



May 6, 2008

USA Technologies Announces Third Successive Record Fiscal Quarter

Revenue Up 58%, Gross Profit Up 182% -- Driven by Increases in Product Sales, License and Transaction Fees

MALVERN, Pa., May 06, 2008 (BUSINESS WIRE) -- USA Technologies (NASDAQ:USAT) announced today record revenue for the fiscal third quarter ended March 31, 2008. Revenue for the three months totaled \$4,263,512, an increase of 58% compared with \$2,690,414 for the corresponding three-months in the previous fiscal year. Gross profit for the three months ended March 31, 2008 totaled \$895,722, up 182% compared with a gross profit of \$ 317,940 for the corresponding three-months of the previous fiscal year. The loss per share was \$.28 per share versus \$.45 per share a year ago. The quarterly record revenue represents the Company's third successive record revenue quarter for the current fiscal year.

"The G7 e-Port(R), launched at the NAMA Vending Expo in March, is attracting major interest, and is setting the stage for achieving a fourth consecutive record revenue quarter," said George R. Jensen, Jr., Chairman and Chief Executive Officer of USA Technologies. "We have already received orders for 6,200 e-Port G7 cashless terminals representing revenues to the Company of approximately \$2,740,000. Of these recent orders, sales of 1,200 e-Port G7 units (representing \$540,000 of revenues) are included in our third quarter operating results, and sales of the remaining 5,000 e-Port G7 units (or \$2,200,000 of revenues) are anticipated to be included in our fourth quarter operating results. The foregoing does not reflect any monthly network service fees or transaction processing fees to be received by the Company in connection with these e-Port G7 cashless terminals," he said.

USA Technologies also implemented significant cost reduction measures in the third quarter of approximately \$4.6 million on an annualized basis. These actions consisted of staff reductions and related cost of approximately \$2.6 million and reductions in controllable cost of approximately \$ 2.0 million. The benefits of the lower operating costs will begin to be reflected in the Company's current fourth quarter of this fiscal year with the full benefit of the cost reductions reflected in the 2009 fiscal year.

"When you combine the impact of recent new orders for 6,200 G-7 e-Ports(R), with the \$4.6 million annual reduction in operating costs, it sets the stage for another record quarter, and accelerates our drive towards profitability," said Mr Jensen.

As of March 31, 2008, there were approximately 31,000 e-Port(R) devices connected to the Company's USALive(R) network, more than double the approximate 14,000 devices that were connected at March 31, 2007.

The Company also ended the quarter with \$36 million of positive shareholder equity.

During the quarter ended March 31, 2008, the Company processed approximately 3.2 million transactions totaling approximately \$9 million in value for our customers, compared with approximately 1 million transactions, totaling approximately \$5.5 million during the quarter ended March 31, 2007. This represents an increase of 220% in transaction volume and 64% in dollars processed.

"Marketplace adoption and sales of the Company's e-Port(R) products and services continue to accelerate, as more and more leading credit card companies and bottlers nationwide offer their customers the speed and convenience of making purchases from vending machines with their credit and debit cards," said Mr Jensen. "USA Technologies is also seeing its EnergyMiser business grow, driven largely by the rapid increase in the cost of energy, together with an accelerating trend by the public and private sectors 'go-green' by lowering energy consumption, cost and CO2 emissions. Both our e-Port(R) cashless technology and EnergyMiser technology are far and away the market leaders in their respective spaces, and are exceptionally well positioned, providing solutions to numerous customers and industry concerns, which respond to emerging, worldwide mega trends," he said.

Recent third quarter highlights also include:

-- PayPass Expands to 17,500 Vending Machines. MasterCard Worldwide expands e-Port cashless payment terminals to 17,500 vending machines nationwide, adding more than 4,000 new locations that accept MasterCard PayPass contactless payments.

-- eSuds Extends Reach Abroad. JLA, a leading supplier of commercial laundry equipment in the UK, begins distribution of

eSuds to universities and colleges through its Circuit subsidiary, with the first installation at the University of York.

-- ViVOtech Expands Contract with USA Technologies. ViVOtech enters agreement to provide 25,000 contactless/magstripe card readers for USAT's e-Port(R) technology.

-- Three New e-Port Connect Programs. USA Technologies launches e-Port Connect(TM) Stored Value, Loyalty and Certification Programs to strengthen its leadership in the \$46 billion market vending market.

-- USA Technologies Launches e-Port G7. The e-Port Generation Seven (G-7) is first to provide a wireless, cashless transaction solution for vending machines that combines traditional mag-stripe and RF payment capabilities with the ability to accept Gift, Stored Value and Loyalty programs. The G-7 also has the capability to execute software updates 'over the air', allowing e-Port customers to upgrade capabilities and leverage new services within thousands of locations in a rapid, efficient manner.

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.

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 its pending patents will be granted or defensible; validity of intellectual property and patents of USA, the ability of USA to license its patents, the ability of USA to commercialize its developmental products, technological and/or other factors, which could cause actual results or revenues to differ materially from those contemplated by these statements.

SOURCE: USA Technologies

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