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KRh Thermal Systems and USA Technologies Agree to Deploy the e-Port® System in 500 Locations; Companies Also Agree to Negotiate an Intellectual Property Licensing Agreement

MALVERN, Pa and Irvine, Ca, October 3, 2005-- USA Technologies (OTCBB: USTT) and KRh Thermal System ("KRh") announced today that KRh has purchased e-Port® systems to network and credit card enable 500 HOT Choice Connect® Systems to be utilized in HOT Choice® Diners currently branded as Tombstone Pizzeria's, Kraft Carry-Out Café's and Tyson Cafes.

In concert with other development efforts, USA Technologies will sell to KRh 500 e-Port cashless devices and three years of related service fees. To date, USA Technologies has shipped to KRh 100 e-Ports® pursuant to this agreement, with the remaining 400 units subject to the parties mutually agreeing to a shipping schedule no later than December 31 of this year. Additionally, USA Technologies, upon successful negotiation of a Licensing Agreement, intends to license to KRh certain intellectual property for its use in automated foodservice systems on a non-exclusive and non-transferable basis.

"We are honored that KRh Thermal, provider of one of the most revolutionary automated food service systems in the Nation, has chosen USA Technologies' e-Port® services to give their customers and brand affiliates the convenience of cashless payment and data services," said Stephen P. Herbert, President and COO, USA Technologies.

As part of the Company's objectives to bring their customers integrated solutions to maximize utility, productivity and profitability via electronic communication, KRh Thermal will offer the e-Port® services as a component of their HOT Choice Connect® Systems. This feature will provide operators of the HOT Choice® Diner the ability to track all aspects of diner performance via a web-based communication platform.

"The HOT Choice® Diner is an automated food service system that provides customers a variety of branded menu items; all of which are comparable to prepared food from a fast-food restaurant anywhere people work, eat, travel or play. The brand equity and food quality provided by our brand affiliates such as Kraft Foods and Tyson Foods provides consumer confidence and excitement. Now, thanks to USA Technologies, customers will have the ability to purchase menu items with a credit or debit card, adding additional convenience to the experience," said Michael E. Rudder, CEO, KRh Thermal Systems, Inc. "We decided on USA Technologies' e-Port® cashless transaction system because of its simplicity, ease of use and most of all, its quality and tried and proven dependability," he said.

USA Technologies will provide KRh Thermal with support and training in installation and operation of the e-Port® system.

"This is an exciting extension of our e-Port® network into another non-traditional vending market," said Mr. Herbert. "Cashless capability is opening up the vending market to endless opportunity, and KRh Thermal is a perfect example. KRh is offering customers fast-food restaurant quality meals from vending machines, taking the food out of brick-and-mortar buildings and putting it on the "street" to capture passing trade and impulse buying," he said.

Over the past week, USA Technologies has announced its e-Port technology was moving into several innovative, non-traditional vending marketplaces, as well as into Sony kiosks that process digital photographs. The Company announced that according to its forecasts, by December 2005, it expects monthly revenues to reach approximately \$1 million per month, representing an annual run rate of \$12 million. The Company also 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.

About KRh Thermal Systems

KRh Thermal Systems is a technology and product development company driving innovation in the foodservice sector. Thermaltech Development, Inc. and Kaiser Aerospace & Electronic Corporation founded the company in 1992. KRh was established to design, develop, manufacture and sell foodservice systems and data services under its proprietary rights and intellectual property. Please visit www.krhthermal.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.