

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33365



Cantaloupe, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

23-2679963

(I.R.S. Employer Identification No.)

101 Lindenwood Drive, Suite 405 Malvern, Pennsylvania

(Address of principal executive offices)

19355

(Zip Code)

(610) 989-0340

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name Of Each Exchange On Which Registered
Common Stock, no par value	CTLP	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of February 3, 2025, there were 73,034,575 outstanding shares of Common Stock, no par value.

Cantaloupe, Inc.

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**Part I. Financial Information**  
**Item 1. Condensed Consolidated Financial Statements**

**Cantaloupe, Inc.**  
**Condensed Consolidated Balance Sheets**

(\$ in thousands, except share data)	December 31, 2024 (Unaudited)	June 30, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 27,679	\$ 58,920
Accounts receivable, net	29,112	43,848
Finance receivables, net	5,988	6,391
Inventory	44,716	40,791
Prepaid expenses and other current assets	9,514	7,844
<b>Total current assets</b>	<b>117,009</b>	<b>157,794</b>
Non-current assets:		
Finance receivables, net	7,700	10,036
Property and equipment, net	37,694	34,029
Operating lease right-of-use assets	7,939	7,986
Intangibles, net	25,016	24,626
Goodwill	102,292	94,903
Other assets	5,395	6,194
<b>Total non-current assets</b>	<b>186,036</b>	<b>177,774</b>
<b>Total assets</b>	<b>\$ 303,045</b>	<b>\$ 335,568</b>
<b>Liabilities, convertible preferred stock, and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 41,081	\$ 78,895
Accrued expenses	20,918	24,008
Current obligations under long-term debt	1,458	1,266
Deferred revenue	1,356	1,726
<b>Total current liabilities</b>	<b>64,813</b>	<b>105,895</b>
Long-term liabilities:		
Deferred income taxes	545	466
Long-term debt, less current portion	35,554	36,284
Other noncurrent liabilities	9,273	8,457
<b>Total long-term liabilities</b>	<b>45,372</b>	<b>45,207</b>
<b>Total liabilities</b>	<b>110,185</b>	<b>151,102</b>
<b>Commitments and contingencies (Note 14)</b>		
<b>Convertible preferred stock:</b>		
Series A convertible preferred stock, 900,000 shares authorized, 385,782 and 385,782 issued and outstanding, with liquidation preferences of \$23,011 and \$22,722 at December 31, 2024 and June 30, 2024, respectively	2,720	2,720
<b>Shareholders' equity:</b>		
Common stock, no par value, 640,000,000 shares authorized, 73,034,575 and 72,935,497 shares issued and outstanding at December 31, 2024 and June 30, 2024, respectively	—	—
Additional paid-in capital	483,806	482,329
Accumulated deficit	(291,913)	(300,459)
Accumulated other comprehensive loss	(1,753)	(124)
<b>Total shareholders' equity</b>	<b>190,140</b>	<b>181,746</b>
<b>Total liabilities, convertible preferred stock, and shareholders' equity</b>	<b>\$ 303,045</b>	<b>\$ 335,568</b>

See accompanying notes to condensed consolidated financial statements.



**Cantaloupe, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

(\$ in thousands, except share and per share data)	Three months ended		Six months ended	
	December 31,		December 31,	
	2024	2023	2024	2023
<b>Revenues:</b>				
Subscription and transaction fees	\$ 65,086	\$ 56,029	\$ 128,877	\$ 111,164
Equipment sales	8,636	9,330	15,681	16,878
Total revenues	<u>73,722</u>	<u>65,359</u>	<u>144,558</u>	<u>128,042</u>
<b>Costs of sales (exclusive of certain depreciation and amortization):</b>				
Cost of subscription and transaction fees	35,152	31,885	70,896	63,613
Cost of equipment sales	7,850	9,158	14,091	15,785
Total costs of sales	<u>43,002</u>	<u>41,043</u>	<u>84,987</u>	<u>79,398</u>
<b>Operating expenses:</b>				
Sales and marketing	5,385	4,367	10,833	8,509
Technology and product development	4,523	3,030	9,023	7,198
General and administrative	11,239	10,505	23,166	20,943
Integration and acquisition expenses	44	93	241	171
Depreciation and amortization	3,366	2,736	6,038	5,483
Total operating expenses	<u>24,557</u>	<u>20,731</u>	<u>49,301</u>	<u>42,304</u>
Operating income	<u>6,163</u>	<u>3,585</u>	<u>10,270</u>	<u>6,340</u>
<b>Other income (expense):</b>				
Interest income	398	493	845	1,010
Interest expense	(993)	(1,002)	(1,984)	(2,109)
Other (expense) income, net	(199)	129	(12)	52
Total other expense, net	<u>(794)</u>	<u>(380)</u>	<u>(1,151)</u>	<u>(1,047)</u>
Income before income taxes	5,369	3,205	9,119	5,293
Provision for income taxes	(395)	(81)	(573)	(162)
Net income	4,974	3,124	8,546	5,131
Preferred dividends	—	—	(289)	(289)
Net income applicable to common shares	<u>\$ 4,974</u>	<u>\$ 3,124</u>	<u>\$ 8,257</u>	<u>\$ 4,842</u>
<b>Net earnings per common share</b>				
Basic	\$ 0.07	\$ 0.04	\$ 0.11	\$ 0.07
Diluted	\$ 0.07	\$ 0.04	\$ 0.11	\$ 0.07
<b>Weighted average number of common shares outstanding used to compute net earnings per share applicable to common shares</b>				
Basic	73,114,387	72,743,162	73,091,622	72,730,563
Diluted	74,733,608	73,913,599	74,358,717	73,934,917

See accompanying notes to condensed consolidated financial statements.

**Cantaloupe, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income**  
**(Unaudited)**

(\$ in thousands)	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Net income	4,974	\$ 3,124	8,546	\$ 5,131
Foreign currency translation adjustments	(1,818)	(24)	(1,629)	(24)
Other comprehensive loss	(1,818)	(24)	(1,629)	(24)
Total comprehensive income	\$ 3,156	\$ 3,100	\$ 6,917	\$ 5,107

*See accompanying notes to condensed consolidated financial statements.*

**Cantaloupe, Inc.**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Shareholders' Equity**  
**(Unaudited)**

**Three and Six Months Ended December 31, 2024**

(\$ in thousands, except share data)	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance, June 30, 2024	385,782	\$ 2,720	72,935,497	\$ —	\$ 482,329	\$ (300,459)	\$ (124)	\$ 181,746
Stock-based compensation	—	—	—	—	723	—	—	723
Vesting of restricted stock	—	—	50,675	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	189	189
Net income	—	—	—	—	—	3,572	—	3,572
Balance, September 30, 2024	385,782	2,720	72,986,172	—	483,052	(296,887)	65	186,230
Stock-based compensation	—	—	—	—	754	—	—	754
Vesting of restricted stock	—	—	48,403	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	(1,818)	(1,818)
Net income	—	—	—	—	—	4,974	—	4,974
Balance, December 31, 2024	385,782	\$ 2,720	73,034,575	\$ —	\$ 483,806	\$ (291,913)	\$ (1,753)	\$ 190,140

**Three and Six Months Ended December 31, 2023**

(\$ in thousands, except share data)	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance, June 30, 2023	385,782	\$ 2,720	72,664,464	\$ —	\$ 477,324	\$ (312,452)	\$ —	\$ 164,872
Stock-based compensation	—	—	—	—	1,934	—	—	1,934
Vesting of restricted stock	—	—	20,801	—	—	—	—	—
Exercise of stock options	—	—	10,000	—	74	—	—	74
Net income	—	—	—	—	—	2,007	—	2,007
Balance, September 30, 2023	385,782	2,720	72,695,265	—	479,332	(310,445)	—	168,887
Stock-based compensation	—	—	43,793	—	1,109	—	—	1,109
Vesting of restricted stock	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	(24)	(24)
Net income	—	—	—	—	—	3,124	—	3,124
Balance, December 31, 2023	385,782	\$ 2,720	72,739,058	\$ —	\$ 480,441	\$ (307,321)	\$ (24)	\$ 173,096

See accompanying notes to condensed consolidated financial statements.

**Cantaloupe, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

(\$ in thousands)	Six months ended December 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 8,546	\$ 5,131
Adjustments to reconcile net income to net cash used in operating activities:		
Stock-based compensation	1,830	3,043
Provision for expected losses	2,121	2,384
Depreciation and amortization	6,920	6,205
Non-cash lease expense	879	734
Other	997	433
Changes in operating assets and liabilities:		
Accounts receivable	13,265	(12,278)
Finance receivables	2,264	1,886
Inventory	(4,845)	(2,941)
Prepaid expenses and other assets	(1,402)	(2,506)
Accounts payable and accrued expenses	(40,905)	(2,915)
Operating lease liabilities	(796)	(530)
Deferred revenue	(370)	122
Net cash used in operating activities	<u>(11,496)</u>	<u>(1,232)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(8,081)	(5,912)
Acquisition of business, net of cash acquired	(9,761)	—
Net cash used in investing activities	<u>(17,842)</u>	<u>(5,912)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(573)	(384)
Proceeds from exercise of common stock options	—	74
Payment of employee taxes related to stock-based compensation	(353)	—
Net cash used in financing activities	<u>(926)</u>	<u>(310)</u>
Effect of currency exchange rate changes on cash and cash equivalents	(977)	5
Net decrease in cash and cash equivalents	(31,241)	(7,449)
Cash and cash equivalents at beginning of year	58,920	50,927
Cash and cash equivalents at end of period	<u>\$ 27,679</u>	<u>\$ 43,478</u>
Supplemental disclosures of cash flow information:		
Interest paid in cash	\$ 1,672	\$ 1,931
Income taxes paid in cash	\$ 778	\$ 130

*See accompanying notes to condensed consolidated financial statements.*

**Cantaloupe, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

## **1. BUSINESS**

Cantaloupe, Inc., is organized under the laws of the Commonwealth of Pennsylvania. We are a digital payments and software services company that provides end-to-end technology solutions for self-service commerce. We offer a single platform for self-service commerce which includes integrated payments processing and software solutions that handle inventory management, pre-kitting, route logistics, warehouse and back-office management. Our enterprise-wide platform is designed to increase consumer engagement and sales revenue through digital payments, digital advertising and customer loyalty programs, while providing retailers with control and visibility over their operations and inventory. Our customers range from vending machine companies to operators of micro-markets and smart retail, laundromats, metered parking terminals, amusement and entertainment venues, IoT services and more.

Cantaloupe, Inc. and its consolidated subsidiaries are referred to herein collectively as "Cantaloupe," the "Company," "we," "our" or "us," unless the context requires otherwise.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Presentation and Preparation***

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements and therefore should be read in conjunction with the Company's June 30, 2024 Annual Report on Form 10-K.

The Company's legal entities are based in the United States, Mexico and the United Kingdom. The functional currencies of our foreign wholly-owned subsidiaries are the local currencies. We translate the financial statements of these subsidiaries into U.S. dollars each reporting period for purposes of consolidation.

### ***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The Company evaluates these estimates on an ongoing basis.

Estimates, judgments, and assumptions in these condensed consolidated financial statements include, but are not limited to, those related to revenue recognition, capitalization of internal-use software and cloud computing arrangements, fair value of acquired assets and liabilities including goodwill through purchase accounting, income taxes and sales tax reserves. See the Company's Annual Report, *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, section Critical Accounting Estimates*.

### ***Reclassification***

Certain reclassifications have been made to prior year's reported amounts in order to conform to the current year presentation. These reclassifications did not impact our previously reported net income or stockholders' equity.

### ***Recent Accounting Pronouncements***

#### ***ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures***

In December 2023, the FASB issued ASU 2023-09, which expands income tax disclosure requirements to include additional information related to the rate reconciliation of effective tax rates to statutory rates as well as additional disaggregation of taxes

paid. The amendments in the ASU also remove disclosures related to certain unrecognized tax benefits and deferred taxes. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, which is the Company's fiscal year ended June 30, 2026. The amendments may be applied prospectively or retrospectively, and early adoption is permitted. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures.

*ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*

In November 2023, the FASB issued ASU 2023-07, which expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in the ASU require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to an entity's chief operating decision maker ("CODM"), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. Annual disclosures are required for fiscal years beginning after December 15, 2023, which is the Company's fiscal year ended June 30, 2025. Interim disclosures are required for periods within fiscal years beginning after December 15, 2024, which is the Company's fiscal year ended June 30, 2026. Retrospective application is required for all prior periods presented, and early adoption is permitted. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures.

*ASU 2024-03 Disaggregation of Income Statement Expenses*

In November 2024, the FASB issued ASU 2024-03, which requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new guidance is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact that the adoption of this accounting standard will have on its financial disclosures.

No other new accounting pronouncements, issued or effective during the period ended December 31, 2024, have had or are expected to have a significant impact on the Company's financial statements.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable includes amounts due to the Company for sales of equipment and subscription fees, settlement receivables for amounts due from third-party payment processors, receivables from contract manufacturers and unbilled amounts due from customers, net of the allowance for credit losses. Accounts receivable, net of the allowance for uncollectible accounts were \$29.1 million as of December 31, 2024 and \$43.8 million as of June 30, 2024.

*Allowance for credit losses*

The following table represents a rollforward of the allowance for credit losses for the six months ended December 31, 2024 and 2023:

(\$ in thousands)	Six months ended December 31,	
	2024	2023
Balance, June 30	\$ 13,442	\$ 10,815
Provision for expected losses	558	958
Write-offs	(354)	(60)
Balance, September 30	13,646	11,713
Provision for expected losses	1,064	1,266
Write-offs	(3,559)	(134)
Balance, December 31	\$ 11,151	\$ 12,845

**4. FINANCE RECEIVABLES**

The Company's finance receivables consist of devices under its financing program. Predominately all of the Company's finance receivables agreements are classified as non-cancellable sixty-month sales-type leases.

The Company collects lease payments from customers primarily as part of the flow of funds from our transaction processing services. Balances are considered past due if customers do not have sufficient transaction revenue to cover the monthly lease payment by the end of the monthly billing period.

At December 31, 2024, the gross lease receivable by current payment performance on a contractual basis and year of origination consisted of the following:

(\$ in thousands)	Leases by Origination						Total
	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	Between 3 and 4 Years Ago	Between 4 and 5 Years Ago	More than 5 Years Ago	
Current	\$ 2,205	\$ 1,956	\$ 5,374	\$ 2,196	\$ 374	\$ 115	\$ 12,220
30 days and under	38	39	133	98	46	12	366
31 - 60 days	13	19	78	87	45	12	254
61 - 90 days	9	13	91	35	50	30	228
Greater than 90 days	18	87	988	509	161	1,290	3,053
Total finance receivables	\$ 2,283	\$ 2,114	\$ 6,664	\$ 2,925	\$ 676	\$ 1,459	\$ 16,121

At June 30, 2024, the gross lease receivable by current payment performance on a contractual basis and year of origination consisted of the following:

(\$ in thousands)	Leases by Origination						Total
	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	Between 3 and 4 Years Ago	Between 4 and 5 Years Ago	More than 5 Years Ago	
Current	\$ 2,199	\$ 5,135	\$ 4,668	\$ 1,961	\$ 456	\$ 324	\$ 14,743
30 days and under	13	67	80	85	56	42	343
31 - 60 days	8	64	58	49	47	38	264
61 - 90 days	8	62	48	32	36	38	224
Greater than 90 days	35	387	625	208	297	1,235	2,787
Total finance receivables	\$ 2,263	\$ 5,715	\$ 5,479	\$ 2,335	\$ 892	\$ 1,677	\$ 18,361

The following table represents a rollforward of the allowance for finance receivables for the six months ended December 31, 2024 and 2023:

(\$ in thousands)	Six months ended December 31,	
	2024	2023
Balance, June 30	\$ 1,934	\$ 2,098
Provision for expected losses	391	51
Balance, Sept 30	2,325	2,149
Provision for expected losses	108	108
Balance, December 31	2,433	2,257

There were no material write-offs of finance receivables for the six months ended December 31, 2024 and 2023.

Cash to be collected on our performing finance receivables due for each of the fiscal years is as follows:

(\$ in thousands)	Amount
Remainder of 2025	\$ 3,658
2026	6,026
2027	4,135
2028	2,127
2029	848
Thereafter	122
Total amounts to be collected	16,916
Less: interest	(795)
Less: allowance for uncollectible receivables	(2,433)
Total finance receivables	<u>\$ 13,688</u>

## 5. LEASES

### *Lessee Accounting*

We have operating leases which are real estate leases used for corporate functions, product development, sales, and other purposes. The following table provides supplemental balance sheet information related to the Company's operating leases:

(\$ in thousands)	Balance Sheet Classification	December 31, 2024	June 30, 2024
<b>Assets:</b>	Operating lease right-of-use assets	\$ 7,939	\$ 7,986
<b>Liabilities:</b>			
Current	Accrued expenses	\$ 1,425	\$ 1,320
Long-term	Other noncurrent liabilities	8,511	8,457
Total lease liabilities		<u>\$ 9,936</u>	<u>\$ 9,777</u>

Supplemental cash flow information and non-cash activity related to our leases are as follows:

(\$ in thousands)	Six months ended December 31,	
	2024	2023
<b>Supplemental cash flow information:</b>		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,061	\$ 1,220
<b>Non-cash activity:</b>		
Right-of-use assets obtained in exchange for new lease obligations	\$ 525	\$ 6,657

Maturities of lease liabilities by fiscal year for our leases as of December 31, 2024 are as follows:

(\$ in thousands)	Operating Leases	
Remainder of 2025	\$	875
2026		2,409
2027		1,958
2028		1,453
2029		1,489
Thereafter		5,720
Total lease payments		13,904
Less: Imputed interest		(3,968)
Present value of lease liabilities	\$	9,936

### *Lessor Accounting*

Property and equipment used for the Cantaloupe One operating lease rental program consisted of the following:

(\$ in thousands)	December 31, 2024	June 30, 2024
Cost	\$ 32,914	\$ 32,513
Accumulated depreciation	(25,757)	(24,742)
Net	\$ 7,157	\$ 7,771

For the three months ended December 31, 2024 and 2023, the Company recognized \$2.2 million and \$2.0 million of revenue from its device rental program, respectively, which is included in the Subscription and Transaction fees on its Condensed Consolidated Statements of Operations.

For the six months ended December 31, 2024 and 2023, the Company recognized \$4.5 million and \$4.0 million of revenue from its device rental program, respectively, which is included in the Subscription and Transaction fees on its Condensed Consolidated Statements of Operations.

The Company's net investment in sales-type leases (carrying value of lease receivables) and the future minimum amounts to be collected on these lease receivables as of December 31, 2024 are disclosed within *Note 4 - Finance Receivables*.

## **6. DEBT AND OTHER FINANCING ARRANGEMENTS**

The Company's debt and other financing arrangements as of December 31, 2024 and June 30, 2024 consisted of the following:

(\$ in thousands)	As of December 31, 2024	As of June 30, 2024
JPMorgan Credit Facility*	\$ 37,063	\$ 37,625
Other obligations	24	34
Less: unamortized issuance costs and debt discount	(75)	(109)
Total	37,012	37,550
Less: debt and other financing arrangements, current	(1,458)	(1,266)
Debt and other financing arrangements, noncurrent	\$ 35,554	\$ 36,284

\* See discussion below on amendment to the JPMorgan Credit Facility.

### ***JPMorgan Credit Facility***

On March 17, 2022, the Company entered into an amended and restated credit agreement with JPMorgan Chase Bank, N.A. which provides for a \$15 million secured revolving credit facility (the "Amended Revolving Facility") and a \$25 million

secured term facility (the “Amended Secured Term Facility” and together with the Amended Revolving Facility, the “Amended JPMorgan Credit Facility”), and fully replaced our previous 2021 JPMorgan credit facility.

On December 1, 2022, the Company entered into an amendment to the Amended and Restated Credit Agreement, dated as of March 17, 2022, which, among other things, amended the definition of the Company’s EBITDA under the Credit Agreement. On December 1, 2022, the Company borrowed an additional \$25 million under the Amended JPMorgan Credit Facility, including \$15 million from the revolving credit facility and \$10 million from the term facility. No issuance costs were capitalized in connection with this amendment. As of December 31, 2024, the weighted-average interest rate for the Amended JPMorgan Credit Facility is approximately 8.7%.

The Amended JPMorgan Credit Facility includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including, among other things, two financial covenants. One financial covenant requires the Company to maintain, at all times, a total leverage ratio of not more than 3.00 to 1.00 on the last day of any fiscal quarter. The other financial covenant is conditional on a material acquisition occurring: if a material acquisition occurs, the Company is required to maintain a total leverage ratio not greater than 4.00 to 1.00 for the next four fiscal quarters following the material acquisition. The Company was in compliance with its financial covenants for the Amended JPMorgan Credit Facility as of December 31, 2024.

See *Note 16 - Subsequent Events* for information on the refinancing of the JPMorgan Credit Facility that occurred in January 2025.

## 7. ACCRUED EXPENSES

Accrued expenses consisted of the following as of December 31, 2024 and June 30, 2024:

(\$ in thousands)	As of December 31, 2024	As of June 30, 2024
Sales tax	\$ 11,780	\$ 12,070
Accrued compensation and related sales commissions	2,827	4,061
Operating lease liabilities - current	1,425	1,320
Accrued professional fees	2,798	4,336
Consideration withheld for acquisitions - current*	1,442	1,370
Accrued other	646	851
<b>Total accrued expenses</b>	<b>\$ 20,918</b>	<b>\$ 24,008</b>

\* See *Note 9 - Acquisitions* for a description of the arrangements.

## 8. GOODWILL AND INTANGIBLES

Intangible asset balances and goodwill consisted of the following:

(\$ in thousands)	As of December 31, 2024			Weighted Average Remaining Useful Life (Years)
	Gross	Accumulated Amortization	Net	
<b>Intangible assets:</b>				
Brand and trade names	\$ 2,510	(2,075)	435	1.8
Developed technology	22,882	(14,467)	8,415	3.6
Customer relationships	27,186	(11,020)	16,166	8.5
<b>Total intangible assets</b>	<b>\$ 52,578</b>	<b>\$ (27,562)</b>	<b>\$ 25,016</b>	<b>6.7</b>
<b>Goodwill</b>	<b>\$ 102,292</b>	<b>\$ —</b>	<b>\$ 102,292</b>	<b>Indefinite</b>

(\$ in thousands)	As of June 30, 2024			Weighted Average Useful Life (Years)
	Gross	Accumulated Amortization	Net	
<b>Intangible assets:</b>				
Brand and trade names	\$ 2,361	\$ (1,852)	\$ 509	1.6
Developed technology	20,062	(13,304)	6,758	3.6
Customer relationships	27,024	(9,665)	17,359	8.8
<b>Total intangible assets</b>	<b>\$ 49,447</b>	<b>\$ (24,821)</b>	<b>\$ 24,626</b>	<b>7.2</b>
<b>Goodwill</b>	<b>\$ 94,903</b>	<b>\$ —</b>	<b>\$ 94,903</b>	<b>Indefinite</b>

During the three and six months ended December 31, 2024, the Company recognized \$1.5 million and \$2.7 million, respectively, in amortization expense related to intangible assets.

During the three and six months ended December 31, 2023, the Company recognized \$1.4 million and \$3.0 million, respectively, in amortization expense related to intangible assets.

The Company performs an annual goodwill impairment test on April 1 and more frequently if events and circumstances indicate that the asset might be impaired. The Company has determined that there is one single reporting unit for purposes of testing goodwill for impairment. During the six months ended December 31, 2024 and December 31, 2023, the Company did not recognize any impairment charges related to goodwill.

## 9. ACQUISITIONS

On September 5, 2024, the Company acquired all of the equity interests of SB Software Limited ("SB Software"), a United Kingdom private limited company. SB Software is in the business of vending and coffee machine management in the United Kingdom. The acquisition enhances Cantaloupe's operational capabilities and market reach in Europe.

On February 1, 2024, the Company acquired all of the equity interests of Cheq Lifestyle Technology, Inc. ("Cheq"). Cheq powers payments for numerous professional sports teams, entertainment venues and festival operators through its enterprise-grade payment devices and mobile ordering platform. The acquisition positions Cantaloupe for expansion into the large and rapidly growing sports, entertainment, and restaurant sectors with a comprehensive suite of self-service solutions.

Both acquisitions were accounted for as business combinations using the acquisition method of accounting. The purchase price of each acquired company was allocated between tangible and intangible assets acquired and liabilities assumed from the acquired businesses based on their estimated fair values using primarily Level 3 inputs under ASC Topic 820, "Fair Value Measurement", with the residual of the purchase price recorded as goodwill.

## SB Software

For SB Software, the Company paid a purchase price of approximately \$11.4 million which includes cash paid of \$10.0 million and the estimated fair value of contingent consideration of \$1.4 million. The acquisition was funded by the Company's cash on hand.

The \$1.4 million fair value of the contingent consideration represents the present value of up to \$3.3 million in contingent consideration based on a Monte Carlo Simulation should SB Software achieve certain revenue growth targets as defined in the share purchase agreement. Should these targets be achieved, approximately \$1.3 million, \$1.0 million and \$1.0 million, denominated in British Pounds, will be payable in September 2025, September 2026 and September 2027, respectively. Should the targets be achieved, the Company may choose to pay this contingent consideration in either cash or common stock valued based on the average stock price for the 10 trading days preceding the release of these shares. As of December 31, 2024, the current and noncurrent portions of the fair value of the contingent consideration of \$0.5 million and \$0.8 million are included in Accrued expenses and Other non-current liabilities on the Condensed Consolidated Balance Sheet, respectively.

The following table summarizes the estimated fair value assigned to the assets acquired and liabilities assumed:

(\$ in thousands)	Amount
Cash and cash equivalents	\$ 284
Accounts receivable	94
Inventory	42
Prepaid expenses	14
Property and equipment	67
Operating lease right-of-use assets	244
Intangible assets	3,303
Total identifiable assets acquired	4,048
Accounts payable	(71)
Accrued expenses	(152)
Operating lease liability	(244)
Total liabilities assumed	(467)
Total identifiable net assets	3,581
Goodwill	7,793
Fair value of total considerations transferred	\$ 11,374

The Company determined the estimated fair value of the identifiable intangible assets acquired with the assistance of third-party valuation consultants. Amounts allocated to identifiable intangible assets included \$3.0 million related to developed technology, \$0.2 million related to customer relationships, and \$0.1 million related to trade names. The estimated fair value of the acquired developed technology was determined using a multi-period excess earnings method. The estimated fair value of the acquired customer relationships was determined using the distributor method which estimates the value using the cash flow impact in a scenario where the customer relationships are not in place. The estimated fair value of the acquired trade names was determined using the relief from royalty method which estimates the value using the discounted value of the royalties that a company would pay to license the trade name. The recognized intangible assets will be amortized on a straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives for developed technology, customer relationship, trade names were 5, 3 and 3 years, respectively.

Goodwill of \$7.8 million arising from the acquisition includes the expected synergies between SB Software and the Company. Goodwill, which is not deductible for income tax purposes, was assigned to the Company's only reporting unit.

The Company recognized \$0.2 million of integration and acquisition related costs that were expensed during the six months ended December 31, 2024. These costs are recorded within Integration and acquisition expenses in the Condensed Consolidated Statements of Operations.

The allocation of the purchase price is currently provisional and is subject to change over the remainder of the measurement period as the Company continues to evaluate and analyze the estimates and assumptions used in the valuation. For the quarter ended December 31, 2024, certain immaterial adjustments were made the allocation of the purchase price. Pro forma financial information of the acquisition and revenue and net income since acquisition are not presented due to the immaterial impact of the financial results of SB Software in the Company's Condensed Consolidated Financial Statements.

#### *Cheq*

For Cheq, the Company paid an aggregate purchase price consideration of \$4.7 million, including \$1.1 million in accounts payable paid concurrently with the acquisition and \$0.9 million cash held back by the Company for net working capital and other post-closing adjustments. The acquisition was funded by the Company's cash on hand. Cash held back by the Company is expected to be paid during the quarter ended March 31, 2025.

The following table summarizes the adjusted fair value assigned to the assets acquired and liabilities assumed:

(\$ in thousands)	Amount
Cash and cash equivalents	\$ 84
Property and equipment	1,136
Intangible assets	1,750
Other assets	486
Total identifiable assets acquired	3,456
Accounts payable	(691)
Other liabilities	(52)
Total liabilities assumed	(743)
Total identifiable net assets	2,713
Goodwill	2,000
Fair value of total considerations transferred	\$ 4,713

The Company determined the fair value of the identifiable intangible assets acquired with the assistance of third-party valuation consultants. Amounts allocated to identifiable intangible assets included \$1.4 million related to developed technology, \$0.2 million related to customer relationships, and \$0.2 million related to trade names. The fair value of the acquired developed technology was determined using a multi-period excess earnings method. The fair value of the acquired customer relationships was determined using the distributor method which estimates the value using the cash flow impact in a scenario where the customer relationships are not in place. The fair value of the acquired trade names was determined using the relief from royalty method which estimates the value using the discounted value of the royalties that a company would pay to license the trade name. The recognized intangible assets will be amortized on a straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives for developed technology, customer relationship, trade names were 5, 3 and 3 years, respectively.

Goodwill of \$2.0 million arising from the acquisition includes the expected synergies between Cheq and the Company. Goodwill, which is not deductible for income tax purposes, was assigned to the Company's only reporting unit.

The allocation of the purchase price is currently provisional and is subject to change over the remainder of the measurement period as the Company continues to evaluate and analyze the estimates and assumptions used in the valuation. For the quarter ended December 31, 2024, there were no adjustments made the allocation of the purchase price. Pro forma financial information of the acquisition and revenue and net income since acquisition are not presented due to the immaterial impact of the financial results of Cheq in the Company's Condensed Consolidated Financial Statements.

## 10. REVENUES

Based on similar operational characteristics, the Company's revenues are disaggregated as follows:

(\$ in thousands)	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Transaction fees	\$ 44,392	\$ 37,892	\$ 87,995	\$ 74,922
Subscription fees	20,694	18,137	40,882	36,242
Subscription and transaction fees	65,086	56,029	128,877	111,164
Equipment sales	8,636	9,330	15,681	16,878
Total revenues	\$ 73,722	\$ 65,359	\$ 144,558	\$ 128,042

A portion of the Company's revenues relate to rental lease arrangements. The Company leases equipment to customers under the Cantaloupe One program which is accounted for as operating leases in accordance with ASC 842. Lease revenue is recognized on a straight-line basis over the term of the lease and is included in Subscription and transaction fees in the Consolidated Statement of Operations and Subscription fees in the table above. As described in *Note 4 - Finance Receivables*, the Company leases equipment under sales-type finance leases in accordance with ASC 842.

The Company's revenues earned under ASC Topic 842 are as follows:

(\$ in thousands)	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Operating leases	\$ 2,190	\$ 2,032	\$ 4,508	\$ 4,023
Sales-type leases	294	420	934	1,111
Total lease revenues	\$ 2,484	\$ 2,452	\$ 5,442	\$ 5,134

Operating leases are included in Subscription and transaction fees in the Consolidated Statement of Operations and Subscription fees in the disaggregated revenue table above. Sales-type finance leases are included in Equipment sales in the Consolidated Statement of Operations and in the disaggregated revenue table above.

### Contract Assets

Contract assets represent revenues earned from customers that are not yet billable to customers, generally due to the timing of when equipment and services are delivered to customers on bundled contracts, or as a result of contract costs as described below. Contract assets that will be billed within the next 12 months are included in Prepaid expenses and other current assets and all others are included in Other assets on the Condensed Consolidated Balance Sheets. Contract assets were \$2.4 million and \$2.6 million, as of December 31, 2024 and June 30, 2024.

### Contract Liabilities

The change in the contract liability balances, presented as Deferred revenue on the Condensed Consolidated Balance Sheets, is primarily the result of timing difference between the Company's satisfaction of a performance obligation and payment from the customer.

The Company's contract liability (i.e., deferred revenue) balances are as follows:

(\$ in thousands)	Three months ended December 31,	
	2024	2023
Deferred revenue, beginning of the period	\$ 1,471	\$ 1,940
Revenue recognized in the period from amounts included in deferred revenue at the beginning of the period	(211)	(150)
Additions (reversals)	96	(2)
Deferred revenue, end of the period	\$ 1,356	\$ 1,788

(\$ in thousands)	Six months ended December 31,	
	2024	2023
Deferred revenue, beginning of the period	\$ 1,726	\$ 1,666
Revenue recognized in the period from amounts included in deferred revenue at the beginning of the period	(515)	(242)
Additions	145	364
Deferred revenue, end of the period	\$ 1,356	\$ 1,788

#### *Lessor Operating Lease Payment Receipts*

The Company will recognize revenue in future periods related to remaining performance obligations for certain open contracts. Generally, these contracts have terms of one year or less. The amount of revenue related to unsatisfied performance obligations in which the original duration of the contract is greater than one year are primarily associated with the Company's Cantaloupe ONE rental program which has a contractual term of 36 months. The following table reflects the estimated fees to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2024:

(\$ in thousands)	As of December 31, 2024
Remainder of fiscal year 2025	\$ 2,932
2026	4,205
2027	1,355
2028	115
Total	\$ 8,607

#### *Contract Costs*

The Company had net capitalized costs to obtain contracts of \$1.0 million and \$0.9 million included in Prepaid expenses and other current assets and \$2.3 million and \$2.4 million included in Other noncurrent assets on the Condensed Consolidated Balance Sheets as of December 31, 2024 and June 30, 2024, respectively. None of these capitalized contract costs were impaired.

During the three and six months ended December 31, 2024, amortization of capitalized contract costs was \$0.2 million and \$0.5 million, respectively. During the three and six months ended December 31, 2023, amortization of capitalized contract costs was \$0.2 million and \$0.5 million, respectively. Amortization of costs to obtain a contract are included within Sales and marketing expenses within the Condensed Consolidated Statement of Operations.

## **11. STOCK-BASED COMPENSATION**

#### *Stock Options*

The Company estimates the grant date fair value of the stock options with service conditions (i.e., a condition that requires an employee to render services to the Company for a stated period of time to vest) using a Black-Scholes valuation model. The Company's assumption for expected volatility is based on its historical volatility data related to market trading of its own common stock. The Company uses the simplified method to determine expected term, as the Company does not have adequate historical exercise and forfeiture behavior on which to base the expected life assumption. The dividend yield assumption is based on dividends expected to be paid over the expected life of the stock option. The risk-free interest rate assumption is determined by using the U.S. Treasury rates of the same period as the expected option term of each stock option.

The fair value of options granted during the six months ended December 31, 2024 and 2023 were determined using the following assumptions and includes only options with an established grant date under ASC 718:

	Six months ended December 31,	
	2024	2023
Expected volatility (percent)	50.5%	61.3% - 69.7%
Weighted average expected life (years)	4.5	4.2 - 4.5
Dividend yield (percent)	0.0 %	0.0 %
Risk-free interest rate (percent)	3.4%	4.2% - 4.3%
Number of options granted	20,000	125,000
Weighted average exercise price	\$ 6.35	\$ 7.11
Weighted average grant date fair value	\$ 2.88	\$ 4.34

Stock-based compensation related to stock options with an established grant date for the three months ended December 31, 2024 and 2023 was \$0.2 million and \$0.7 million, respectively. Stock-based compensation related to stock options with an established grant date for the six months ended December 31, 2024 and 2023 was \$0.7 million and \$1.8 million, respectively.

#### *Restricted Stock Awards*

The Company has granted service based restricted stock awards to employees. The Company determines expense related to restricted stock awards using the closing stock price on the grant date and these awards are expensed under the accelerated attribution method over the vesting period which is typically a three-year service period. The total expense recognized for restricted stock awards for the three months ended December 31, 2024 and 2023 was \$0.7 million and \$0.6 million, respectively. The total expense recognized for restricted stock awards for both the six months ended December 31, 2024 and 2023 was \$1.1 million.

The Company has awarded performance stock awards to certain executives which vest each year over a three year period. These stock awards are also subject to the achievement of performance goals established by the Company's Board of Directors each fiscal year. During the three and six months ended December 31, 2024, total expense recognized by the Company for these awards was \$0.1 million. There was no expense recognized by the Company during the three and six months ended December 31, 2023 related to performance based stock awards.

## **12. INCOME TAXES**

The Company computes its interim period income tax expense or benefit using a forecasted estimated annual effective tax rate ("EAETR") and adjusts for any discrete items arising during the interim period and any changes in the Company's projected full-year business interest expense and taxable income. For both the three and six months ended December 31, 2024, the EAETR was 5.0%, and was based primarily on minimum state tax obligations.

For the three and six months ended December 31, 2024, the Company recorded an income tax provision of \$0.4 million and \$0.6 million, respectively. For the three and six months ended December 31, 2023, the Company recorded an income tax provision of \$0.1 million and \$0.2 million, respectively. The income tax provisions for both quarters primarily relate to state income and deferred taxes related to goodwill amortization for tax purposes. The provision was based upon actual income before income taxes for the six months ended December 31, 2024, as this provided a more reliable estimate of the income tax provision than an estimated annual effective income tax rate. The Company had a total unrecognized income tax benefit of \$0.7 million and \$0.7 million as of December 31, 2024 and 2023, respectively.

The Company has significant deferred tax assets, a substantial amount of which result from operating loss carryforwards. The Company routinely evaluates its ability to realize the benefits of these assets to determine whether it is more likely than not that such benefit will be realized. The Company believes that for the period ended December 31, 2024, it is more likely than not that its deferred tax assets will not be realized. Accordingly, the Company has established a full valuation allowance on its net deferred tax assets. The Company intends to continue maintaining a full valuation allowance on its federal and state deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of this allowance. However, given the Company's current earnings and anticipated future earnings, the Company believes that there is a reasonable possibility in a future period that sufficient positive evidence may become available to allow the Company to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. The exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that the Company is able to actually achieve.

### 13. EARNINGS PER SHARE CALCULATION

Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share, applicable only to years ended with reported income is computed by dividing net income by the weighted average number of common shares outstanding during the period plus the dilutive effect of outstanding stock options and restricted stock-based awards using the treasury stock method. The calculation of basic and diluted earnings per share is presented below:

(\$ in thousands, except per share data)	Three months ended December 31,	
	2024	2023
Numerator for basic and diluted earnings per share		
Net income	\$ 4,974	3,124
Preferred dividends	—	—
Net income applicable to common shareholders	\$ 4,974	\$ 3,124
Denominator for basic earnings per share - Weighted average shares outstanding		
	73,114,387	72,743,162
Effect of dilutive potential common shares	1,619,221	1,170,437
Denominator for diluted earnings per share - Adjusted weighted average shares outstanding	74,733,608	73,913,599
Basic earnings per share		
	\$ 0.07	\$ 0.04
Diluted earnings per share		
	\$ 0.07	\$ 0.04

(\$ in thousands, except per share data)	Six months ended December 31,	
	2024	2023
Numerator for basic and diluted earnings per share		
Net income	\$ 8,546	5,131
Preferred dividends	(289)	(289)
Net income applicable to common shareholders	\$ 8,257	\$ 4,842
Denominator for basic earnings per share - Weighted average shares outstanding		
	73,091,622	72,730,563
Effect of dilutive potential common shares	1,267,095	1,204,354
Denominator for diluted earnings per share - Adjusted weighted average shares outstanding	74,358,717	73,934,917
Basic earnings per share		
	\$ 0.11	\$ 0.07
Diluted earnings per share		
	\$ 0.11	\$ 0.07

Potentially anti-dilutive shares excluded from the calculation of diluted earnings per share were approximately 1.5 million and 1 million for the six months ended December 31, 2024 and 2023, respectively.

### 14. COMMITMENTS AND CONTINGENCIES

#### *Litigation*

From time to time, we may be a party to litigation and other proceedings that arise in the ordinary course of our business. These types of matters could result in fines, penalties, compensatory or treble damages or non-monetary sanctions or relief. In accordance with the accounting guidance for contingencies, we reserve for litigation claims and assessments asserted or threatened against us when a loss is probable and the amount of the loss can be reasonably estimated. We cannot predict the outcome of legal or other proceedings with certainty. We do not expect any claims with a reasonably possible adverse outcome to have a material impact on us, and, accordingly, have not accrued for any material claims.

## 15. RELATED PARTY TRANSACTIONS

A member of our Board of Directors serves as a strategic advisor to a consulting firm that we utilize for payments analytics and advisory services. These services are utilized by the Company to reduce the cost of our interchange and other processing fees charged by payment processors and credit card networks. As consideration for the services, we pay the consulting firm a success fee based on the savings realized by the Company, and a recurring monthly subscription fee for the analytical services. The total expense recognized within General and administrative operating expenses for these arrangements was \$0.1 million for the six months ended December 31, 2024 and 2023.

## 16. SUBSEQUENT EVENTS

On January 31, 2025 (the "Closing Date", Cantaloupe, Inc. (the "Company"), entered into a second amended and restated credit agreement (the "2025 Credit Facility") among the Company, as the borrower, certain of its subsidiaries, as guarantors, and JPMorgan Chase Bank, N.A., as a lender and the administrative agent, and Capital One, National Association as a lender.

The 2025 Credit Facility provides for a \$30 million secured revolving credit facility (the "2025 Revolving Facility"), a \$40 million secured term loan facility (the "2025 Term Loan Facility") and a \$30 million secured delayed draw term loan facility (the "Delayed Draw Term Loan Facility"), for a total of \$100 million. Proceeds from the 2025 Term Loan Facility were used to repay borrowings under the Company's prior JPMorgan Credit Facility described in *Note 6, Debt and Other Financing Arrangements*, which had total remaining net borrowings of \$37.3 million, inclusive of accrued interest on these facilities. The remaining proceeds from the 2025 Credit Facility may be otherwise used to finance working capital needs and for general corporate purposes (including permitted acquisitions and investments). The 2025 Delayed Draw Facility is available for a period of up to 24 months following the Closing Date. The Company has not borrowed against the 2025 Revolving Facility or the Delayed Draw Term Loan Facility.

Interest on the 2025 Credit Facility will be based, at the Company's option, on a base rate or SOFR plus an applicable margin tied to the Company's total net leverage ratio and having ranges between 1.75% and 2.50% for base rate loans and between 2.75% to 3.50% for SOFR loans; provided that, until the third business day following the date of delivery of the quarterly consolidated financial statements for fiscal quarter ending December 31, 2024, the applicable margin shall be 1.75% for base rate loans and 2.75% for SOFR loans. The 2025 Revolving Facility will also carry an unused commitment fee tied to the Company's total net leverage ratio between 0.25% to 0.40% per annum. In an event of default, the interest rate may be increased by 2.00%.

The 2025 Credit Facility matures on January 31, 2030. Principal in respect of the 2025 Term Loan Facility is payable with 5.0% due in year one and year two, 7.5% due in year three and year 4, 10% due in year 5, and the remainder payable upon maturity. To the extent funded, principal in respect of the Delayed Draw Term Loan Facility will be payable on the same terms as the 2025 Term Loan Facility.

The Company's obligations under the 2025 Credit Agreement are unconditionally guaranteed, jointly and severally, by the Company's material direct and indirect wholly-owned domestic and foreign subsidiaries (the "Guarantors"). All obligations of the Company and the Guarantors under the 2025 Credit Agreement are secured by first priority security interests in substantially all of the assets of the Company and the Guarantors.

The 2025 Credit Facility includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including, among other things, two financial covenants. The first financial covenant requires the Company to maintain a total leverage ratio of not more than 3.50 to 1.00 on the last day of any fiscal quarter. However, if a material acquisition occurs, the Company is required to maintain a total leverage ratio not greater than 4.00 to 1.00 on the last day of the fiscal quarter for the next four fiscal quarters following the material acquisition. The second financial covenant requires the Company to maintain a fixed charge coverage ratio for all periods of four consecutive fiscal quarters at least than 1.15 to 1.00.

The Company paid \$0.6 million in transaction fees plus certain legal expenses in connection with the execution of the Secured Credit Facility.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q.

### Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, the anticipated financial and operating results of Cantaloupe, Inc. For this purpose, forward-looking statements are any statements contained herein that are not statements of historical fact and include, but are not limited to, those preceded by or that include the words, "estimate," "could," "should," "would," "likely," "may," "will," "plan," "intend," "believes," "expects," "anticipates," "projected," or similar expressions. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Important factors that could cause the Company's actual results to differ materially from those projected include, for example:

- general economic, market or business conditions unrelated to our operating performance, including inflation, elevated interest rates, supply chain disruptions, financial institution disruptions, geopolitical conflicts, public health emergencies, and declines in consumer confidence and discretionary spending;
- our ability to compete with our competitors and increase market share;
- failure to comply with the financial covenants in our debt facilities;
- our ability to maintain compliance with rules and regulations applicable to our business operations and industry;
- disruptions in other card payment processors, software and manufacturing partners upon whom we rely;
- whether our customers continue to utilize our transaction processing and related services, as our customer agreements are generally cancellable by the customer with thirty days' notice;
- our ability to acquire and develop relevant technology offerings for current, new and potential customers and partners;
- risks and uncertainties associated with our expansion into and our operations in Europe, Mexico and other foreign markets, including general economic conditions, policy changes affecting international trade (including the imposition of new tariffs by the new presidential administration, or changes and adjustments to existing tariffs), political instability, inflation rates, recessions, sanctions, foreign currency exchange rates and controls, foreign investment and repatriation restrictions, legal and regulatory constraints, civil unrest, armed conflict, war, and other economic and political factors;
- our ability to satisfy our trade obligations included in accounts payable and accrued expenses;
- our ability to attract, develop and retain key personnel, or our loss of the services of our key executives;
- the incurrence by us of any unanticipated or unusual non-operating expenses, which may require us to divert our cash resources from achieving our business plan;
- our ability to predict or estimate our future quarterly or annual revenue and expenses given the developing and unpredictable market for our products;
- our ability to successfully integrate acquired companies into our current products and services structure;
- our ability to add new customers and retain key existing customers from whom a significant portion of our revenue is derived;
- the ability of a key customer to reduce or delay purchasing products from us;
- our ability to obtain widespread commercial acceptance of our products and service offerings;
- whether any patents issued to us will provide any competitive advantages or adequate protection for our products, or would be challenged, invalidated or circumvented by others;
- the ability of our products and services to avoid disruptions to our systems or unauthorized hacking or credit card fraud;
- risks associated with cyber-attacks and data breaches; and
- our ability to maintain effective internal controls and to timely file periodic and current reports with the Securities and Exchange Commission ("SEC").

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Actual results or business conditions may differ materially from those projected or suggested in forward-looking statements as a result of various factors including, but not limited to, those described above, or those discussed under Part I, Item 1A. "Risk Factors" of our Annual Report for the fiscal year ended June 30, 2024. We cannot assure you that we have identified all the factors that create uncertainties. Moreover, new risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. Readers should not place undue reliance on forward-looking statements.

Any forward-looking statement made by us in this Quarterly Report speaks only as of the date of this Quarterly Report. Unless required by law, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Quarterly Report or to reflect the occurrence of unanticipated events.

## **OVERVIEW OF THE COMPANY**

Cantaloupe, Inc. (Nasdaq: CTLP) is organized under the laws of the Commonwealth of Pennsylvania. We are a global technology leader powering self-service commerce. Cantaloupe offers a comprehensive suite of solutions including micro-payment processing, self-checkout kiosks, mobile ordering, connected point-of-sale ("POS") systems, and enterprise cloud software. Handling more than a billion transactions annually, our solutions enhance operational efficiency and consumer engagement across sectors like food & beverage markets, smart automated retail, hospitality, entertainment venues, laundromats and more. Committed to innovation, we aim to drive advancements in digital payments and business optimization, serving customers in the United States, United Kingdom, Mexico, European Union countries, Australia, and Canada.

Our revenue streams consist of subscription, transaction processing and equipment sales. During the three and six months ended December 31, 2024, we derived approximately 88% and 89%, respectively, from subscription and transaction fees, and 12% and 11%, respectively, from equipment sales. Our revenue streams consist of subscription, transaction processing and equipment sales. During the three and six months ended December 31, 2023, we derived approximately 86% and 87%, respectively, from subscription and transaction fees, and 14% and 13%, respectively, from equipment sales.

Active Devices (as defined below) operating on the Company's platform and using our services include those resulting from the sale or lease of our point of sale ("POS") electronic payment devices, telemetry devices or certified payment software or the servicing of similar third-party installed POS terminals or telemetry devices. Customers can obtain POS electronic payment devices from us in the following ways:

- Purchasing hardware directly from the Company or one of its authorized resellers;
- Financing hardware under the Company's financing program, which are non-cancellable 60-month sales-type leases; and
- Renting devices under the Company's Cantaloupe One program, which are typically 36-months duration agreements.

## **Key Developments during the Quarter**

Highlights of the Company for the fiscal quarter ended December 31, 2024 are below:

- In October 2024, we launched our AdVantage program, which allows brands to engage with consumers through digital advertising on our point-of-sale (POS) touchscreen devices across the U.S. and Canada.
- In December 2024, we launched Smart Store. These are advanced, self-service retail solutions designed to address key issues such as labor shortages, theft and shrinkage, while maintaining a seamless consumer experience. Smart Stores work by unlocking after a customer presents payment at the POS. The customer then grabs the items, which are added to their cart, then completes the purchase by pressing "Pay" and walking away.
- In December 2024, we were selected by the San Jose Earthquakes, a Major League Soccer club, to be the POS technology solution and Cantaloupe's Suites premium management system for all games and events at the stadium.

As of December 31, 2024, we have approximately 348 full-time employees in the United States, United Kingdom, and Mexico and offices in Malvern, Pennsylvania; Atlanta, Georgia; River Falls, Wisconsin; Seattle, Washington; Birmingham and Sheffield, United Kingdom; and Mexico City, Mexico.

## QUARTERLY RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements and related notes included in this Quarterly Report.

### **Key Metrics**

We use certain operating metrics (Active Devices, Active Customers, Total Number of Transactions and Total Dollar Volume of Transactions, and Average Revenue Per Unit, Gross Profit, and Gross Margin) and certain non-GAAP financial measures (Adjusted Gross Profit, Adjusted Gross Margin, and Adjusted EBITDA) which are defined below to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. Additionally, refer to the non-GAAP Financial Measures section below for additional information and their reconciliation to the most comparable GAAP measures.

#### *Active Devices*

Active Devices are devices that have communicated with us or have had a transaction in the last twelve months. Included in the number of Active Devices are devices that communicate through other devices that communicate or transact with us. For example, a self-service retail location that utilizes an ePort cashless payment device as well as Seed management services constitutes only one device.

#### *Active Customers*

The Company defines Active Customers as all customers with at least one active device.

#### *Total Number of Transactions and Total Dollar Volume of Transactions*

Transactions are defined as electronic payment transactions that are processed by our technology-enabled solutions. Management uses Total Number and Dollar Volume of transactions to evaluate the effectiveness of our customer acquisition strategies and our ability to leverage existing customers and partners.

#### *Average Revenue Per Unit*

The Company defines average revenue per unit ("ARPU") as our total subscription and transaction fees for the trailing 12 months divided by average total active devices for the trailing 12 months.

The following tables represents our selected operating metrics for the periods indicated:

	As of and for the three months ended				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
<b>Devices:</b>					
Active Devices (thousands)	1,269	1,230	1,223	1,217	1,226
<b>Customers:</b>					
Active Customers	32,909	32,338	31,466	30,670	30,027
<b>Volumes:</b>					
Total Number of Transactions (millions)	299.8	293.7	290.4	283.3	286.7
Total Dollar Volume of Transactions (millions)	\$ 843.1	\$ 826.7	\$ 815.7	\$ 767.4	\$ 730.1
<b>Subscription and transaction fees - Trailing 12 months (thousands)</b>					
Subscription and transaction fees - Trailing 12 months (thousands)	\$ 249,210	\$ 240,153	\$ 231,497	\$ 223,342	\$ 215,380
Average revenue per unit (ARPU)	\$ 202.20	\$ 198.31	\$ 193.64	\$ 186.00	\$ 181.91

### Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

(\$ in thousands)	Three Months Ended December 31,		Change	Percent Change
	2024	2023		
Transaction fees	\$ 44,392	\$ 37,892	\$ 6,500	17.2 %
Cost of transaction fees	33,012	29,892	3,120	10.4 %
Gross profit, transaction <sup>(1)</sup>	\$ 11,380	\$ 8,000	3,380	42.3 %
Gross margin, transaction	25.6 %	21.1 %	4.5 %	
Subscription fees	\$ 20,694	\$ 18,137	2,557	14.1 %
Cost of subscription fees	2,140	1,993	147	7.4 %
Amortization <sup>(2)</sup>	2,248	1,673	575	34.4 %
Gross profit, subscription fees	\$ 16,306	\$ 14,471	1,835	12.7 %
Gross margin, subscription	78.8 %	79.8 %	(1.0)%	
Equipment sales	\$ 8,636	\$ 9,330	(694)	(7.4)%
Cost of equipment sales	7,850	9,158	(1,308)	(14.3)%
Gross profit, equipment <sup>(1)</sup>	\$ 786	\$ 172	614	357.0 %
Gross margin, equipment	9.1 %	1.8 %	7.3 %	
Total gross profit	\$ 28,472	\$ 22,643	5,829	25.7 %
Total gross margin	38.6 %	34.6 %	4.0 %	

<sup>(1)</sup> The Company's internal-use software assets and developed technology assets are not associated with transaction fees and equipment revenue.

<sup>(2)</sup> Amortization of internal-use software assets and developed technology assets.

Highlights for the quarter ended December 31, 2024 include:

- Revenues of \$73.7 million, an increase of 12.8% quarter over same quarter prior year. The increase was led by higher transaction fees and subscription fees revenue;
- 1.27 million Active Devices compared to the same quarter last year of 1.23 million, an increase of approximately 43 thousand Active Devices, or 3.5%;
- 32,909 Active Customers compared to the same quarter last year of 30,027, an increase of 2,882 Active Customers, or 9.6%; and
- \$843.1 million in Total Dollar Volume of Transactions for the quarter ended December 31, 2024 compared to \$730.1 million for the quarter ended December 31, 2023, an increase of \$113.0 million, or 15.5%. See "Revenues and Gross Margin" in Management's Discussion and Analysis of Financial Condition and Results of Operations below for additional information.

*Revenues.* Total revenues increased by \$8.4 million for the three months ended December 31, 2024 compared to the same period in 2023. The increase in revenues is attributed to a \$9.1 million increase in subscription and transaction fees, offset by a \$0.7 million decrease in equipment sales.

The increase in transaction fees was primarily driven by increased average ticket items sold, increased average ticket price, increased processing volumes, and the acquisition Cheq, resulting in a 15.5% increase in total dollar volumes of transactions for the current fiscal year quarter relative to the same quarter in the prior year. There was also an increase in the total number of active devices relative to the same quarter in the prior year.

Our subscription fees have increased 14.1% for the three months ended December 31, 2024 compared to the same period in 2023 which is attributed to a continued focus of management to grow our recurring subscription services to our customer base, an increase in our active devices compared to last year, and the acquisition of SB Software.

Equipment revenue decreased slightly from \$8.6 million for the three months ended December 31, 2024, compared to \$9.3 million for the same period in 2023.

*Costs of sales.* Costs of sales increased \$2.0 million for the three months ended December 31, 2024 compared to the prior year period. The increase in costs of sales was primarily due to a \$3.3 million increase in subscription and transaction costs as a result of increased processing volumes, offset by a \$1.3 million decrease in equipment costs.

*Gross margin.* Total gross margin increased to 38.6% for the three months ended December 31, 2024 from 34.6% for the three months ended December 31, 2023. The increase was primarily a result of an increase in transaction fees.

## Operating Expenses

Category (\$ in thousands)	Three months ended December 31,		Change	
	2024	2023	Amount	Percentage
Sales and marketing	\$ 5,385	\$ 4,367	\$ 1,018	23.3 %
Technology and product development	4,523	3,030	1,493	49.3 %
General and administrative expenses	11,239	10,505	734	7.0 %
Integration and acquisition expenses	44	93	(49)	(52.7)%
Depreciation and amortization	3,366	2,736	630	23.0 %
Total operating expenses	\$ 24,557	\$ 20,731	\$ 3,826	18.5 %

*Total operating expenses.* Operating expenses increased 18.5% for the three months ended December 31, 2024 compared to the same period in 2023. This is largely driven by increased technology and product development, sales and market and general and administrative expenses. Total operating expense also increased as a result of the acquisitions of Cheq and SB Software. See further details on individual categories below.

*Sales and marketing.* Sales and marketing expenses increased approximately \$1.0 million for the three months ended December 31, 2024 compared to the same period in 2023. Sales and marketing expense increased due a \$0.6 million increase in advertising expenses, compensation costs of approximately \$0.5 million, an increase of professional services and contractors of \$0.1 million, and travel and entertainment costs of approximately \$0.1 million. This is offset by a decrease in various sales and marketing expense reductions of approximately \$0.3 million. Overall, these increases are due to investments being made to drive revenue both domestically and internationally.

*Technology and product development.* Technology and product development expenses increased by \$1.5 million for the three months ended December 31, 2024. The increase in the current year was driven by increased headcount partially offset by lower expensed personnel costs as we continued to invest in internal-use software which resulted in higher capitalized costs compared to the prior year.

*General and administrative expenses.* General and administrative expenses increased by \$0.7 million for the three months ended December 31, 2024 compared to the same period in 2023. General and administrative expenses increased due to a \$1.2 million increase in compensation costs and a \$0.2 million increase in sales and use taxes. This is offset by a decrease of \$0.5 million in consulting fees, a \$0.1 million decrease in software subscriptions, a \$0.1 million decrease in legal fees compared to the same period in 2023. The increase is also partially due to the acquisitions of Cheq and SB Software.

*Integration and acquisition expenses.* On September 5, 2024, the Company acquired all of the equity interests of SB Software. For the three months ended December 31, 2024, integration and acquisition expenses were less than \$0.1 million primarily due to professional services from accounting and legal advisors and UK taxes. Integration and acquisition expenses for the three months ended December 31, 2023 related to the acquisition of 32M.

*Depreciation and amortization.* Depreciation and amortization expenses increased \$0.6 million for the three months ended December 31, 2024 compared to the same period in 2023 due to our acquisitions of Cheq and SB Software.

#### Other Expense, Net

(\$ in thousands)	Three months ended December 31,		Change	
	2024	2023	Amount	Percentage
Other income (expense):				
Interest income	\$ 398	\$ 493	\$ (95)	(19.3)%
Interest expense	(993)	(1,002)	9	0.9 %
Other (expense) income, net	(199)	129	(328)	254.3 %
Total other expense, net	\$ (794)	\$ (380)	\$ (414)	(108.9)%

*Other expense, net.* Other expense increased \$0.4 million for the three months ended December 31, 2024 as compared to the same period in 2023. Our interest expense from debt and tax liabilities was materially consistent for three months ended December 31, 2024 as compared to the same period in 2023. Decrease in interest income is primarily due to lower outstanding balances for our finance receivables. Other (expense) income, net decreased primarily due to foreign currency transactions.

## Six Months Ended December 31, 2024 Compared to Six Months Ended December 31, 2023

(\$ in thousands)	Six Months Ended December 31,		Change	Percent Change
	2024	2023		
Transaction fees	\$ 87,995	\$ 74,922	\$ 13,073	17.4 %
Cost of transaction fees <sup>(1)</sup>	66,315	59,809	6,506	10.9 %
Gross profit, transaction	<u>\$ 21,680</u>	<u>\$ 15,113</u>	6,567	43.5 %
Gross margin, transaction	24.6 %	20.2 %	4.4 %	
Subscription fees	\$ 40,882	\$ 36,242	4,640	12.8 %
Cost of subscription fees	4,581	3,803	778	20.5 %
Amortization <sup>(2)</sup>	3,995	3,616	379	10.5 %
Gross profit, subscription	<u>\$ 32,306</u>	<u>\$ 28,823</u>	3,483	12.1 %
Gross margin, subscription	79.0 %	79.5 %	(0.5)%	
Equipment sales	\$ 15,681	\$ 16,878	(1,197)	(7.1)%
Cost of equipment sales	14,091	15,785	(1,694)	(10.7)%
Gross profit, equipment <sup>(1)</sup>	<u>\$ 1,590</u>	<u>\$ 1,093</u>	497	45.5 %
Gross margin, equipment	10.1 %	6.5 %	3.7 %	
Total gross profit	<u>\$ 55,576</u>	<u>\$ 45,028</u>	10,547	23.4 %
Total gross margin	38.4 %	35.2 %	3.2 %	

<sup>(1)</sup> The Company's internal-use software assets and developed technology assets are not associated with transaction fees and equipment revenue.

<sup>(2)</sup> Amortization of internal-use software assets and developed technology assets.

*Revenues.* Total revenues increased by \$16.5 million for the six months ended December 31, 2024 compared to the same period in 2023. The increase in revenues is attributed to a \$17.7 million increase in subscription and transaction fees, offset by a \$1.2 million decrease in equipment sales.

The increase in transaction fees was primarily driven by increased average ticket items sold, increased average ticket price, increased processing volumes, and the acquisition Cheq, resulting in a 14.8% increase in total dollar volumes of transactions for the current fiscal year quarter relative to the same quarter in the prior year. There was also an increase in the total number of active devices relative to the same quarter in the prior year.

Our subscription fees have increased 12.8% for the six months ended December 31, 2024 compared to the same period in 2023 which is attributed to a continued focus of management to grow our recurring subscription services to our customer base and an increase in our active devices compared to last year as well as the acquisition of SB Software.

Equipment revenue decreased slightly to \$14.1 million for the six months ended December 31, 2024, compared to \$15.8 million for the same period.

*Costs of sales.* Costs of sales increased \$5.6 million for the six months ended December 31, 2024 compared to the prior year period. The increase in costs of sales was primarily due to a \$7.3 million increase in subscription and transaction costs as a direct result of increased transaction processing fees corresponding with an increase in processing volumes offset by the decrease in cost of equipment of \$1.7 million.

*Gross margin.* Total gross margin increased to 38.4% for the six months ended December 31, 2024 from 35.2% for the six months ended December 31, 2023. The increase was primarily a result of an increase in subscription and transaction fees which yield higher margins compared to equipment fees.

## Operating Expenses

Category (\$ in thousands)	Six Months Ended December 31,		Change	
	2024	2023	Amount	Percentage
Sales and marketing	\$ 10,833	\$ 8,509	\$ 2,324	27.3 %
Technology and product development	9,023	7,198	1,825	25.4 %
General and administrative expenses	23,166	20,943	2,223	10.6 %
Integration and acquisition expenses	241	171	70	40.9 %
Depreciation and amortization	6,038	5,483	555	10.1 %
Total operating expenses	\$ 49,301	\$ 42,304	\$ 6,997	16.5 %

*Total operating expenses.* Operating expenses increased 17% for the six months ended December 31, 2024 compared to the same period in 2023. This is largely driven by increased sales and marketing, technology and product development and general and administrative expenses. Total operating expense also increased as a result of the acquisitions of Cheq and SB Software. See further details on individual categories below.

*Sales and marketing.* Sales and marketing expenses increased approximately \$2.3 million for the six months ended December 31, 2024 compared to the same period in 2023. Sales and marketing expenses increased \$1.3 million due to advertising and trade show expenses, \$0.8 million related to compensation expenses, \$0.4 million increase due to travel expenses, \$0.2 million related to consulting fees and \$0.1 million increase in sales and use taxes. This is offset by approximately \$0.5 million decrease in various marketing expenses. Overall, these increases are due to investments being made to drive revenue both domestically and internationally.

*Technology and product development.* Technology and product development expenses increased by \$1.8 million for the six months ended December 31, 2024. The increase in the current year was driven by increased headcount partially offset by lower expensed personnel costs as we continued to invest in internal-use software which resulted in higher capitalized costs compared to the prior year.

*General and administrative expenses.* General and administrative expenses increased by \$2.2 million for the six months ended December 31, 2024 compared to the same period in 2023. General and administrative expenses increased \$1.0 million due to compensation expenses, a \$0.7 million increase in consulting expenses, a \$0.2 million increase in legal fees, a \$0.2 million increase in bad debt expense and a \$0.2 million increase in various general and administrative expenses. This is offset by a \$0.1 million decrease in rent expense. The increase is also partially due to the acquisitions of Cheq and SB Software.

*Integration and acquisition expenses.* On September 5, 2024, the Company acquired all of the equity interests of SB Software. For the six months ended December 31, 2024, the Company incurred integration and acquisition expenses of \$0.2 million primarily due to professional services from accounting and legal advisors and UK taxes. Integration and acquisition expenses for the six months ended December 31, 2023 related to the acquisition of 32M.

*Depreciation and amortization.* Depreciation and amortization expenses were increased \$0.6 million for the six months ended December 31, 2024 compared to the same period in 2023 as a result of increased amortization of acquired assets from the Cheq and SB Software acquisitions.

## Other Expense, Net

(\$ in thousands)	Six Months Ended December 31,		Change	
	2024	2023	Amount	Percentage
Other income (expense):				
Interest income	\$ 845	\$ 1,010	\$ (165)	(16.3)%
Interest expense	(1,984)	(2,109)	125	5.9 %
Other (expense) income, net	(12)	52	(64)	123.1 %
Total other expense, net	\$ (1,151)	\$ (1,047)	\$ (104)	(9.9)%

*Other expense, net.* Other expense increased \$0.1 million for the six months ended December 31, 2024 as compared to the same period in 2023. Our interest expense from debt and tax liabilities decreased \$0.1 million primarily due to the reduction of the interest expense related to our outstanding debt balances. Decrease in interest income

is primarily due to lower outstanding balances for our finance receivables. Other income (expense), net decreased primarily due to foreign currency transaction losses.

### ***Non-GAAP Financial Measures***

We use non-GAAP financial measures for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to metrics used by our management in their financial and operational decision making. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for the financial measures prepared and presented in accordance with GAAP. Management recognizes that non-GAAP financial measures have limitations in that they do not reflect all of the items associated with our net income as determined in accordance with GAAP, and are not a substitute for or a measure of our profitability or net earnings.

### ***Adjusted Gross Profit and Margin (non-GAAP)***

We define Adjusted Gross Profit (non-GAAP) as revenue less cost of sales, exclusive of depreciation of internally-developed software and amortization of intangible assets related to technologies obtained through acquisitions. We believe this non-GAAP measure is useful to view the resulting figures excluding the aforementioned non-cash charges because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and such amounts vary substantially from company to company depending on their financing and capital structures and the method by which their assets were acquired. We define Adjusted Gross Margin as Adjusted Gross Profit divided by revenue.

We have provided below a reconciliation of U.S. GAAP gross profit to Adjusted Gross Profit and Adjusted Gross Margin for the three and six months ended December 31, 2024 and 2023:

(\$ in thousands)	Three Months Ended December 31,		Change	Percent Change
	2024	2023		
Gross profit, transaction (GAAP)	\$ 11,380	\$ 8,000	\$ 3,380	42.3 %
Gross margin, transaction (GAAP)	25.6 %	21.1 %	4.5 %	
Gross profit, subscription (GAAP)	16,306	14,471	1,835	12.7 %
Amortization <sup>(1)</sup>	2,248	1,673	575	34.4 %
Adjusted Gross Profit, subscription (non-GAAP)	\$ 18,554	\$ 16,144	2,410	14.9 %
Adjusted Gross Margin, subscription (non-GAAP)	89.7 %	89.0 %	0.6 %	
Gross profit, equipment (GAAP)	\$ 786	\$ 172	614	357.0 %
Gross margin, equipment (GAAP)	9.1 %	1.8 %	7.3 %	
Total Adjusted Gross Profit (non-GAAP)	\$ 30,720	\$ 24,316	6,404	26.3 %
Total Adjusted Gross Margin (non-GAAP)	41.7 %	37.2 %	4.5 %	

<sup>(1)</sup> Amortization of internal-use software assets and developed technology assets.

Total Adjusted Gross Margin (non-GAAP) was 41.7% for the three months ended December 31, 2024, from 37.2% for the three months ended December 31, 2023. The increase in Adjusted Gross Margin was primarily driven by an increase in our subscription fees revenue and transaction which was a higher percentage of our total revenue in the current quarter and is inherently a higher margin revenue stream.

(\$ in thousands)	Six Months Ended December 31,		Change	Percent Change
	2024	2023		
Gross profit, transaction (GAAP)	\$ 21,680	\$ 15,113	6,567	43.5 %
Gross margin, transaction (GAAP)	24.6 %	20.2 %	4.5 %	
Gross profit, subscription (GAAP)	32,306	28,823	3,483	12.1 %
Amortization <sup>(1)</sup>	3,995	3,616	379	10.5 %
Adjusted Gross Profit, subscription (non-GAAP)	\$ 36,301	\$ 32,439	3,862	11.9 %
Adjusted Gross Margin, subscription (non-GAAP)	88.8 %	89.5 %	(0.7)%	
Gross profit, equipment (GAAP)	\$ 1,590	\$ 1,093	497	45.5 %
Gross margin, equipment (GAAP)	10.1 %	6.5 %	3.7 %	
Total Adjusted Gross Profit (non-GAAP)	\$ 59,571	\$ 48,645	10,926	22.5 %
Total Adjusted Gross Margin (non-GAAP)	41.2 %	38.0 %	3.2 %	

#### **Adjusted EBITDA (non-GAAP)**

The Company defines Adjusted EBITDA (non-GAAP) as U.S. GAAP net income before (i) interest income, (ii) interest expense, (iii) income tax provision, (iv) depreciation, (v) amortization, (vi) stock-based compensation expense, and (vii) certain other significant infrequent or unusual losses and gains that are not indicative of our core operations such as integration and acquisition expenses and costs as a result of auditor transitions.

We believe Adjusted EBITDA is useful for investors in comparing our financial performance to other companies and from period to period. Adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance without regard to items such as depreciation and amortization, interest expense, and interest income, which can

vary substantially from company to company depending on their financing and capital structures and the method by which their assets were acquired. In addition, Adjusted EBITDA eliminates the impact of certain items that may obscure trends in the underlying performance of our business. Additionally, we utilize Adjusted EBITDA as a metric in our executive officer and management incentive compensation plans.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. For example, although depreciation expense is a non-cash charge, the assets being depreciated may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new asset acquisitions. In addition, Adjusted EBITDA excludes stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy. Adjusted EBITDA also does not reflect changes in, or cash requirements for, our working capital needs; interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces the cash available to us; or tax payments that may represent a reduction in cash available to us. The expenses and other items which are excluded from the calculation of Adjusted EBITDA may differ from the expenses and other items that other companies may exclude from Adjusted EBITDA when they report their financial results.

Below is a reconciliation of U.S. GAAP net income to Adjusted EBITDA for the three and six months ended December 31, 2024 and 2023:

(\$ in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Net income	\$ 4,974	\$ 3,124	8,546	\$ 5,131
Less: interest income	(398)	(493)	(845)	(1,010)
Plus: interest expense	993	1,002	1,984	2,109
Plus: income tax provision	395	81	573	162
Plus: depreciation expense included in cost of sales for rentals	345	380	879	722
Plus: depreciation and amortization expense in operating expenses	3,366	2,736	6,038	5,483
EBITDA	9,675	6,830	17,175	12,597
Plus: stock-based compensation <sup>(a)</sup>	943	1,111	1,830	3,043
Plus: integration and acquisition expenses <sup>(b)</sup>	44	93	241	171
Plus: auditor transition costs <sup>(c)</sup>	6	—	369	—
Plus: remediation expenses <sup>(d)</sup>	—	453	—	497
Adjustments to EBITDA	993	1,657	2,440	3,711
Adjusted EBITDA	\$ 10,668	\$ 8,487	\$ 19,615	\$ 16,308

<sup>(a)</sup> We have excluded stock-based compensation, as it does not reflect our cash-based operations.

<sup>(b)</sup> We have excluded expenses incurred in connection with business acquisitions as it does not represent recurring costs or charges related to our core operations.

<sup>(c)</sup> Costs incurred as a result of former auditor consent procedures. See *Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure* of the Company's Annual Report.

<sup>(d)</sup> Consists of one-time project expenses incurred in connection with remediation of previously identified material weaknesses in our internal control over financial reporting which were remediated during fiscal year ended June 30, 2024. See *Item 9A Section e - Remediation of Prior Material Weaknesses* of the Company's Annual Report.

## LIQUIDITY AND CAPITAL RESOURCES

### Sources of Funds

Historically, we have financed our operations primarily through cash from operating activities, debt financings, and equity issuances. The Company's primary sources of capital available are cash and cash equivalents on hand of \$27.7 million as of December 31, 2024 and the cash that we expect to be provided by operating activities by the Company.

### Uses of Cash

The Company believes that its current financial resources will be sufficient to fund its current twelve-month operating budget from the date of issuance of these condensed consolidated financial statements. Our primary focus as part of our core operations to increase cash flow from operating activities is to prioritize collection efforts to reduce outstanding accounts receivable, utilize existing inventory to support equipment sales over the next year, focusing on various operational efficiencies to improve overall profitability of the business and continued to grow our business both domestically and internationally.

#### *Net cash used in operating activities*

For the six months ended December 31, 2024, net cash used in operating activities was \$11.5 million which is the result of \$32.8 million of cash utilized by working capital accounts, offset by our net income of \$8.5 million and non-cash operating charges of \$12.7 million. The change in working capital was primarily driven by an increase in cash utilized by accounts payable and accrued expenses of \$40.9 million, offset by a \$13.3 million decrease in accounts receivable primarily due to cash collections. Increases in cash utilized by accounts payable and accrued expenses and as well as the collection of accounts receivable were the result of the timing of payments made to our customers for transaction processing as December 31, 2024.

For the six months ended December 31, 2023, net cash used in operating activities was \$1.2 million which reflects our net income of \$5.1 million and non-cash operating charges of \$12.8 million, partially offset by \$19.2 million of cash utilized by working capital accounts. The change in working capital accounts was primarily driven by a \$12.3 million increase of accounts receivable, and a decrease in accounts payable and accrued expenses of \$2.9 million in the period. Increase in the accounts receivable balance as of December 31, 2023 was a result of increased sales during the six months ended December 31, 2023 and the timing of the cash receipts compared to the prior year period.

Non-cash operating charges primarily consisted of stock-based compensation, depreciation of property and equipment, amortization of our intangible assets, and provisions for expected losses for the six months ended December 31, 2024 and 2023.

#### *Net cash used in investing activities*

Net cash used in investing activities was \$17.8 million for the six months ended December 31, 2024. We invested \$8.1 million in property and equipment as the Company continued to focus on investing in innovative technologies and products, and increasing rental devices enrolled in the Company's Cantaloupe One program. Additionally, the Company invested \$9.8 million through its SB Software acquisition.

Net cash used in investing activities was \$5.9 million for the six months ended December 31, 2023. Increase in cash used was \$5.9 million for and a result of the investment in property and equipment.

#### *Net cash provided by financing activities*

Net cash used in financing activities was \$0.9 million and \$0.3 million for the six months ended December 31, 2024 and 2023, both of which are primarily driven by debt repayments on the JPMorgan Credit Facility.

### **CONTRACTUAL OBLIGATIONS**

During the six months ended December 31, 2024, there were no significant changes to our contractual obligations from those disclosed in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report for the fiscal year ended June 30, 2024.

As described in *Note 16 - Subsequent Events*, in January 2025 the Company amended its debt agreement, which defers certain repayments until January 2030 in addition to increasing its borrowing capacity.

### **CRITICAL ACCOUNTING ESTIMATES**

There have been no material changes to our critical accounting estimates from those disclosed in our Annual Report on for the fiscal year ended June 30, 2024.

### **Recent Accounting Pronouncements**

See *Note 2 - Summary of Significant Accounting Policies* to the condensed consolidated financial statements for a description of recent accounting pronouncements.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

As of December 31, 2024, we are exposed to market risk related to changes in interest rates on our outstanding borrowings described in *Note 6 - Debt and Other Financing Arrangements*. As of December 31, 2024, we have \$37.1 million total outstanding borrowings, an increase of 100 basis points in SOFR Rate would result in a change in interest expense of \$0.4 million per year.

We are also exposed to market risk related to changes in interest rates on our cash investments and foreign currency exchange rates. We invest our excess cash in money market funds that we believe are highly liquid and marketable in the short term. These investments earn a floating rate of interest and are not held for trading or other speculative purposes. Consequently, our exposure to market risks for interest rate changes related to our money market funds is not material. Market risks related to fluctuations of foreign currencies are not material and we have no freestanding derivative instruments as of December 31, 2024.

We are exposed to credit risks on accounts receivable and equipment leases where the Company acts as the lessor. Exposure to market and credit risk is materially consistent with our presentation in Part II, Item 7A of our Annual Report for the year ended June 30, 2024.

### **Item 4. Controls and Procedures**

#### **(a) Disclosure Controls and Procedures**

We maintain disclosure controls and procedures to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness as of the end of the period covered by this Form 10-Q of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Based on this evaluation, our management, including our chief executive officer and chief financial officer, has concluded that our disclosure controls and procedures were effective as of December 31, 2024.

#### **(b) Changes in Internal Control over Financial Reporting**

There have been no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## **Part II - Other Information**

### **Item 1. Legal Proceedings**

The information required by this Item is incorporated herein by reference to the Notes to condensed consolidated financial statements, *Note 14 – Commitments and Contingencies* in Part I, Item 1, of this Quarterly Report.

### **Item 1A. Risk Factors**

For a discussion of the Company's risk factors, see the information under the heading "Risk Factors" in the Company's Annual Report on for the fiscal year ended June 30, 2024.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

N/A

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

N/A

### **Item 5. Other Information**

#### **Rule 10b5-1 Trading Plans**

During the fiscal quarter ended December 31, 2024, none of the Company's director or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

## Item 6. Exhibits

Exhibit Number	Description
3.1	<a href="#">Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Form 10-Q filed on February 4, 2022).</a>
3.2	<a href="#">Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to Form 8-K filed on August 10, 2021)</a>
10.1	<a href="#">Second Amended and Restated Credit Agreement, by and among the Company, certain of its subsidiaries, and JPMorgan Chase Bank, N.A. and Capital One, National Association, dated January 31, 2025 (incorporated by reference to Exhibit 10.1 to Form 8-K filed on February 5, 2025).</a>
31.1*	<a href="#">Certifications of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</a>
31.2*	<a href="#">Certifications of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</a>
32.1**	<a href="#">Certification of the Chief Executive Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of the Chief Financial Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, filed with the SEC on February 6, 2025, is formatted in Inline Extensible Business Reporting Language (“iXBRL”): (1) the Condensed Consolidated Balance Sheets as of December 31, 2024 and June 30, 2024, (2) the Condensed Consolidated Statements of Operations for the three-month and six-month periods ended December 31, 2024 and 2023, (3) the Condensed Consolidated Statements of Other Comprehensive Income for the three-month and six-month periods ended December 31, 2024 and 2023, (4) the Condensed Consolidated Statements of Convertible Preferred Stock and Shareholders’ Equity for the three-month and six-month periods ended December 31, 2024 and 2023, (5) the Condensed Consolidated Statements of Cash Flows for the six-month periods ended December 31, 2024 and 2023, and (6) the Notes to Condensed Consolidated Financial Statements.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	The cover page from our Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, filed with the SEC on February 6, 2025, is formatted as Inline XBRL and contained in Exhibit 101.

\* Filed herewith.

\*\* Furnished herewith.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cantaloupe, Inc.

Date: February 6, 2025

/s/ Ravi Venkatesan  
Ravi Venkatesan  
Chief Executive Officer

Date: February 6, 2025

/s/ Scott Stewart  
Scott Stewart  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ravi Venkatesan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cantaloupe, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 6, 2025

/s/ Ravi Venkatesan  
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Ravi Venkatesan  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Stewart, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cantaloupe, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 6, 2025

/s/ Scott Stewart  
\_\_\_\_\_  
Scott Stewart  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the accompanying Quarterly Report of Cantaloupe, Inc., (the “Company”) on Form 10-Q for the period ended December 31, 2024 (the “Report”), I, Ravi Venkatesan, Chief Executive Officer of the Company, hereby certify that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2025

/s/ Ravi Venkatesan  
\_\_\_\_\_  
Ravi Venkatesan  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the accompanying Quarterly Report of Cantaloupe, Inc., (the “Company”) on Form 10-Q for the period ended December 31, 2024 (the “Report”), I, Scott Stewart, Chief Financial Officer of the Company, hereby certify that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2025

/s/ Scott Stewart

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Scott Stewart  
Chief Financial Officer