170
Total liabilities	6,196,952	7,479,102
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Preferred stock, no par value:		
Authorized shares- 1,800,000		
Series A convertible preferred- Authorized shares 900,000;		
Issued and outstanding shares- 510,270 at March 31, 2009 and 520,392 at June 30, 2008 (liquidation preference of \$15,451,307 and \$14,977,220, respectively)	3,614,554	3,686,218
Common stock, no par value:		
Authorized shares- 640,000,000;		
Issued and outstanding shares- 15,336,722 at March 31, 2009 and 15,155,270 at June 30, 2008	194,749,708	193,733,104
Accumulated deficit	(175,672,638)	(164,842,773)
Total shareholders' equity	22,691,624	32,576,549
Total liabilities and shareholders' equity	\$ 28,888,576	\$ 40,055,651

SOURCE: USA Technologies

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