



November 7, 2005

USA Technologies Reports Increased Revenue and Reduced Operating Expenses for Fiscal 2006 First Quarter

MALVERN, PA, November 7, 2005 -- USA Technologies (OTC Bulletin Board: USTT) announced today first quarter results for the period ended September 30, 2005. The Company reported revenue of \$1,363,886, an increase of 32% compared to \$1,032,578 in the corresponding period in the prior fiscal year. The revenue increase was a result of increased equipment sales across its e-Port®, VendingMiser® and e-Suds? product lines. The Company reported gross profit for the fiscal 2006 first quarter of \$314,927, reflecting a gross margin of 23.1% compared to gross profit of \$130,534, or a gross margin of 12.6%, for the prior fiscal year first quarter. USA Technologies reported an operating loss of \$2,555,965 for the three months ended September 30, 2005 versus an operating loss of \$3,007,844 for the similar period last fiscal year, a reduction of \$451,879 or 15%.

"We believe we have finally reached an inflection point, where market adoption of our products has led to growing sales across our business units," said George R. Jensen, Jr., Chairman and CEO of USA Technologies. "Our lower manufacturing costs have helped to accelerate the adoption of our technology, as we have begun to move equipment manufacturing offshore. This has allowed us to improve ROI for our customers while simultaneously increasing margins."

The Company's key business segments - e-Port® for cashless vending, Energy Miser products, e-Suds? for college laundry and Business Express® - are experiencing rising demand. They are expected to generate accelerated sales growth for the Company going forward.

Some of the recent highlights included:

- Agreement with PepsiCo. PepsiCo placed an initial order of \$810,000 for VendingMisers on behalf of one of its customers, a Fortune 50 retailer, to help reduce the cost of running vending machines in its customer's stores. The product has already started shipping to Pepsi bottlers from coast to coast, and they are in the midst of installing VendingMisers in the locations of that Fortune 50 retailer. The Company has since received approximately \$300,000 in additional orders from Pepsi bottlers against this contract. To date, the Company has shipped Vending Misers to Pepsi bottlers in approximately 30 states in conjunction with this nationwide rollout to the Fortune 50 retailer.
- Agreement with MasterCard International. USA Technologies entered into a one-year agreement with MasterCard, under which the card association will utilize its e-Port® technology and related network in order to allow beverage vending machines to accept payment through the use of contactless credit cards.
- Customer relationship with ARAMARK. The Company recently announced e-Port's® compatibility with ScanPlus, ARAMARK's proprietary stored-value card. The e-Port®/ScanPlus integration now enables college students to purchase snacks or beverages from vending machines using their student ID card in addition to commercial debit and credit cards and cash. ARAMARK has installed the e-Port cashless technology in the vending program at the University of North Carolina Greensboro and intends to install it at Wake Forest University and anticipates future installations at other ARAMARK-managed campuses nationwide.
- At the recent NAMA Expo, USA Technologies highlighted the many options to connect to their e-Port cashless vending service allowing vending operators and bottlers to offer their customers the ability to make purchases using their credit or debit cards. Industry leaders including MasterCard, MEI and CoinCo have all selected USA Technologies to offer the e-Port cashless services to their customer base.
- Since June 30, 2005, the Company has received approximately \$3 million of new capital to fund operations.

The Company previously announced that according to its forecasts, it expects to reach its goal of attaining an operating profit (before interest expense and other non-operating income and expenses) and positive cash flow from operations during one or more of the calendar months in the quarter ending June 30, 2006. Additionally, the Company remains focused on its goal of achieving 50% gross margins on its product sales during this fiscal year.

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.