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USA Technologies Announces Third Quarter Financial Results

Revenue Increases 44.2% Driven by Strong Sales of Energy Conservation Product Line

MALVERN, Pa, May 15, 2006 -- USA Technologies (OTC Bulletin Board: USAT) announced today results for its third quarter ended March 31, 2006.

The Company reported revenue of \$1,618,776, an increase of 44.2% compared with the same period in fiscal 2005. For the nine months ended March 31, 2006, USA Technologies reported revenue of \$4,940,414, an increase of 50.1% compared with revenue for the nine months ended March 31, 2005. Gross profit for the three and nine month periods ended March 31, 2006 was \$687,749 and \$1,790,558, an increase of 21.4% and 72.2% respectively compared with the same periods in fiscal 2005 when the Company reported gross profit of \$566,720 and \$1,039,958. Since January 1, 2006, USAT has repaid \$2,655,905 in Senior Notes, and \$408,333 in Senior Notes have been converted into Common Stock.

The strong revenue growth for the quarter came as a result of significant increases in sales of USAT's EnergyMiser? energy management solutions. Sales also grew for the Company's other key product lines -- e-Port® for cashless transaction solutions, and online e-Suds? online laundry system.

"Many of the initiatives completed during the third quarter are driving increased sales and focus on our technology leadership, setting the scene for what we believe will be significant revenue growth," said George R. Jensen Jr., Chairman and CEO of USA Technologies. "Demand for our energy conservation product line is increasing, especially from large companies, schools districts and governments. We already have six Fortune 100 companies as customers. All are installing EnergyMiser technology to help lower the rising cost of electricity and support their energy conservation programs. We are also in negotiations with eight more Fortune 100 companies for our products."

USAT is also expanding its relationship with Federal and State Governments through its five-year contract with the General Services Administration (GSA), the government's multi-billion dollar purchasing arm. The GSA schedule was expanded recently to include USAT's complete EnergyMiser product line. All government agencies can now purchase USAT's products directly from the company on a no bid basis to help them reduce rising energy costs.

The new multi-purpose G6 e-Port with radio frequency identification (RFID) capability is currently in marketplace trials and should be available shortly in the market and is expected to increase equipment sales.

More hotels are purchasing USAT's unattended Business Express office services, with installations in premier hotels and hotel chains nationwide. New and expanded Business Express products such as the PC Express, a sleek wall-mounted PC, are providing hotels with 24x7 self-serve business services, opening up new revenue streams and freeing up the need for hotels to provide personnel to handle business service requests.

e-Suds? also continues to gain traction at leading universities across the country. "We are negotiating with two of the biggest commercial laundry companies in the U.S. interested in our e-Suds solution, and we are renegotiating to expand contracts with many more," said Mr. Jensen.

"The growing demand for our products and services across all of our business units comes at a time when we have reduced expenses through manufacturing efficiencies, and as we strengthen our technology leadership. We believe this will drive improved efficiencies and benefits for our customers and will be an important catalyst for reaching our goal of profitability," he said.

Highlights of the third fiscal quarter include:

New product innovation. USAT launched the e-Port Generation Six, the world's first cashless transaction solution for vending machines that integrates new radio frequency contactless card capability with the traditional swipe card process. The G6 responds to requests from major card companies for cashless and RFID technologies to give card holders multiple purchasing choices at vending machines. The Company's RFID technology is currently undergoing marketplace trials by MasterCard in hundreds of vending locations across multiple US cities.

Growing sales of Energy Management Products. USAT shipped VendingMisers to 19 new customers nationwide as schools, colleges, industry and governments turned to its technology to help lower the rising cost of energy. During the third quarter of 2006 fiscal year, USAT sold 9,527 EnergyMisers, and USAT estimates that it could sell more than 70,000 EnergyMisers during its fiscal year 2007. The Company continues to deliver these products to a growing customer base, as well as delivering pursuant to its contract with PepsiCo for a nationwide rollout to a Fortune 50 retailer.

Expansion of Business Express Product Line. USAT launched the unique PC Express®, a credit card activated self-service PC and Internet terminal. The new PC Express can be used as a desktop PC or as a wall mounted PC. Many hotels are replacing their pay phones with the new PC Express, which is driving new business opportunity for USAT and opening up new revenue streams for hotels.

Expansion of Intellectual Property. USAT announced that United States Patent No. 7,003,289, was issued to the Company on February 21, 2006 and is titled "Communication Interface Device for Managing Wireless Data Transmission Between a Vehicle and the Internet", and that the US Patent and Trademark Office (USPTO) has issued a notice of allowance for another patent application from its e-Port® family of cashless, wireless vending products. Additionally, the USPTO also issued a notice of allowance for another patent application for USAT's EnergyMiser line of energy conservation products for vending machines and glass front coolers. This brings to 65 the total number of patents granted to USA Technologies.

The Company also reported that its Chairman and Chief Executive Officer, George R. Jensen Jr., and the President and Chief Operating Officer, Stephen P. Herbert had signed new three-year Employment Agreements, and the Chief Financial Officer, David M. DeMedio, a new two-year Employment Agreement.

"We are moving into what we believe will be a period of sustained growth for the company and it is important for customers, partners and investors to know that these senior executives will be in place to offer management continuity," said Mr. Jensen.

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.