



November 9, 2009

USA Technologies, Inc. Reports First Quarter Fiscal 2010 Financial Results

-- Increased Revenue, Gross Profits and Reduced SG & A --

MALVERN, Pa., Nov 09, 2009 (BUSINESS WIRE) -- USA Technologies (NASDAQ:USAT), a leading provider of technology-enabled solutions that facilitate payment transactions within the wireless unattended Point of Sale ("POS") market, reported financial results for its first fiscal quarter ended September 30, 2009.

Highlights for the First Quarter Ended September 30, 2009

- Increased the installed base by 36%, with 57,000 devices connected to its USALive(R) network as compared to approximately 42,000 devices as of the year before;
- Increased the number of transactions processed during the quarter by 57% to 7.4 million, compared with 4.7 million transactions processed during the prior year's quarter;
- Increased the dollar volume of transactions processed to \$14.6 million, compared with \$11.6 million in the year-ago quarter, an increase of 26%;
- \$3.8 million quarterly revenue represents highest level in five quarters;
- Improved gross margin percentage on equipment sales to 32% from 30% in the quarter a year ago;
- Reduced SG & A for the quarter by 20% compared with last year's first quarter;
- Quick Start Program made up approximately 52% of ePort(R) equipment revenues for the quarter;
- During the month of October 2009, the number of cashless transactions processed by the Company exceeded an average of 100,000 transactions per day

Mr. George Jensen, Chairman and Chief Executive Officer of USA Technologies said, "We believe that the strong increases in our metrics this quarter reflect the demonstrable returns our products offer our customers, the strategic initiatives that we implemented over the past year, and the growing trends towards cashless transactions. With our focus on expanding our customer base by creating lower-cost products and helping to finance customer purchases through our new Quick Start Program, we achieved improvements in revenue and gross profit on equipment sales."

"We have diversified our customer base, adding approximately 75 new ePort customers since June 30, 2009, for a total of approximately 600. While some of these customers represent large and well-known national organizations, the small- to mid-size customer has become an important part of our customer base. Not only have new customers driven our growth, but sales from existing customers have also contributed to our growth, with one-third of them buying additional units this quarter. We believe that trends such as these would help fuel our revenue growth," Mr. Jensen added.

"In addition to the operational improvements," Mr. Jensen said, "we are honored to have added two esteemed executives to our Board of Directors, and we look forward to the contributions that both Steven Barnhart and Jack Price will add to our Company. With extensive backgrounds in technology, consumer products and strategic leadership, we expect to benefit from their expertise as we expand our business and evaluate new opportunities in our rapidly expanding market. Further, our recently awarded 71st patent that covers a wireless system for communicating cashless vending transaction data and vending machine audit data to remote locations, adds confirmation to our industry leadership in developing cashless technologies."

Mr. Jensen concluded, "Over the past year our strategy included developing new, cost-efficient products that would meet the needs of our customers and help to spur revenue growth. We also placed emphasis on reducing our costs. These strategic initiatives have helped to improve our financial results. Our efforts, however, are not stopping there. We are currently reviewing and attempting to renegotiate some of our key vendor relationships, with the goal of reducing certain costs. We expect that these steps, if successful, would improve our revenue base as well as positively contributing towards improved margins."

To illustrate the progress the Company has achieved in certain key metrics, management is providing the following table which highlights sequential quarterly information.

Key Metrics Achieved by USA Technologies:

	9/30/09	6/30/09	3/30/09	12/31/08	9/30/08
Number of devices connected to the network	57,000	52,000	48,000	43,000	42,000
Number of transactions (millions)	7.4	6.7	5.8	5.1	4.7
\$ Value of transactions (millions)	\$14.6	\$13.5	\$11.4	\$10.6	\$11.6

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, Visa, MasterCard, First Data, Compass and others. For further information on USA Technologies, please visit www.usatech.com.

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)

	Three months ended	
	September 30,	
	2009	2008
Revenues:		
Equipment sales	\$ 1,937,407	\$ 2,038,915
License and transaction fees	1,890,229	1,355,964
Total revenues	3,827,636	3,394,879
Cost of equipment	1,309,356	1,433,844
Cost of services	1,488,157	1,057,626
Cost of sales	2,797,513	2,491,470
Gross profit	1,030,123	903,409
Operating expenses:		
Selling, general and administrative	3,565,778	4,439,533
Depreciation and amortization	385,066	418,779
Total operating expenses	3,950,844	4,858,312
Operating loss	(2,920,721)	(3,954,903)
Other income (expense):		
Interest income	14,938	127,966
Interest expense	(20,416)	(26,958)
Total other income (expense)	(5,478)	101,008
Net loss	(2,926,199)	(3,853,895)
Cumulative preferred dividends	(382,703)	(390,294)
Loss applicable to common shares	\$(3,308,902)	\$(4,244,189)
Loss per common share (basic and diluted)	\$ (0.17)	\$ (0.28)
Weighted average number of common shares outstanding (basic and diluted)	9,819,926	15,169,216

USA Technologies, Inc.
Consolidated Balance Sheets

September	June 30,
30,	2009
2009	2009

Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 16,690,469	\$ 6,748,262
Accounts receivable, less allowance for uncollectible accounts of \$59,000 and \$42,000, respectively	1,541,307	1,468,052
Finance receivables	664,723	212,928
Inventory, net	1,699,519	1,671,226
Prepaid expenses and other current assets	949,139	1,078,026
Total current assets	21,545,157	11,178,494
Finance receivables, less current portion	253,471	121,624
Property and equipment, net	1,969,729	2,081,909
Intangibles, net	4,586,453	4,845,053
Goodwill	7,663,208	7,663,208
Other assets	105,869	90,090
Total assets	\$ 36,123,887	\$ 25,980,378
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 3,506,088	\$ 3,794,691
Accrued expenses	1,814,929	1,393,356
Current obligations under long-term debt	445,235	494,850
Total current liabilities	5,766,252	5,682,897
Long-term debt, less current portion	283,318	325,209
Total liabilities	6,049,570	6,008,106
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Preferred stock, no par value:		
Authorized shares- 1,800,000		
Series A convertible preferred- Authorized shares 900,000;		
Issued and outstanding shares- 505,241 and 510,270, respectively (liquidation preference of \$15,677,957 and \$15,451,307, respectively)	3,578,948	3,614,554
Common stock, no par value:		
Authorized shares- 640,000,000;		
Issued and outstanding shares- 22,711,908 and 15,423,022, respectively	208,025,209	194,948,693
Accumulated deficit	(181,529,840)	(178,590,975)
Total shareholders' equity	30,074,317	19,972,272
Total liabilities and shareholders' equity	\$ 36,123,887	\$ 25,980,378

SOURCE: USA Technologies

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