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, 2021

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	**23-2679963**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Deerfield Lane, Suite 300, Malvern, Pennsylvania	**19355**
(Address of principal executive offices)	(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 Global Select Market

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, a 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 January 31, 2022 there were 71,084,832 outstanding shares of Common Stock, no par value.

Cantaloupe, Inc.
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Part I. Financial Information
Item 1. Consolidated Financial Statements

Cantaloupe, Inc.
Condensed Consolidated Balance Sheets

($ in thousands, except share data)	December 31, 2021 (Unaudited)	June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 76,309	$ 88,136
Accounts receivable, net	24,990	27,470
Finance receivables, net	8,247	7,967
Inventory, net	11,752	5,292
Prepaid expenses and other current assets	2,171	2,414
Total current assets	123,469	131,279
Non-current assets:		
Finance receivables due after one year, net	10,906	11,632
Property and equipment, net	8,897	5,570
Operating lease assets	2,949	3,049
Intangibles, net	19,606	19,992
Goodwill	66,656	63,945
Other assets	2,609	2,205
Total non-current assets	111,623	106,393
Total assets	$ 235,092	$ 237,672
Liabilities, convertible preferred stock and shareholders' equity		
Current liabilities:		
Accounts payable	$ 31,323	$ 36,775
Accrued expenses	28,721	26,460
Current obligations under long-term debt	848	675
Deferred revenue	1,745	1,763
Total current liabilities	62,637	65,673
Long-term liabilities:		
Deferred income taxes	190	179
Long-term debt, less current portion	13,124	13,644
Operating lease liabilities, non-current	3,154	3,645
Total long-term liabilities	16,468	17,468
Total liabilities	79,105	83,141
Commitments and contingencies (Note 13)		
Convertible preferred stock:		
Series A convertible preferred stock, 900,000 shares authorized, 445,063 issued and outstanding, with liquidation preferences of $21,781 and $21,447 at December 31, 2021 and June 30, 2021, respectively	3,138	3,138
Shareholders' equity:		
Preferred stock, no par value, 1,800,000 shares authorized		—
Common stock, no par value, 640,000,000 shares authorized, 70,987,498 and 71,258,047 shares issued and outstanding at December 31, 2021 and June 30, 2021, respectively	465,990	462,775
Accumulated deficit	(313,141)	(311,382)
Total shareholders' equity	152,849	151,393
Total liabilities, convertible preferred stock and shareholders' equity	$ 235,092	$ 237,672

See accompanying notes.

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

($ in thousands, except per share data)	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Revenues:				
Subscription and transaction fees	$ 41,188	$ 33,214	$ 81,812	$ 66,322
Equipment sales	9,903	5,071	15,059	8,840
Total revenues	51,091	38,285	96,871	75,162
Costs of sales:				
Cost of subscription and transaction fees	24,919	20,617	50,944	39,953
Cost of equipment sales	10,182	5,367	15,062	8,668
Total costs of sales	35,101	25,984	66,006	48,621
Gross profit	15,990	12,301	30,865	26,541
Operating expenses:				
Sales and marketing	1,745	1,520	4,084	3,119
Technology and product development	5,780	3,783	11,169	6,997
General and administrative	7,672	8,528	14,936	20,525
Depreciation and amortization	1,113	1,052	2,135	2,120
Total operating expenses	16,310	14,883	32,324	32,761
Operating loss	(320)	(2,582)	(1,459)	(6,220)
Other income (expense):				
Interest income	445	325	918	675
Interest expense	(475)	(596)	(953)	(3,881)
Other income (expense)	(16)	—	(75)	—
Total other income (expense), net	(46)	(271)	(110)	(3,206)
Loss before income taxes	(366)	(2,853)	(1,569)	(9,426)
Provision for income taxes	(102)	(49)	(191)	(89)
Net loss	(468)	(2,902)	(1,760)	(9,515)
Preferred dividends	—	—	(334)	(334)
Net loss applicable to common shares	$ (468)	$ (2,902)	$ (2,094)	$ (9,849)
Net loss per common share				
Basic and diluted	$ (0.01)	$ (0.04)	$ (0.03)	$ (0.15)
Weighted average number of common shares outstanding used to compute net loss per share applicable to common shares				
Basic and diluted	70,969,246	64,913,364	71,072,587	64,886,183

See accompanying notes.

Cantaloupe, Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

Six Month Period Ended December 31, 2021

	Common Stock						
($ in thousands, except share data)	**Shares**		**Amount**		**Accumulated Deficit**		**Total**
Balance, June 30, 2021	71,258,047	$	462,775	$	(311,382)	$	151,393
Stock-based compensation and exercises (net)	20,958		1,762		—		1,762
Retirement of common stock	(319,823)		—		—		—
Net loss	—		—		(1,291)		(1,291)
Balance, September 30, 2021	70,959,182		464,537		(312,673)		151,864
Stock-based compensation and exercises (net)	28,316		1,453		—		1,453
Net loss	—		—		(468)		(468)
Balance, December 31, 2021	70,987,498	$	465,990	$	(313,141)	$	152,849

Six Month Period Ended December 31, 2020

	Common Stock						
($ in thousands, except share data)	**Shares**		**Amount**		**Accumulated Deficit**		**Total**
Balance, June 30, 2020	65,196,882	$	401,240	$	(303,025)	$	98,215
Impact of adoption of ASC 326	—		—		348		348
Stock-based compensation and exercises (net)	56,083		1,502		—		1,502
Net loss	—		—		(6,613)		(6,613)
Balance, September 30, 2020	65,252,965		402,742		(309,290)		93,452
Stock based compensation and exercises (net)	32,709		1,691		—		1,691
Net loss	—		—		(2,902)		(2,902)
Balance, December 31, 2020	65,285,674	$	404,433	$	(312,192)	$	92,241

See accompanying notes.

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

($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (1,760)	$ (9,515)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Stock based compensation	3,129	3,149
Amortization of debt issuance costs and discounts	68	2,657
Provision for expected losses	1,313	1,286
Provision for inventory reserve	342	768
Depreciation and amortization included in operating expenses	2,135	2,120
Depreciation included in costs of sales for rental equipment	518	1,054
Other	112	957
Changes in operating assets and liabilities:		
Accounts receivable	1,378	(2,987)
Finance receivables	245	429
Inventory	(6,802)	(434)
Prepaid expenses and other assets	(160)	243
Accounts payable and accrued expenses	(4,555)	195
Operating lease liabilities	(192)	(526)
Deferred revenue	(18)	(50)
Net cash (used in) provided by operating activities	(4,247)	(654)
Cash flows from investing activities:		
Cash paid for acquisition	(2,900)	—
Purchase of property and equipment	(4,359)	(970)
Proceeds from sale of property and equipment	—	11
Net cash used in investing activities	(7,259)	(959)
Cash flows from financing activities:		
Proceeds from debt facilities, net of issuance costs	—	14,550
Repayment of debt facilities	(407)	(15,364)
Proceeds from exercise of common stock options	86	76
Payment of Antara prepayment penalty and commitment termination fee	—	(1,200)
Net cash used in financing activities	(321)	(1,938)
Net (decrease) increase in cash and cash equivalents	(11,827)	(3,551)
Cash and cash equivalents at beginning of year	88,136	31,713
Cash and cash equivalents at end of period	$ 76,309	$ 28,162
Supplemental disclosures of cash flow information:		
Interest paid in cash	$ 376	$ 615

See accompanying notes.

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

1. BUSINESS

Cantaloupe, Inc. (“Cantaloupe” or the “Company”), previously known as USA Technologies, Inc., is organized under the laws of the Commonwealth of Pennsylvania. On March 29, 2021, USA Technologies, Inc. filed Articles of Amendment to its Amended and Restated Articles of Incorporation with the Pennsylvania Department of State to effect a change of the Company’s name from “USA Technologies, Inc.” to “Cantaloupe, Inc.,” effective as of April 15, 2021. On April 19, 2021, the Company’s common stock, no par value per share (the “Common Stock”), began trading on the NASDAQ Global Select Market under the ticker symbol “CTLP” and the Company’s Series A Convertible Preferred Stock, no par value per share, began trading on the OTC Markets’ Pink Open Market under the trading symbol, “CTLPP”.

Cantaloupe is a digital payments and software services company that provides end-to-end technology solutions for the unattended retail market. We are transforming the unattended retail world by offering a solution for payments processing, as well as one that handles 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. As a result, customers ranging from vending machine companies to operators of micro-markets, car wash and electric vehicle charging stations, commercial laundry, kiosks, amusements and more, can run their businesses more proactively, predictably, and competitively.

COVID-19 Update

The Company, its employees, and its customers operate in geographic locations in which its business operations and financial performance continues to be affected by the COVID-19 pandemic. While businesses, schools and other organizations re-open, which has led to increased foot-traffic to distributed assets containing our electronic payment solutions, the emergence of new strains and variants and resurgence of the virus, such as the recent outbreak of the Omicron variant, have and may in the future lead to additional shutdowns and closures that impact our operations and financial results. Such impacts to our financial statements include, but not limited to, the impairment of goodwill and intangible assets, impairment of long-lived assets including operating lease assets, property and equipment and allowance for doubtful accounts for accounts and finance receivables. We have concluded that there are no material impairments as a result of our evaluation. Where applicable, we have incorporated judgments and estimates of the expected impact of COVID-19 in the preparation of the financial statements based on information currently available. These judgments and estimates may change, as new events develop and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Preparation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles 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, 2021 Annual Report on Form 10-K.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting of normal recurring adjustments, have been included. Operating results for the six months ended December 31, 2021 are not necessarily indicative of the results that may be expected for the full fiscal year ending June 30, 2022. Actual results could differ from estimates. The balance sheet at June 30, 2021 has been derived from the audited consolidated financial statements at that date, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Certain prior period amounts have been reclassified to conform with current year presentation.

The Company operates as one operating segment because its chief operating decision maker, who is the Chief Executive Officer, reviews its financial information on a consolidated basis for purposes of making decisions regarding allocating resources and assessing performance.

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Condensed Consolidated Statement of Operations: operating expenses presentation

Beginning in the first quarter of fiscal year 2022, the Company revised its presentation of operating expenses within its Condensed Consolidated Statement of Operations by disaggregating the previously disclosed Selling, general, and administrative costs into Sales and marketing, Technology and product development, and General and administrative costs. The updated presentation is intended to provide additional transparency to the readers of the financial statements and better align the Company's financial performance with how management views and monitors business operations and makes strategic decisions. Prior period amounts for fiscal year 2021 have been reclassified to conform with current year presentation.

Below is a brief description of the various categories within Operating expenses:

- *Sales and marketing:* Sales and marketing expenses consists primarily of our sales and marketing team personnel costs which include non-capitalized wages, bonuses, stock-based compensation, sales commissions, severance costs, benefits, and employer taxes. In addition, this category includes fees paid for advertising, trade shows and external consultants who assist in outreach initiatives designed to build brand awareness and showcase the value of our products and services to our opportunity markets.

- *Technology and product development:* Technology and product development expenses consists primarily of our technology and product team personnel costs and fees paid to external consultants relating to innovating and maintaining our portfolio of products and services and strengthening our network environment and platform. These costs include but are not limited to engineering, platform and software development, fees for software licenses, contract labor and other technology and product related items.

- *General, and administrative:* General and administrative expenses consists primarily of our customer support, business operations, finance, legal, human resources and other administrative personnel costs and fees paid to external consultants for these respective departments. In addition, this category includes rent and occupancy costs and other miscellaneous costs incurred in the course of operating the business.

- *Depreciation and amortization:* No changes made to the accounting policies or previously reported amounts included within the Company's June 30, 2021 Annual Report on Form 10-K for this category. Depreciation expense on our property and equipment, excluding property and equipment used for rentals, and amortization expense on our intangible assets are included within the Depreciation and amortization caption in the Consolidated Statements of Operations.

The presentation changes described above did not impact total operating expenses, operating loss, net loss or net loss per common share.

Below are excerpts from the Condensed Consolidated Statement of Operations for each quarter of fiscal year 2021 before and after the revisions:

Revised presentation:	Three months ended				Year ended
($ in thousands)	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	June 30, 2021
Sales and marketing	$ 1,599	$ 1,520	$ 1,754	$ 2,062	$ 6,935
Technology and product development	3,214	3,783	4,425	4,513	15,935
General and administrative	11,997	8,528	7,552	7,677	35,754
Depreciation and amortization	1,068	1,052	991	996	4,107
Total operating expenses	$ 17,878	$ 14,883	$ 14,722	$ 15,248	$ 62,731

As previously reported:	Three months ended				Year ended
($ in thousands)	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	June 30, 2021
Selling, general, and administrative	$ 16,810	$ 13,831	$ 13,731	$ 14,252	$ 58,624
Depreciation and amortization	1,068	1,052	991	996	4,107
Total operating expenses	$ 17,878	$ 14,883	$ 14,722	$ 15,248	$ 62,731

Condensed Consolidated Statement of Operations: updated caption

Beginning in the first quarter of fiscal year 2022, the Company revised the previously reported revenue caption of License and transaction fees to Subscription and transaction fees within its Condensed Consolidated Statement of Operations to provide a more accurate description of the revenue stream and align with commonly used terminology by industry participants. No changes were made to the revenue recognition accounting policies or previously reported amounts included within the Company's June 30, 2021 Annual Report on Form 10-K.

Recently Adopted Accounting Pronouncements

Measurement of Credit Losses on Financial Statements

The Company adopted *"Financial Instruments - Credit Losses"* (Topic 326) on July 1, 2020 using the modified retrospective approach through an adjustment to retained earnings, and began calculating our allowance for accounts and finance receivables under an expected loss model rather than an incurred loss model.

The following table represents a roll forward of the allowance for doubtful accounts for accounts and finance receivables for the six months ending December 31, 2021:

	Six months ended December 31,			
	2021		2020	
($ in thousands)	**Accounts Receivable**	**Finance Receivable**	**Accounts Receivable**	**Finance Receivable**
Beginning balance of allowance as of June 30,	$ 6,614	$ 1,109	$ 7,676	$ 150
Impact of adoption of ASC 326*	—	—	(757)	409
Provision for expected losses	312	100	394	—
Balance at September 30,	$ 6,926	$ 1,209	$ 7,313	$ 559
Provision for expected losses	801	100	542	350
Write-offs	(566)	(247)	—	—
Balance at December 31,	$ 7,161	$ 1,062	$ 7,855	$ 909

** The Company adopted ASC 326 on July 1, 2020.*

ASU 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

On July 1, 2021, the Company adopted ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 is intended to simplify accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. The adoption of this accounting standard did not materially impact the Company's condensed consolidated financial statements.

Accounting Pronouncements To Be Adopted

The Company is evaluating whether the effects of the following recent accounting pronouncements, or any other recently issued but not yet effective accounting standards, will have a material effect on the Company's condensed consolidated financial position, results of operations or cash flows.

Reference Rate Reform

In March 2020 and January 2021, the FASB issued ASU 2020-04, "*Facilitation of the Effects of Reference Rate Reform on Financial Reporting*" and ASU 2021-01, "*Reference Rate Reform: Scope*", respectively. Together, the ASUs provide temporary optional expedients and exceptions for applying U.S. GAAP guidance on contract modifications and hedging relationships that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Company's exposure to LIBOR includes our revolving credit facility and secured term facility with JPMorgan Chase Bank, N.A., which uses LIBOR as a reference rate. However, these facilities provide for an alternative rate of interest if LIBOR is discontinued. These optional expedients and exceptions are effective beginning March 12, 2020 through December 31, 2022 and adoption is permitted at any time in the effective period. The Company is currently evaluating and assessing the impact these accounting standards will have on its condensed consolidated financial statements and related disclosures and if it will elect these optional standards.

Lessor Classification

In July 2021, the FASB issued ASU 2021-05, "*Lessors – Certain Leases with Variable Lease Payments*" which requires lessors to classify leases as operating leases if they have variable lease payments that do not depend on an index or rate and would have selling losses if they were classified as sales-type or direct financing leases. ASU 2021-05 is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. We plan to adopt this pronouncement for our fiscal year beginning July 1, 2022. The Company is currently evaluating and assessing the impact this accounting standard will have on its condensed consolidated financial statements.

Accounting for Debt and Equity Instruments

In August 2020, the FASB issued ASU 2020-06, "*Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*" which simplifies accounting for convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related earnings per share (EPS) guidance. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. We plan to adopt this pronouncement for our fiscal year beginning July 1, 2022. The Company is currently evaluating and assessing the impact this accounting standard will have on its condensed consolidated financial statements.

3. LEASES

Lessee Accounting

The Company has operating leases for office space, warehouses, and office equipment. At December 31, 2021, the Company has the following balances recorded in the balance sheet related to its lease arrangements:

($ in thousands)	Balance Sheet Classification	As of December 31, 2021	As of June 30, 2021
Assets:	Operating lease assets	$ 2,949	$ 3,049
Liabilities:			
Current	Accrued expenses	$ 1,465	$ 1,166
Long-term	Operating lease liabilities, non-current	3,154	3,645
Total lease liabilities		$ 4,619	$ 4,811

Components of lease cost are as follows:

($ in thousands)	Three months ended December 31, 2021	Three months ended December 31, 2020
Operating lease costs*	443	535

($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020
Operating lease costs*	885	1,064

* Includes short-term lease and variable lease costs, which are not material.

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

($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 840	$ 802
Non-cash activity:		
Lease assets obtained in exchange for new operating lease liabilities	$ 471	$ —

Maturities of lease liabilities by fiscal year for our leases are as follows:

($ in thousands)	Operating Leases
Remainder of 2022	$ 861
2023	1,758
2024	1,029
2025	707
2026	628
Thereafter	265
Total lease payments	$ 5,248
Less: Imputed interest	(629)
Present value of lease liabilities	$ 4,619

Lessor Accounting

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

($ in thousands)	December 31, 2021	June 30, 2021
Cost	$ 22,205	26,753
Accumulated depreciation	(20,409)	(24,487)
Net	$ 1,796	$ 2,266

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, 2021 are disclosed within Note 6 - Finance Receivables.

4. REVENUE

Disaggregated Revenue

Beginning in the first quarter of fiscal year 2022, the Company disaggregated Subscription and transaction fees presented on the Condensed Consolidated Statement of Operations to Transaction fees and Subscription fees categories (described below) as this additional disclosure provides greater visibility into the Company's revenue streams and better aligns the Company’s financial performance including how management views and monitors business operations and makes strategic decisions.

- *Transaction fees:* The Company charges its customers a transaction fee generally calculated as a percentage rate on volumes processed through our payment devices.
- *Subscription fees:* Subscription fees are primarily comprised of the monthly service fee charged to our customers for our cashless payment services, service fees originated through our rental program and Seed software services that include inventory management, route logistics optimization, warehouse and accounting management, and responsive merchandising.

Based on similar operational characteristics, the Company's revenue is disaggregated as follows:

($ in thousands)	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Transaction fees	$ 26,775	$ 20,454	$ 53,195	$ 40,131
Subscription fees	14,413	12,760	28,617	26,191
Subscription and transaction fees	$ 41,188	$ 33,214	$ 81,812	$ 66,322
Equipment sales	9,903	5,071	15,059	8,840
Total revenues	$ 51,091	$ 38,285	$ 96,871	$ 75,162

Disaggregation of revenues for the previously reported quarters for fiscal year-ended June 30, 2021 utilizing the above described methodology is presented as follows:

($ in thousands)	Three months ended September 30, 2020	Three months ended December 31, 2020	Three months ended March 31, 2021	Three months ended June 30, 2021	Year ended June 30, 2021
Transaction fees	$ 19,677	$ 20,454	$ 21,002	$ 24,365	$ 85,498
Subscription fees	13,431	12,760	13,684	13,869	53,744
Subscription and transaction fees	$ 33,108	$ 33,214	$ 34,686	$ 38,234	$ 139,242
Equipment sales	3,769	5,071	8,074	10,783	27,697
Total revenues	$ 36,877	$ 38,285	$ 42,760	$ 49,017	$ 166,939

Transaction Price Allocated to Future Performance Obligations

In determining the transaction price allocated to future performance obligations, we do not include non-recurring charges. Further, we apply the practical expedient to not consider arrangements with an original expected duration of one year or less, which are primarily month-to-month rental agreements. The majority of our contracts have a contractual term of between 36 and 60 months based on implied and explicit termination penalties. These amounts will be converted into revenue in future periods as work is performed, primarily based on the services provided or at delivery and acceptance of products, depending on the applicable accounting method for the services or products being delivered.

The following table reflects the estimated fees to be recognized in the future related to performance obligations that are unsatisfied at the end of the period:

($ in thousands)	As of December 31, 2021
2022	$ 7,016
2023	12,609
2024	8,489
2025	4,792
2026	2,892
Thereafter	503
Total	$ 36,301

Contract Liabilities

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

($ in thousands)	Three months ended December 31, 2021	Three months ended December 31, 2020
Deferred revenue, beginning of the period	$ 1,720	$ 1,639
Deferred revenue, end of the period	1,745	1,648
Revenue recognized in the period from amounts included in deferred revenue at the beginning of the period	$ 120	$ 95

($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020
Deferred revenue, beginning of the period	$ 1,763	$ 1,698
Deferred revenue, end of the period	1,745	1,648
Revenue recognized in the period from amounts included in deferred revenue at the beginning of the period	$ 215	$ 184

The change in the contract liability balances period-over-period is primarily the result of timing difference between the Company’s satisfaction of a performance obligation and payment from the customer.

Contract Costs

At December 31, 2021, the Company had net capitalized costs to obtain contracts of $0.4 million included in Prepaid expenses and other current assets and $2.0 million included in Other noncurrent assets on the Condensed Consolidated Balance Sheet. At June 30, 2021, the Company had net capitalized costs to obtain contracts of $0.4 million included in Prepaid expenses and other current assets and $2.0 million included in Other noncurrent assets on the Condensed Consolidated Balance Sheet. None of these capitalized contract costs were impaired.

During the three and six months ended December 31, 2021, amortization of capitalized contract costs was $0.2 million and $0.3 million. During the three and six months ended December 31, 2020, amortization of capitalized contract costs was $0.1 million and $0.3 million.

5. ACQUISITION

In August 2021, we completed the acquisition of certain assets and liabilities of Delicious Nutritious LLC, doing business as Yoke Payments (“Yoke”), a micro market payments company. The acquisition of Yoke was accounted for as a business combination using the acquisition method of accounting which includes the results of operations of the acquired business from the date of acquisition. The purchase price of the acquired company is allocated between tangible and intangible assets acquired and liabilities assumed from the acquired business 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.

Through the acquisition, Yoke’s point of sale platform will now extend its offering to provide self-checkout while seamlessly integrating with Cantaloupe’s inventory management and payment processing platforms. We plan to differentiate ourselves by providing a single platform to manage consumer and operational aspects of micro markets, while also integrating multiple service providers for flexibility and ultimate ease to our customers.

The consideration transferred for the acquisition includes payments of $3 million in cash at the close of the transaction and $1 million in deferred cash payment due on or before July 30, 2022 based on the achievement of certain sales growth targets. As of the date of the acquisition and as of December 31, 2021, we expect to pay the entire deferred cash payment and we have accrued a contingent consideration liability of $1 million which is included within Accrued expenses in our Condensed Consolidated Balance Sheet.

Additionally in connection with the acquisition, the Company will issue common stock to the former owners of Yoke based on the achievement of certain sales growth targets for software licenses through July 31, 2024 and continued employment as of the respective measurement dates. The accounting treatment for these awards in the context of the business combination is to recognize the awards as a post-combination expense and were not included in the purchase price. We will begin recognizing compensation expense for these awards over the requisite service period when it becomes probable that the performance condition would be satisfied pursuant to ASC 718. At each reporting date, we assess the probability of achieving the sales targets and fulfilling the performance condition. As of December 31, 2021, we determined that it is not probable that the performance condition would be satisfied and, accordingly, have not recognized compensation expense related to these awards for the six months ended December 31, 2021.

The following table summarizes the total consideration paid for Yoke, total net assets acquired, identifiable assets and goodwill recognized at the acquisition date:

($ in thousands)		Amount
Consideration		
Cash	$	2,966
Contingent consideration arrangement	$	1,000
Fair value of total consideration transferred	$	3,966
Recognized amounts of identifiable assets		
Total net assets acquired	$	21
Identifiable intangible assets	$	1,235
Total identifiable net assets	$	1,256
Goodwill	$	2,710

Amounts allocated to identifiable intangible assets included $0.9 million related to developed technology, $0.3 million related to customer relationships, and $0.1 million related to other intangible assets. 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 with-and-without method which estimates the value using the cash flow impact in a scenario where the customer relationships are not in place. The recognized intangible assets will be amortized on a straight-line basis over the estimated useful lives of the respective assets.

Goodwill of $2.7 million arising from the acquisition includes the expected synergies between Yoke and the Company and intangible assets that do not qualify for separate recognition at the time of acquisition. The goodwill, which is deductible for income tax purposes, was assigned to the Company’s only reporting unit.

The above allocation of the purchase price is provisional and is still subject to change within the measurement period. The final allocation of the purchase price is expected to be completed as soon as practicable, but no later than one year from the date of the acquisition. Pro forma financial information of the acquisition is not presented due to the immaterial impact of the financial results of Yoke in the Company's Consolidated Financial Statements.

6. FINANCE RECEIVABLES

The Company's finance receivables consist of financed devices under the QuickStart program and devices contractually associated with the Seed platform. Predominately all of the Company’s finance receivables agreements are classified as non-cancellable sixty-month sales-type leases. As of December 31, 2021 and June 30, 2021, finance receivables consist of the following:

($ in thousands)		December 31, 2021		June 30, 2021
Current finance receivables, net	$	8,247	$	7,967
Finance receivables due after one year, net		10,906		11,632
Total finance receivables, net of allowance of $1,062 and $1,109, respectively	$	19,153	$	19,599

We collect lease payments from customers primarily as part of the flow of funds from our transaction processing service. 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. The Company routinely monitors customer payment performance and uses prior payment performance as a measure to assess the capability of the customer to repay contractual obligations of the lease agreements as scheduled. On an as-needed basis, qualitative information may be taken into consideration if new information arises related to the customer's ability to repay the lease.

Credit risk for these receivables is continuously monitored by management and reflected within the allowance for finance receivables by aggregating leases with similar risk characteristics into pools that are collectively assessed. Because the Company's lease contracts generally have similar terms, customer characteristics around transaction processing volume and sales were used to disaggregate the leases. Our key credit quality indicator is the amount of transaction revenue we process for each customer relative to their lease payment due, as we consider this customer characteristic to be the strongest predictor of the risk of customer default. Customers with low processing volume or with transaction sales that are insufficient to cover the lease payment are considered to be at a higher risk of customer default.

Customers are pooled based on their ratio of gross sales to required monthly lease obligations. We categorize outstanding receivables into two categories: high ratio customers (customers who have adequate transaction processing volumes sufficient to cover monthly fees) and low ratio customers (customers that do not consistently have adequate transaction processing volumes sufficient to cover monthly fees). Using these two categories, we performed an analysis of historical write-offs to calculate reserve percentages by aging buckets for each category of customer.

At December 31, 2021, the gross lease receivable by current payment performance on a contractual basis and year of origination consisted of the following:

	Leases by Origination						
($ in thousands)	**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**	**Total**
Current	$ 6,587	$ 3,417	$ 4,570	$ 2,555	$ 1,319	$ 17	$ 18,465
30 days and under	5	13	47	45	5	—	115
31-60 days	20	32	74	51	20	—	197
61-90 days	12	25	64	44	18	1	164
Greater than 90 days	26	121	484	492	87	64	1,274
Total finance receivables	$ 6,650	$ 3,608	$ 5,239	$ 3,187	$ 1,449	$ 82	$ 20,215

At June 30, 2021, the gross lease receivable by current payment performance on a contractual basis and year of origination consisted of the following:

	Leases by Origination						
($ in thousands)	**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**	**Total**
Current	$ 6,736	$ 3,970	$ 3,942	$ 3,081	$ 1,358	$ 31	$ 19,118
30 days and under	19	67	90	93	11	1	281
31-60 days	4	9	22	2	1	—	38
61-90 days	10	42	66	54	10	—	182
Greater than 90 days	46	69	490	419	54	11	1,089
Total finance receivables	$ 6,815	$ 4,157	$ 4,610	$ 3,649	$ 1,434	$ 43	$ 20,708

At December 31, 2021, credit quality indicators by year of origination consisted of the following:

	Leases by Origination						
($ in thousands)	**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**	**Total**
High ratio customers	$ 6,334	$ 3,194	$ 4,462	$ 2,273	$ 1,209	$ 11	$ 17,483
Low ratio customers	316	414	777	914	240	71	2,732
Total finance receivables	$ 6,650	$ 3,608	$ 5,239	$ 3,187	$ 1,449	$ 82	$ 20,215

At June 30, 2021, credit quality indicators by year of origination consisted of the following:

	Leases by Origination						
($ in thousands)	**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**	**Total**
High ratio customers	$ 6,415	$ 3,824	$ 3,793	$ 2,920	$ 1,290	$ 24	$ 18,266
Low ratio customers	400	333	817	729	144	19	2,442
Total finance receivables	$ 6,815	$ 4,157	$ 4,610	$ 3,649	$ 1,434	$ 43	$ 20,708

The following table represents a rollforward of the allowance for finance receivables for the six months ending December 31, 2021 and 2020:

	Six months ended December 31,	Six months ended December 31,
($ in thousands)	**2021**	**2020**
Balance at June 30	$ 1,109	$ 150
Impact of adoption of ASC 326*	—	409
Provision for expected losses	100	—
Balance at September 30	$ 1,209	$ 559
Provision for expected losses	100	350
Write-offs	(247)	—
Balance at December 31	$ 1,062	$ 909*

* *The Company adopted Financial Instruments - Credit Losses (Topic 326) on July 1, 2020.*

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

($ in thousands)	
2022	$ 8,020
2023	6,241
2024	4,625
2025	3,110
2026	1,726
Thereafter	313
Total amounts to be collected	24,035
Less: interest	(3,820)
Less: allowance for receivables	(1,062)
Total finance receivables	$ 19,153

7. LOSS PER SHARE CALCULATION

Basic loss per share is computed by dividing net loss 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 loss per share is presented below:

($ in thousands, except per share data)	Three months ended December 31, 2021	Three months ended December 31, 2020
Numerator for basic and diluted loss per share		
Net loss	$ (468)	$ (2,902)
Preferred dividends	—	—
Net loss applicable to common shareholders	(468)	(2,902)
Denominator for basic loss per share - Weighted average shares outstanding	70,969,246	64,913,364
Effect of dilutive potential common shares	—	—
Denominator for diluted loss per share - Adjusted weighted average shares outstanding	70,969,246	64,913,364
Basic and diluted loss per share	$ (0.01)	$ (0.04)

($ in thousands, except per share data)	Six months ended December 31, 2021	Six months ended December 31, 2020
Numerator for basic and diluted loss per share		
Net loss	$ (1,760)	$ (9,515)
Preferred dividends	(334)	(334)
Net loss applicable to common shareholders	(2,094)	(9,849)
Denominator for basic loss per share - Weighted average shares outstanding	71,072,587	64,886,183
Effect of dilutive potential common shares		
Denominator for diluted loss per share - Adjusted weighted average shares outstanding	71,072,587	64,886,183
Basic and diluted loss per share	$ (0.03)	$ (0.15)

Anti-dilutive shares excluded from the calculation of diluted loss per share were approximately 4 million for the three and six months ended December 31, 2021 and approximately 3 million for the three and six months ended December 31, 2020.

8. GOODWILL AND INTANGIBLES

Intangible asset balances and goodwill consisted of the following:

($ in thousands)	As of December 31, 2021 Gross	Accumulated Amortization	Net	Amortization Period
Intangible assets:				
Brand and tradenames	$ 1,705	$ (982)	$ 723	1 - 7 years
Developed technology	11,819	(7,815)	4,004	5 - 6 years
Customer relationships	19,339	(4,460)	14,879	5 - 18 years
Total intangible assets	$ 32,863	$ (13,257)	$ 19,606	
Goodwill	66,656	—	66,656	Indefinite

($ in thousands)	As of June 30, 2021 Gross	Accumulated Amortization	Net	Amortization Period
Intangible assets:				
Brand and tradenames	1,640	(840)	800	3 - 7 years
Developed technology	10,939	(6,890)	4,049	5 - 6 years
Customer relationships	19,049	(3,906)	15,143	10 - 18 years
Total intangible assets	$ 31,628	$ (11,636)	$ 19,992	
Goodwill	63,945	—	63,945	Indefinite

During the three and six months ended December 31, 2021, there was $0.9 million and $1.6 million in amortization expense related to intangible assets, respectively, that was recognized. The Company recognized $2.7 million in goodwill and $1.2 million in newly acquired intangible assets in association with the Yoke acquisition as referenced in *Note 5 - Acquisition*.

During the three and six months ended December 31, 2020, there was $0.8 million and $1.6 million for each respective period in amortization expense related to intangible assets that was recognized.

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 a single reporting unit for purposes of testing goodwill for impairment. During the three and six months ended December 31, 2021 and December 31, 2020, the Company did not recognize any impairment charges related to goodwill.

9. DEBT AND OTHER FINANCING ARRANGEMENTS

The Company's debt and other financing arrangements as of December 31, 2021 and June 30, 2021 consisted of the following:

($ in thousands)	As of December 31, 2021	As of June 30, 2021
2021 JPMorgan Credit Facility	14,063	14,437
Other obligations	81	113
Less: unamortized issuance costs and debt discount	(172)	(231)
Total	13,972	14,319
Less: debt and other financing arrangements, current	(848)	(675)
Debt and other financing arrangements, noncurrent	$ 13,124	$ 13,644

Details of interest expense presented on the Condensed Consolidated Statements of Operations are as follows:

	Three months ended December 31,		Six months ended December 31,	
($ in thousands)	2021	2020	2021	2020
2020 Antara Term Facility	$ —	$ —	$ —	$ 2,779
2021 JPMorgan Credit Facility	227	303	457	475
Other interest expense	248	293	496	627
Total interest expense	$ 475	$ 596	$ 953	$ 3,881

JPMorgan Chase Bank Credit Agreement

On August 14, 2020, the Company repaid all amounts outstanding under the $30.0 million senior secured term loan facility ("2020 Antara Term Facility") with Antara Capital Master Fund LP ("Antara") and entered into the 2021 JPMorgan Credit Agreement (as defined below) with JPMorgan Chase Bank, N.A.

The 2021 JPMorgan Credit Agreement provides for a $5 million secured revolving credit facility (the "2021 JPMorgan Revolving Facility") and a $15 million secured term facility (the "2021 JPMorgan Secured Term Facility" and together with the 2021 JPMorgan Revolving Facility, as amended, the "2021 JPMorgan Credit Facility"), which includes an uncommitted expansion feature that allows the Company to increase the total revolving commitments and/or add new tranches of term loans in an aggregate amount not to exceed $5 million. In connection with entering into the 2021 JPMorgan Credit Agreement, the Company repaid all amounts outstanding under the 2020 Antara Term Facility. The Company recognized $2.8 million of interest expense related to the 2020 Antara Term Facility during the fiscal quarter ended September 30, 2020, including the recognition of $2.6 million of unamortized issuance costs and debt discount as interest expense, reflecting the difference between the carrying value of the 2020 Antara Term Facility and the amount due upon repayment.

The 2021 JPMorgan Credit Facility has a three year maturity, with interest determined, at the Company's option, on a base rate of LIBOR or Prime Rate plus an applicable spread tied to the Company's total leverage ratio and having ranges between 2.75% and 3.75% for Prime rate loans and between 3.75% and 4.75% for LIBOR rate loans. In the event of default, the interest rate may be increased by 2.00%. The 2021 JPMorgan Credit Facility carries a commitment fee of 0.50% per annum on the unused portion. From August 14, 2020 through March 2, 2021, the applicable interest rate was Prime Rate plus 3.75%. On March 2, 2021, the Company entered into an amendment (the "First Amendment") to the 2021 JPMorgan Credit Facility lowering the interest rate charged to the Company. In conjunction with the First Amendment, the Company elected to convert its loans to a Eurodollar borrowing which is subject to a LIBOR based interest rate. As of December 31, 2021, the applicable interest rate for the 2021 JPMorgan Secured Term Facility is a base rate of 0.75% and a spread of 4.25% for a total applicable interest rate of 5%.

Principal payments are due in quarterly installments of $187,500 beginning December 31, 2020 through September 30, 2022 for a total annual repayment of $750,000 and total repayment over the period of $1.5 million. Beginning December 31, 2022 through June 30, 2023, principal payments are due in quarterly installments of $375,000 for a total repayment over the period of $1.1 million. The remaining unpaid principal amounts are due at the maturity date of the 2021 JPMorgan Credit Facility.

The Company's obligations under the 2021 JPMorgan Credit Facility are secured by first priority security interests in substantially all of the assets of the Company. The 2021 JPMorgan Credit Agreement includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including a financial covenant requiring the Company to maintain an adjusted quick ratio of not less than 2.75 to 1.00 beginning January 1, 2021, and not less than 3.00 to 1.00 beginning April 1, 2021, and a financial covenant requiring the Company to maintain, as of the end of each of its fiscal quarters commencing with the fiscal quarter ended December 31, 2021, a total leverage ratio of not greater than 3.00 to 1.00.

The Company was in compliance with its financial covenants as of December 31, 2021.

Term Facility with Antara

On October 9, 2019, the Company entered into a commitment letter with Antara, pursuant to which Antara committed to extend to the Company a $30.0 million senior secured term loan facility ("2020 Antara Term Facility"). On October 9, 2019, the Company also sold shares of the Company's common stock to Antara at a price below market value. Since the 2020 Antara Term Facility and equity issuance were negotiated in contemplation of each other and executed within a short period of time, the Company evaluated the debt and equity financing as a combined arrangement, and estimated the fair values of the debt and equity components to allocate the proceeds, net of the registration rights agreement liability on a relative fair value basis between the debt and equity components. The non-lender fees incurred to establish the debt and equity financing arrangement were allocated to the debt and equity components on a relative fair value basis and capitalized on the Company's balance sheet. The 2020 Antara Term Facility agreement also contained a mandatory prepayment feature that was determined to be an embedded derivative, requiring bifurcation and fair value recognition for the derivative liability.

On August 14, 2020, the Company repaid all amounts outstanding under the 2020 Antara Term Facility and entered into the 2021 JPMorgan Credit Agreement described above. The Company de-recognized $2.6 million of unamortized debt issuance costs and debt discount associated with the 2020 Antara Team Facility during the three months ended September 30, 2020.

10. ACCRUED EXPENSES

Accrued expenses consisted of the following as of December 31, 2021 and June 30, 2021:

($ in thousands)	As of December 31, 2021	As of June 30, 2021
Sales tax reserve	$ 17,635	$ 17,099
Accrued compensation and related sales commissions	3,225	4,233
Operating lease liabilities, current	1,465	1,166
Accrued professional fees	2,839	1,739
Accrued taxes and filing fees payable	1,743	1,450
Contingent consideration arrangement for the Yoke acquisition*	1,000	—
Other accrued expenses	814	773
Total accrued expenses	$ 28,721	$ 26,460

* See *Note 5 - Acquisition* for description of the contingent consideration arrangement.

11. INCOME TAXES

For the three months ended December 31, 2021, the Company recorded an income tax provision of $102 thousand. For the six months ended December 31, 2021, the Company recorded an income tax provision of $191 thousand. As of December 31, 2021, the Company reviewed the existing deferred tax assets and continues to record a full valuation against its deferred tax assets. The income tax provisions primarily relate to the Company's uncertain tax positions, as well as state income and franchise taxes. As of December 31, 2021, the Company had a total unrecognized income tax benefit of $0.5 million. The provision is based upon actual loss before income taxes for the six months ended December 31, 2021, as the use of an estimated annual effective income tax rate does not provide a reliable estimate of the income tax provision.

For the three months ended December 30, 2020, the Company recorded an income tax provision of $49 thousand. For the six months ended December 31, 2020, the Company recorded an income tax provision of $89 thousand. As of December 31, 2020, the Company reviewed the existing deferred tax assets in light of COVID-19 and recorded a full valuation against its deferred tax assets. The income tax provisions primarily relate to the Company's uncertain tax positions, as well as state income and franchise taxes. As of December 31, 2020, the Company had a total unrecognized income tax benefit of $0.2 million. The provision is based upon actual loss before income taxes for the six months ended December 31, 2020, as the use of an estimated annual effective income tax rate does not provide a reliable estimate of the income tax provision.

12. EQUITY

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) it grants 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, 2021 and 2020 were determined using the following assumptions and includes only options with an established grant date under ASC 718:

	Six months ended December 31,	
	2021	2020
Expected volatility (percent)	73.2% - 73.6%	76.3% - 77.3%
Weighted average expected life (years)	4.5	4.5
Dividend yield (percent)	0.0 %	0.0 %
Risk-free interest rate (percent)	1.0% - 1.2%	0.2% - 0.4%
Number of options granted	495,000	650,000
Weighted average exercise price	$ 9.98	$ 8.00
Weighted average grant date fair value	$ 5.72	$ 4.69

Stock based compensation related to stock options with an established grant date for the three and six months ended December 31, 2021 was $0.6 million and $1.4 million, respectively, and for the three and six months ended December 31, 2020 was $1.4 million and $2.5 million, respectively.

Performance based awards

The Company has awarded stock options to certain executives which vest each year over a three to four year period. These stock options are also subject to the achievement of performance goals to be established by the Company's Board for each fiscal year.

On January 27, 2021, the Compensation Committee of the Board of Directors established the performance metrics as a price target for the trading price of the Company's common stock in each applicable fiscal year. The price target is achieved if the average closing price of the common stock during any consecutive 30-trading-day period during the applicable fiscal year meets or exceeds: (i) $10.50 in the case of fiscal year 2021; (ii) $13.50 in the case of fiscal year 2022; (iii) $16.50 in the case of fiscal year 2023; and (iv) $19.50 in the case of fiscal year 2024. If at least 80% of the performance goals for an applicable fiscal year are achieved, the Compensation Committee may determine that the portion of the option eligible to vest based on such fiscal year's performance will vest on a prorated basis. In so determining, the Compensation Committee will consider the Company's performance relative to its market competitors and any other considerations deemed relevant by the Compensation Committee. The Compensation Committee's guideline is generally that for every percentage point the achieved price falls below the price target, the percentage of the performance options eligible to vest in respect of the applicable fiscal year should be reduced by 2%, but the Compensation Committee may vary this formula in its sole discretion.

For these performance based awards that provide discretion to the Compensation Committee, a mutual understanding of the key terms and conditions between the Company and the employees have not yet been met and a "Grant Date" as defined in *ASC Topic 718 Compensation — Stock Compensation*, has not been established. When the service period begins prior to the grant date, the Company begins recognizing compensation cost before there is a grant date. The Company estimates the award's fair value at each reporting period for these equity classified awards, until the grant date, utilizing a Monte Carlo simulation valuation model. The total expense recognized for the three and six months ended December 31, 2021 for these awards was $0.3 million and $0.9 million, respectively. There was no expense recognized for performance based awards during the three and six months ended December 31, 2020.

COMMON STOCK AWARDS

Two employees of Hudson Executive Capital LP ("Hudson Executive"), a greater than 10% shareholder and a related party of the Company, entered into consulting agreements with the Company in August and September of 2020, respectively, under which the consultants provided financial and strategic analysis and advisory services to the Company's CEO through July 31, 2021. As consideration for the services, in March 2021 the consultants were granted a total of 80,000 restricted stock units. In September 2021, the Company extended these consulting agreements through July 31, 2022 and, in connection therewith, the consultants were granted an additional 20,000 restricted stock units. The total expense recognized for the three and six months ended December 31, 2021 for these consulting agreements was $0.1 million.

The Company makes annual grants of restricted stock units to executive officers pursuant to long-term stock incentive plans ("LTIPs") which vest annually, typically over three years. In August 2021, we granted a total of approximately 93,000 restricted stock units with a grant date fair value of approximately $0.97 million to company executives.

The total expense recognized for common stock awards for the three and six months ended December 31, 2021 was $0.5 million and $0.8 million, respectively, and for the three and six months ended December 31, 2020 was $0.3 million and $0.7 million, respectively.

13. COMMITMENTS AND CONTINGENCIES

LITIGATION

We are 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.

Department of Justice Subpoena

As previously reported, in the third quarter of fiscal year 2020, the Company responded to a subpoena received from the U.S. Department of Justice that sought records regarding Company activities that occurred during prior financial reporting periods, including restatements. The Company is cooperating fully with the agency's queries.

Leases

The Company has entered into various operating lease obligations. See *Note 3 - Leases* for additional information.

Purchase Commitments

As of December 31, 2021, the Company had firm commitments to purchase inventory of approximately $23 million over the next three years.

14. 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. The total expense recognized within Cost of subscription and transaction fees for the three and six months ended December 31, 2021 for these arrangements was $0.5 million and $0.8 million respectively.

See *Note 12 - Equity* for information on transactions relating to Hudson Executive.

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 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. ("Cantaloupe", "Company", "our", "us", or "we"). 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 the impact of the ongoing COVID-19 pandemic, global supply chain disruptions, and inflationary pressures;
- potential mutations of COVID-19 and the efficacy of vaccines and treatment developments and their deployment;
- failure to comply with the financial covenants in the 2021 JPMorgan Credit Facility;
- our ability to raise funds in the future through sales of securities or debt financing in order to sustain operations in the normal course of business or if an unexpected or unusual event were to occur;
- our ability to compete with our competitors and increase market share;
- whether our current or future customers purchase, lease, rent or utilize ePort devices, Seed's software solutions or our other products in the future at levels currently anticipated;
- whether our customers continue to utilize the Company's transaction processing and related services, as our customer agreements are generally cancellable by the customer on thirty to sixty days' notice;
- our ability to satisfy our trade obligations included in accounts payable and accrued expenses;
- 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 integrate acquired companies into our current products and services structure;
- our ability to retain key 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;
- our ability to operate without infringing the intellectual property rights of others;
- the ability of our products and services to avoid disruptions to our systems or unauthorized hacking or credit card fraud;
- whether we will experience material weaknesses in our internal controls over financial reporting in the future, and are not able to accurately or timely report our financial condition or results of operations;
- the ability to remain in compliance with the continued listing standards of the Nasdaq Global Select Market ("Nasdaq") and continue to remain as a member of the US Small-Cap Russell 2000®;
- whether our suppliers would increase their prices, reduce their output or change their terms of sale; and
- the risks associated with the currently pending investigation, potential litigation or possible regulatory action arising from the internal investigation conducted by the Audit Committee in fiscal year 2019 and its findings, from the failure to

timely file our periodic reports with the Securities and Exchange Commission, from the restatement of the affected financial statements, from allegations related to the registration statement for the follow-on public offering, or from potential litigation or other claims arising from these events.

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 Item 1A. “Risk Factors” in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021 and in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (“2021 Form 10-K”). 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 Form 10-Q speaks only as of the date of this Form 10-Q. 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 Form 10-Q or to reflect the occurrence of unanticipated events.

OVERVIEW OF THE COMPANY

Cantaloupe, Inc., previously known as USA Technologies, Inc., is organized under the laws of the Commonwealth of Pennsylvania. On March 29, 2021, USA Technologies, Inc. filed Articles of Amendment to its Amended and Restated Articles of Incorporation with the Pennsylvania Department of State to effect a change of the Company’s name from “USA Technologies, Inc.” to “Cantaloupe, Inc.,” effective as of April 15, 2021. On April 19, 2021, the Company’s common stock, no par value per share (the “Common Stock”), began trading on Nasdaq under the ticker symbol “CTLP” and the Company’s Series A Convertible Preferred Stock, no par value per share, began trading on the OTC Markets’ Pink Open Market under the trading symbol, “CTLPP”.

Cantaloupe is a digital payments and software services company that provides end-to-end technology solutions for the unattended retail market. We are transforming the unattended retail world by offering a solution for payments processing, as well as one that handles 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. As a result, customers ranging from vending machine companies to operators of micro-markets, car wash and electric vehicle charging stations, commercial laundry, kiosks, amusements and more, can run their businesses more proactively, predictably, and competitively.

The Company's fiscal year ends June 30. The Company generates revenue in multiple ways. During the three months ended December 31, 2021 and December 31, 2020, we derived approximately 81% and 87% respectively, from subscription and transaction fees and 19% and 13%, respectively, from equipment sales. During the six months ended December 31, 2021 and December 31, 2020, we derived approximately 84% and 88%, respectively, from subscription and transaction fees and 16% and 12%, 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 devices directly from the Company or one of its authorized resellers;
- Financing devices under the Company’s QuickStart Program, which are non-cancellable sixty-month sales-type leases, through an unrelated equipment financing company, if available, or directly from the Company; and
- Renting devices under the Company’s JumpStart Program, which are typically 36 months duration agreements and are cancellable with 30 to 60 days' written notice.

Second Quarter 2022 Highlights

Highlights of the Company for the fiscal quarter ended December 31, 2021 are below:

- 21,315 Active Customers (as defined below) and 1.1 million Active Devices on our service;
- The Company announced a partnership with HIVERY, a data-science company that specializes in Artificial Intelligence ("AI") technology to streamline category management for retailers in the consumer packaged goods industry. The partnership aims to provide the Company's Seed customers an enhanced merchandising technology leveraging AI and Machine Learning to improve vending machine performance;
- A successful rollout of the ePort Engage devices which began shipping at the beginning of the current fiscal quarter. ePort Engage series is our next generation of digital touchscreen devices for the market which provides retailers the ability to captivate consumers in new ways and enables truly frictionless purchasing;
- Direct sales teams at the national, regional, and local customer-level and a growing number of original equipment manufacturers and national distribution partners; and
- Continued promotional upgrade program for 2G and 3G devices to 4G LTE.

As of December 31, 2021, we have over 180 employees across the United States and offices in Malvern, Pennsylvania and Atlanta, Georgia.

COVID-19 Update

The Company, its employees, and its customers operate in geographic locations in which its business operations and financial performance continues to be affected by the COVID-19 pandemic. While businesses, schools and other organizations re-open, which has led to increased foot-traffic to distributed assets containing our electronic payment solutions, the emergence of new strains and variants and resurgence of the virus, such as the recent outbreak of the Omicron variant, have and may in the future lead to additional shutdowns and closures that impact our operations and financial results. Such impacts to our financial statements include, but not limited to, the impairment of goodwill and intangible assets, impairment of long-lived assets including operating lease assets, property and equipment and allowance for doubtful accounts for accounts and finance receivables. We have concluded that there are no material impairments as a result of our evaluation. Where applicable, we have incorporated judgments and estimates of the expected impact of COVID-19 in the preparation of the financial statements based on information currently available. These judgments and estimates may change, as new events develop and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known.

While we are encouraged by our strong operating and financial results, we continue to monitor the evolving situation and follow guidance from federal, state and local public health authorities. Given the potential uncertainty of the situation, the Company cannot, at this time, reasonably estimate the longer-term repercussions of COVID-19 on our financial condition, results of operations or cash flows.

QUARTERLY RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements and related notes included in this Form 10-Q. Certain prior years' amounts have been made to conform to the current year's presentation. The changes in presentation did not affect our total revenues, total costs of sales, gross profit, total operating expenses, operating loss, net loss or net loss per common share. For further information on the presentation changes, see *Item 1. Financial Statements — Note 2. Summary of Significant Accounting Policies*.

The following table shows certain financial and non-financial data that management believes give readers insight into certain trends and relationships about the Company's financial performance. We believe the metrics (Active Devices, Active Customers, Total Number of Transactions and Total Dollar Volume) are useful in allowing management and readers to evaluate our strategy of driving growth in devices and transactions.

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. 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 monitor recovery from the COVID-19 pandemic and to evaluate the effectiveness of our new customer strategy and our ability to leverage existing customers and partners.

	As of and for the three months ended				
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Devices:					
Active Devices (thousands)	1,123	1,115	1,094	1,085	1,083
Customers:					
Active Customers	21,315	20,738	19,834	18,763	18,304
Volumes:					
Total Number of Transactions (millions)	261.7	257.9	241.6	213.4	211.8
Total Dollar Volume of Transactions (millions)	555.3	553.4	515.0	412.7	422.6

Highlights for the quarter ended December 31, 2021 include:

- 1.12 million Active Devices compared to the same quarter last year of 1.08 million, an increase of approximately 39 thousand Active Devices, or 4%;
- 21,315 Active Customers on our service compared to the same quarter last year of 18,304, an increase of 3,011 Active Customers, or 16%; and
- Total Dollar Volumes for the quarter ended December 31, 2021 continue to remain strong and consistent with the quarter ended September 30, 2021 and 31% higher compared to the average processing volumes for the quarter ended December 31, 2020. See "Revenue and Gross Profit" in Management's Discussion and Analysis of Financial Condition and Results of Operations above for additional information.

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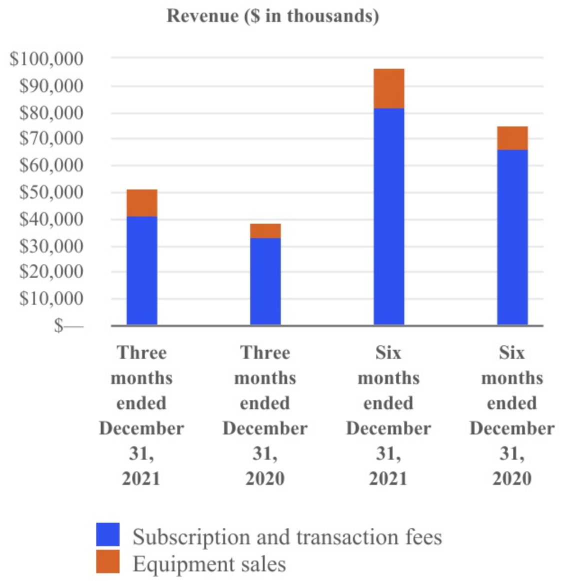
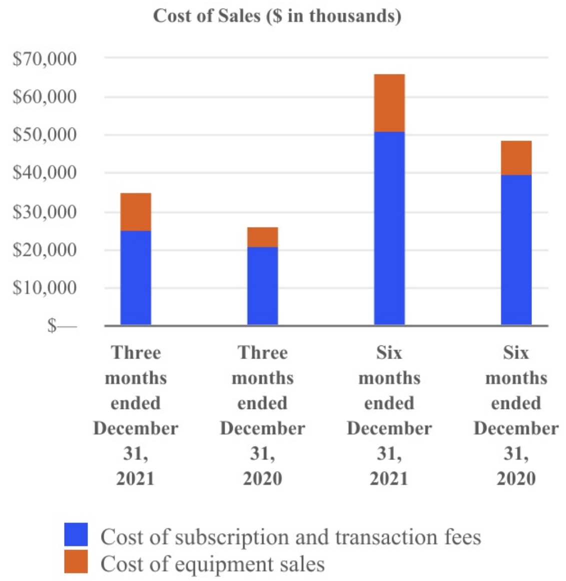
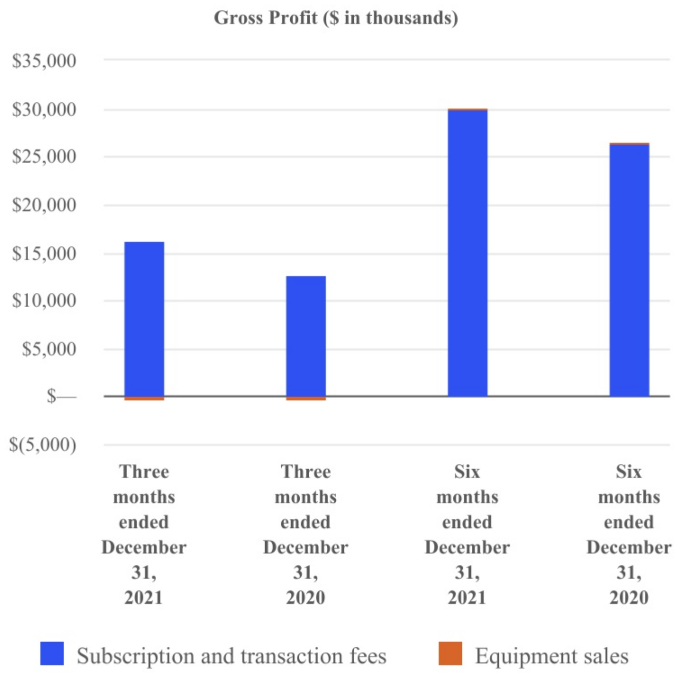
FINANCIAL HIGHLIGHTS

The following tables summarize our results of operations and significant changes in our financial performance for the periods presented:







Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020

Revenues and Gross Profit

($ in thousands)	Three months ended December 31, 2021	Three months ended December 31, 2020	Percent Change
Revenues:			
Subscription and transaction fees	$ 41,188	$ 33,214	24.0 %
Equipment sales	9,903	5,071	95.3 %
Total revenues	51,091	38,285	33.4 %
Costs of sales:			
Cost of subscription and transaction fees	24,919	20,617	20.9 %
Cost of equipment sales	10,182	5,367	89.7 %
Total costs of sales	35,101	25,984	35.1 %
Gross profit:			
Subscription and transaction fees	16,269	12,597	29.1 %
Equipment sales	(279)	(296)	(5.7)%
Total gross profit	$ 15,990	$ 12,301	30.0 %
Gross margin:			
Subscription and transaction fees	39.5 %	37.9 %	
Equipment sales	(2.8)%	(5.8)%	
Total gross margin	31.3 %	32.1 %	

Revenues. Total revenues increased by $12.8 million for the three months ended December 31, 2021 compared to the same period in 2020. The increase in revenues is attributed to a $8.0 million and $4.8 million increase in subscription and transaction fees and equipment sales, respectively.

The increase in subscription and transaction fees is primarily driven by increased processing volumes, with an approximately 31% increase in total dollar volumes for the current fiscal year quarter relative to the prior year quarter. We are currently exceeding pre-pandemic (COVID-19) levels of processing volumes. We continue to benefit from a broader macroeconomic recovery across the United States and as businesses, schools and other organizations across the country continue to maintain normal levels of operations. Increase in revenues is also attributed to continued focus of management to grow our Seed services to our customer base and a slight increase in the Active Devices count compared to the same period last year.

The increase in equipment sales relates to more equipment shipments in the current quarter compared to the same period last year driven by customers focused on liquidity during fiscal year 2021 due to the pandemic, with many committing to 4G device upgrades but holding off delivery until closer to the discontinuation of 3G network support in 2022. We expect equipment revenue to continue increasing through the 3G network discontinuation date in North America through the end of the 2022 calendar year.

Cost of sales. Cost of sales increased $9.1 million for the three months ended December 31, 2021 compared to the same period in 2020. The increase in cost of sales is attributed to a $4.3 million and $4.8 million increase in subscription and transaction costs and equipment costs respectively. The increase in cost of sales was primarily driven by an increase in transaction processing fees and equipment sales corresponding with an increase in processing volumes and equipment sales respectively.

Gross margin. Total gross margin decreased from 32.1% for the three months ended December 31, 2020 to 31.3% for the three months ended December 31, 2021. The decrease in gross margin was primarily as a result of a change in revenue mix of higher transaction fees during the current quarter offset slightly by an increase in the gross margin on equipment sales driven by the rollout of the ePort Engage devices which are priced more competitively relative to the equipment sales in the same period last year.

Operating Expenses

Category ($ in thousands)	Three months ended December 31, 2021	2020	Percent Change
Sales and marketing	$ 1,745	$ 1,520	14.8 %
Technology and product development	5,780	3,783	52.8 %
General and administrative expenses	7,672	8,528	(10.0)%
Depreciation and amortization	1,113	1,052	5.8 %
Total operating expenses	$ 16,310	$ 14,883	9.6 %

Total operating expenses. Operating expenses increased by $1.4 million for the three months ended December 31, 2021 compared to the same period in 2020. This change is attributed primarily to an increase of $2.0 million in technology and product development expenses and a $0.9 million decrease in general and administrative expenses. The change in total operating expenses reflects the Company's overall objectives to reduce general and administrative expenses and utilizing savings to invest in innovative technologies and products and increase marketing spend to penetrate new and existing customers with our products and services. See further details on individual categories below.

Sales and marketing. Sales and marketing expenses were consistent for the three months ended December 31, 2021 and December 31, 2020.

Technology and product development. Technology and product development expenses increased approximately $2.0 million for the three months ended December 31, 2021, as compared to the same period in 2020. The increase was driven primarily by the Company's objectives of investing in innovative technologies and to further strengthen our network environment and platform through utilizing a combination of company personnel and external consultants.

General and administrative expenses. General and administrative expenses decreased approximately $0.9 million for the three months ended December 31, 2021, as compared to the same period in 2020. The decrease in general and administrative expenses was primarily driven by a $0.6 million decrease in professional fees due to reduced reliance on external consultants who previously supported the Company’s accounting, financial reporting and legal functions.

Depreciation and amortization. Depreciation and amortization expenses were consistent for the three months ended December 31, 2021 and December 31, 2020.

Other Income (Expense), Net

($ in thousands)	Three months ended December 31, 2021	2020	Percent Change
Other income (expense):			
Interest income	$ 445	$ 325	36.9 %
Interest expense	(475)	(596)	(20.3)%
Other income (expense)	(16)	—	(100.0)%
Total other income (expense), net	$ (46)	$ (271)	83.0 %

Other income (expense), net. Other income (expense), net increased $0.2 million for the three months ended December 31, 2021 as compared to the same period in 2020. The increase in interest income was driven by a larger finance receivables amount on our balance sheet as of December 31, 2021 compared to December 31, 2020. The decrease in interest expense is primarily attributable to an amendment to the 2021 JPMorgan Credit Facility in March 2021 which lowered the interest rate on our outstanding debt.

Six Months Ended December 31, 2021 Compared to Six Months Ended December 31, 2020

Revenues and Gross Profit

($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020	Percent Change
Revenues:			
Subscription and transaction fees	$ 81,812	$ 66,322	23.4 %
Equipment sales	15,059	8,840	70.4 %
Total revenues	96,871	75,162	28.9 %
Costs of sales:			
Cost of subscription and transaction fees	50,944	39,953	27.5 %
Cost of equipment sales	15,062	8,668	73.8 %
Total costs of sales	66,006	48,621	35.8 %
Gross profit:			
Subscription and transaction fees	30,868	26,369	17.1 %
Equipment sales	(3)	172	(101.7)%
Total gross profit	$ 30,865	$ 26,541	16.3 %
Gross margin:			
Subscription and transaction fees	37.7 %	39.8 %	
Equipment sales	(0.02)%	1.9 %	
Total gross margin	31.9 %	35.3 %	

Revenues. Total revenues increased by $21.7 million for the six months ended December 31, 2021 compared to the same period in 2020. The increase in revenues is attributed to a $15.5 million and $6.2 million increase in subscription and transaction fees and equipment sales, respectively.

The increase in subscription and transaction fees is primarily driven by increased processing volumes, with an approximately 34% increase in total dollar volumes for the six months ended December 31, 2021 compared to the same period in 2020. We are currently exceeding pre-pandemic (COVID-19) levels of processing volumes. We continue to benefit from a broader macroeconomic recovery across the United States and as businesses, schools and other organizations across the country continue to maintain normal levels of operations. Increase in revenues is also attributed to continued focus of management to grow our Seed services to our customer base and an increase in the Active Devices count compared to the same period last year.

The increase in equipment sales relates to more equipment shipments in the current quarter compared to same period last year driven by customers focused on liquidity during fiscal year 2021 due to the pandemic with many committing to 4G device upgrades but holding off on delivery until closer to the discontinuation of 3G network support in 2022. We expect equipment revenue to continue increasing through the 3G network discontinuation date in North America through the end of the 2022 calendar year.

Cost of sales. Cost of sales increased $17.4 million for the six months ended December 31, 2021 compared to the same period in 2020. The increase in cost of sales is attributed to a $11.0 million and $6.4 million increase in subscription and transaction costs and equipment costs respectively. The increase in cost of sales was primarily driven by an increase in transaction processing fees and equipment sales corresponding with an increase in processing volumes and equipment sales respectively.

Gross margin. Total gross margin decreased from 35.3% for the six months ended December 31, 2020 to 31.9% for the six months ended December 31, 2021. The decrease in gross margin was primarily as a result of a change in revenue mix of higher transaction fees during the current year and an out of period adjustment of $0.8 million recorded as a reduction of equipment costs in the prior period.

Operating Expenses

Category ($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020	Percent Change
Sales and marketing	$ 4,084	$ 3,119	30.9 %
Technology and product development	11,169	6,997	59.6 %
General and administrative expenses	14,936	20,525	(27.2)%
Depreciation and amortization	2,135	2,120	0.7 %
Total operating expenses	$ 32,324	$ 32,761	(1.3)%

Total operating expenses. Operating expenses as a whole remained consistent for the six months ended December 31, 2021 compared to the same period in 2020. The decrease of $0.4 million is attributed to a decrease of $5.6 million in general and administrative expenses, offset by a $4.2 million increase in technology and product development expenses and a $1.0 million increase in sales and marketing costs. The change in total operating expenses reflects the Company's overall objectives to reduce general and administrative expenses and utilizing savings to invest in innovative technologies and products and increase marketing spend to penetrate new and existing customers with our products and services. See further details on individual categories below.

Sales and marketing. Sales and marketing expenses increased approximately $1.0 million for the six months ended December 31, 2021, as compared to the same period in 2020 and relates primarily to higher sales and marketing employee headcount in the current year to support our expanding business and service offerings in the United States and internationally.

Technology and product development. Technology and product development expenses increased approximately $4.2 million for the six months ended December 31, 2021, as compared to the same period in 2020. The increase was driven primarily by the Company's objectives of investing in innovative technologies and to further strengthen our network environment and platform through utilizing a combination of company personnel and external consultants.

General and administrative expenses. General and administrative expenses decreased approximately $5.6 million for the six months ended December 31, 2021, as compared to the same period in 2020. The decrease in general and administrative expenses was primarily driven by a $2.9 million decrease in professional fees due to reduced reliance on external consultants who previously supported the Company’s accounting, financial reporting and legal functions and a $1.8 million change relating to the network incident in the prior year, which is described below.

During the six months ended December 31, 2020, the Company experienced a network incident on its transaction processing platform. The Company incurred $1.1 million of non-recurring costs relating to the outage that were included in general and administrative expenses in the prior period and were not included in the current quarter. The Company filed a claim with its insurance provider for the outage related expenses and recovered $0.7 million in the current year which was recorded as a reduction of general and administrative expenses for the current year.

Depreciation and amortization. Depreciation and amortization expenses were consistent for the six months ended December 31, 2021 and December 31, 2020.

Other Income (Expense), Net

($ in thousands)	Six months ended December 31, 2021	Six months ended December 31, 2020	Percent Change
Other income (expense):			
Interest income	$ 918	$ 675	36.0 %
Interest expense	(953)	(3,881)	(75.4)%
Other income (expense)	(75)	—	(100.0)%
Total other income (expense), net	$ (110)	$ (3,206)	96.6 %

Other income (expense), net. Other income (expense), net increased $3.1 million for the six months ended December 31, 2021 as compared to the same period in 2020. The higher interest expense for the six months ended December 31, 2020 was primarily related to the recognition of the remaining balance of unamortized debt issuance costs and debt discount associated with the senior secured term loan facility with Antara Capital Master Fund LP of $2.6 million into interest expense, when the Antara Term Facility was fully paid and terminated.

Non-GAAP Financial Measures - Adjusted EBITDA

Adjusted earnings before income taxes, depreciation, and amortization (“Adjusted EBITDA”) is a non-GAAP financial measure which is not required by or defined under GAAP. We use this non-GAAP financial measure for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that this non-GAAP financial measure provides useful information about our operating results, enhances the overall understanding of past financial performance and future prospects and allows for greater transparency with respect to metrics used by our management in its financial and operational decision making. The presentation of this financial measure is not intended to be considered in isolation or as a substitute for the financial measures prepared and presented in accordance with GAAP, including our net income or net loss or net cash used in operating activities. Management recognizes that non-GAAP financial measures have limitations in that they do not reflect all of the items associated with our net income or net loss as determined in accordance with GAAP, and are not a substitute for or a measure of our profitability or net earnings. Adjusted EBITDA is presented because we believe it is useful to investors as a measure of comparative operating performance. Additionally, we utilize Adjusted EBITDA as a metric in our executive officer and management incentive compensation plans.

We define Adjusted EBITDA as U.S. GAAP net loss before (i) interest income, (ii) interest expense on debt and reserves, (iii) income tax expense, (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.

Below is a reconciliation of U.S. GAAP net loss to Adjusted EBITDA:

	Three months ended December 31,	
($ in thousands)	**2021**	**2020**
U.S. GAAP net loss	$ (468)	$ (2,902)
Less: interest income	(445)	(325)
Plus: interest expense	475	596
Plus: income tax provision	102	49
Plus: depreciation expense included in costs of sales for rentals	254	515
Plus: depreciation and amortization expense in operating expenses	1,113	1,052
EBITDA	1,031	(1,015)
Plus: stock-based compensation [(a)]	1,368	1,640
Plus: asset impairment charge [(b)]	—	333
Adjustments to EBITDA	1,368	1,973
Adjusted EBITDA	$ 2,399	$ 958

(a) As an adjustment to EBITDA, we have excluded stock-based compensation, as it does not reflect our cash-based operations.
(b) As an adjustment to EBITDA, we have excluded the non-cash impairment charges related to long-lived operating lease assets because we believe that these do not represent charges that are related to our core operations.

	Six months ended December 31,	
($ in thousands)	**2021**	**2020**
U.S. GAAP net loss	$ (1,760)	$ (9,515)
Less: interest income	(918)	(675)
Plus: interest expense	953	3,881
Plus: income tax provision	191	89
Plus: depreciation expense included in costs of sales for rentals	518	1,054
Plus: depreciation and amortization expense in operating expenses	2,135	2,120
EBITDA	1,119	(3,046)
Plus: stock-based compensation [(a)]	3,129	3,149
Plus: asset impairment charge [(b)]	—	333
Adjustments to EBITDA	3,129	3,482
Adjusted EBITDA	$ 4,248	$ 436

(a) As an adjustment to EBITDA, we have excluded stock-based compensation, as it does not reflect our cash-based operations.
(b) As an adjustment to EBITDA, we have excluded the non-cash impairment charges related to long-lived operating lease assets because we believe that these do not represent charges that are related to our core operations.

LIQUIDITY AND CAPITAL RESOURCES

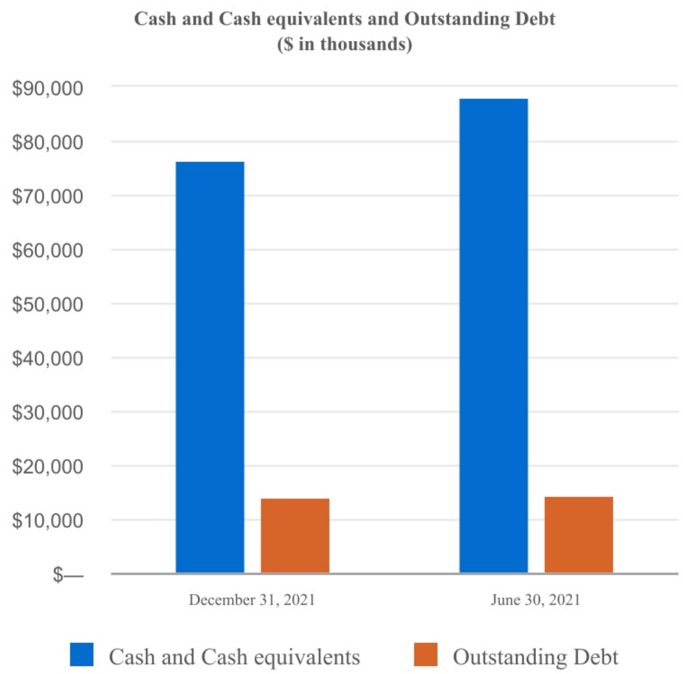
Sources and Uses of Cash

Historically, we have financed our operations primarily through cash from operating activities, debt financings, and equity issuances. The Company has the following primary sources of capital available: (1) cash and cash equivalents on hand of $76.3 million as of December 31, 2021; (2) the cash that may be provided by operating activities; and (3) up to $5 million available to be drawn on the 2021 JPMorgan Revolving Facility.

The Company also has estimated and recorded for potential sales tax and related interest and penalty liabilities of $17.6 million in the aggregate as of December 31, 2021. The Company continues to evaluate these liabilities and the amount and timing of any such payments.

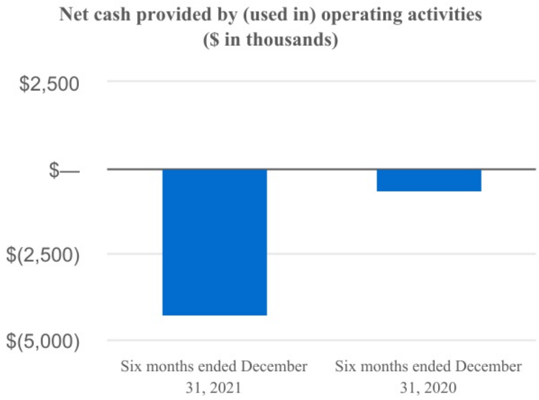
The Company believes that its current financial resources will be sufficient to fund its current twelve-month operating budget from the date of issuance of these condensed consolidated financial statements.

Below are charts that reflect our cash liquidity and outstanding debt as of December 31, 2021 and June 30, 2021:



Cash Flows

See Condensed Consolidated Statement of Cash Flows in Part I, Item 1 of this Quarterly Report for details on the changes in cash and cash equivalents classified by operating, investing and financing activities during our respective reporting periods.



Net cash provided by (used in) operating activities

For the six months ended December 31, 2021, net cash used by operating activities was $4.2 million which reflects our net loss of $1.8 million, $10.1 million of cash utilized by working capital accounts, partially offset by non-cash operating charges of $7.6 million. The change in working capital accounts is primarily driven by cash used of $7 million to increase our inventory on hand, reduction of accounts payable and accrued expenses of approximately $4.6 million offset by cash provided by a reduction of accounts receivable of $1.4 million in the period. The increase in inventory is a result of the Company planning ahead for customers who are continuing to upgrade 3G devices to 4G as the 3G network sunset date approaches in 2022 and purchases for our new ePort Engage devices. Cash used in accrued expenses of $4.6 million is primarily attributable to the reduction of trade accounts payable. Cash used in working capital is offset by the decrease in accounts receivable of $1.4 million as payments for the increased equipment sales generated during the quarter ended June 30, 2021 were received. 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, 2020, net cash used by operating activities was $0.7 million which reflects our net loss of $9.5 million, $3.1 million of cash utilized by working capital accounts, partially offset by non-cash operating charges of $12.0 million. Non-cash operating charges primarily consisted of the recognition of $2.7 million in unamortized issuance costs and debt discount related to the repayment of the 2020 Antara Term Facility, $3.1 million in stock-based compensation, and depreciation and amortization expenses of $3.2 million.

Net cash used in investing activities

Net cash used in investing activities was $7.3 million for the six months ended December 31, 2021. Increase in cash used is due to the cash paid for the Yoke acquisition of $2.9 million and $4.4 million for increased property and equipment balances driven primarily by the Company's continued focus on investing in innovative technologies and products.

Net cash used in investing activities was $1.0 million for the six months ended December 31, 2020 which was primarily used to increase property and equipment.

Net cash used in financing activities

Net cash used in financing activities was $0.3 million for the six months ended December 31, 2021 which was primarily due to $0.4 million in repayments on outstanding debt mostly attributable to the 2021 JPMorgan Credit Facility.

Net cash used in financing activities was $1.9 million for the six months ended December 31, 2020. During the period, the Company refinanced its debt agreements and paid $1.2 million as a prepayment penalty and commitment termination fee to Antara as part of the repayment of the 2020 Antara Term Facility and paid $0.5 million of debt issuance costs as a result of entering into the 2021 JPMorgan Credit Facility.

CONTRACTUAL OBLIGATIONS

During the six months ended December 31, 2021, 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 on Form 10-K for the fiscal year ended June 30, 2021.

CRITICAL ACCOUNTING POLICIES

During the six months ended December 31, 2021, there were no significant changes to our critical accounting policies from those disclosed in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

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.

For quantitative and qualitative disclosures about market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021. Our exposures to market risk have not changed materially since June 30, 2021.

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 are effective as of December 31, 2021.

(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, 2021 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 13 – Commitments and Contingencies* in Part I, Item 1, of this Quarterly Report on Form 10-Q.

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 Form 10-K for the fiscal year ended June 30, 2021 and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.

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

N/A

Item 3. Defaults Upon Senior Securities.

There were no defaults on any senior securities. The total liquidation preference including accrued and unpaid dividends on our Series A Convertible Preferred Stock as of December 31, 2021 was $21.8 million. The dividend accrual dates for our Preferred Stock are February 1 and August 1. The annual cumulative dividend on our Preferred Stock is $1.50 per share.

Item 4. Mine Safety Disclosures.

N/A.

Item 5. Other Information.

N/A.

Item 6. Exhibits.

Exhibit Number	Description
3.1*	Amended and Restated Articles of Incorporation.
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to Form 8-K filed on August 10, 2021)
31.1*	Certifications of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certifications of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1**	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.
32.2**	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.
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended December 31, 2021, filed with the SEC on February 4, 2022, is formatted in Inline Extensible Business Reporting Language ("iXBRL"): (1) the Condensed Consolidated Balance Sheets as of December 31, 2021 and June 30, 2021, (2) the Condensed Consolidated Statements of Operations for the three-month and six-month periods ended December 31, 2021 and 2020, (3) the Condensed Consolidated Statements of Shareholders' Equity for the three-month and six-month periods ended December 31, 2021 and 2020, (4) the Condensed Consolidated Statements of Cash Flows for the six-month periods ended December 30, 2021 and 2020, and (5) the Notes to 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, 2021, filed with the SEC on February 4, 2022, is formatted as Inline iXBRL 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 4, 2022	/s/ Sean Feeney
	Sean Feeney Chief Executive Officer
Date: February 4, 2022	/s/ R. Wayne Jackson
	R. Wayne Jackson Chief Financial Officer

CANTALOUPE, INC.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION,
AS AMENDED THROUGH APRIL 15, 2021

1. The name of the corporation is CANTALOUPE, INC.

2. The address of the corporation's current registered office in the Commonwealth is 100 Deerfield Lane, Suite 140, Malvern, PA 19355, Montgomery County.

3. The corporation is incorporated under the Business Corporation Law of 1988.

4. Capital Stock.

(A) Classes of Stock. The aggregate number of shares which the corporation shall have authority to issue is 641,800,000 shares, consisting of 640,000,000 shares of Common Stock, without par value, and 1,800,000 shares of Series Preferred Stock, without par value.

(B) Rights, Preferences and Restrictions of Series Preferred Stock. The Series Preferred Stock authorized by these Articles may be issued from time to time in one or more series. The Board of Directors of the corporation shall have the full authority permitted by law to establish one or more series and the number of shares constituting each such series and to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of any series of the Series Preferred Stock that may be desired. Excluding the Series A Preferred Stock referred to hereinafter and subject to the limitation on the total number of shares of Series Preferred Stock which the corporation has authority to issue hereunder, the Board of Directors is also authorized to increase or decrease the number of shares of any series, subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

(C) Designation of Series A Convertible Preferred Stock. There is hereby established a series of the Series Preferred Stock designated "Series A Convertible Preferred Stock" (herein referred to as "Series A Preferred Stock"), consisting of 900,000 shares, having the relative rights, designations, preferences, qualifications, privileges, limitations, and restrictions applicable thereto as follows:

1. Dividend Provisions.

(a) The holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock of this corporation) on the Common Stock of this corporation, at the rate of $1.50 per share per annum, payable when, as and if declared by the Board of Directors. Such dividends shall be cumulative, but accumulations of dividends shall not bear interest.

(b) No deposit, payment, or distribution of any kind shall be made in or to any purchase or redemption requirement applicable to any class or series of junior shares unless all accumulations of dividends earned on the Series A Preferred Stock as of the last day of the most recently ended year shall have been paid. So long as any Series A Preferred Stock shall remain outstanding, no dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock of this corporation) or other distribution (except in junior shares) shall be paid or made on the Common Stock of the corporation or on other junior shares of the corporation and no share of Common Stock or other junior shares shall be purchased or otherwise acquired by the corporation or any subsidiary of the corporation other than upon exercise of the corporation's rights under any restricted stock purchase agreement or by exchange therefor of junior shares or out of the proceeds of the substantially concurrent sale of junior shares, unless (whether or not there shall be funds legally available therefor) all accumulations of dividends earned on the Series A Preferred Stock as of the last day of the most recently ended year shall have been paid. The term "junior shares" shall mean any class or series of stock junior to the Series A Preferred Stock as to dividends and the distribution of assets upon liquidation, dissolution, bankruptcy, reorganization or other insolvency proceeding, and upon the winding up of the corporation.

Subject to the above limitations, dividends may be paid on the Common Stock or any other junior shares out of any funds legally available for such purpose when and as declared by the Board of Directors.

Notwithstanding anything set forth to the contrary in this subsection (b), the corporation shall have the right to purchase, redeem, or otherwise acquire shares of Common Stock of the corporation from time to time regardless of whether or not all accumulations of dividends earned on the Series A Preferred Stock as of the last day of the most recently ended year shall have been paid.

2. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the corporation, either voluntary or involuntary, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of this corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the sum of (i) $10.00 for each outstanding share of Series A Preferred Stock and (ii) all accumulations of unpaid dividends on each, share of Series A Preferred Stock (such amount being referred to herein as the "Premium"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the amount of such stock owned by each such holder.

(b) After the distribution described in subsection (a) has been paid, and subject to any distributions to be made to any holders of junior shares, the remaining assets of the corporation available for distribution to shareholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each such holder.

(c) A consolidation or merger of this corporation with or into any other corporation or corporations, or a sale, conveyance or disposition of all or substantially all of the assets of this corporation or the effectuation by the corporation of a transaction or series of related transactions in which more than 50% of the voting power of the corporation is disposed of, shall be deemed to be a liquidation, dissolution or winding up within the meaning of this Section 2, if the holders of at least 60% of the outstanding Series A Preferred Stock elect to have such transaction treated as a liquidation.

3. Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows:

(a) Conversion Rights.

(i) Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this corporation or any transfer agent for the Series A Preferred Stock, into such number of fully paid and no assessable shares of Common Stock as is determined by dividing $1.00 (provided, however, that such number shall be $1.20 rather than $1.00 for each share of Series A Preferred Stock converted into shares of Common Stock during the period of time from March 24, 1997 through December 31, 1997) by the Conversion Price at the time in effect for such share. The initial Conversion Price per share for shares of Series A Preferred Stock shall be $.10; provided, however, that the Conversion Price for the Series A Preferred Stock (the "Conversion Price") shall be subject to adjustment as set forth in Subsection 3(c).

(ii) Upon conversion of any Series A Preferred Stock, any accrued but unpaid dividends on such Series A Preferred Stock may at the option of the holder of such Series A Preferred Stock be converted into fully paid and nonassessable shares of Common Stock at the price of $1.00 per share of Common Stock; provided, however, that during the period of time from March 24, 1997 through December 31, 1997, the price shall be $.83 for each share of Common Stock. The price at which shares of Common Stock may be acquired pursuant to this subparagraph (ii) shall be appropriately increased or decreased from time to time to reflect any split, subdivision or combination of the issues and outstanding Common Stock as the case may be.

(b) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice by mail, postage prepaid, to the corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of whole shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date, If the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act of 1933, the conversion may at the option of any holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriter of the sale of the securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of the sale of such securities.

(c) Conversion Price Adjustments of Preferred Stock. The Conversion Price shall, be subject to adjustment from time to time as follows:

(i) (A) If the corporation shall issue any Additional Stock (as defined below) for a consideration per share less than the Conversion Price in effect immediately prior to the issuance of such Additional Stock, the Conversion Price in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price for such series determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the corporation for all such Additional Stock so issued would purchase at such Conversion Price in effect immediately prior to the issuance of such Additional Stock, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of such Additional Stock; provided that, for the purpose of this subsection 3(c)(1)(A), all shares of Common Stock (except as otherwise provided in this clause (i)) issuable upon conversion of all outstanding shares of Series A Preferred Stock shall be deemed to be outstanding, and immediately after any shares of Additional Stock are deemed to be issued pursuant to subsection 3(c)(i)(E), Such shares of Additional Stock shall be deemed to be outstanding.

(B) No adjustment of the Conversion Price for the Series A Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments which are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to 3 years from the date of the event giving rise to the adjustment being carried forward, or, if no such adjustment is made, shall be made at the end of 3 years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in subsections (E)(3) and (E)(4), no adjustment of such Conversion Price pursuant to this subsection 3(c)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as reasonably determined by the Board of Directors, irrespective of any accounting treatment.

(E) In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities (which are not excluded from the definition of Additional Stock), the following provisions shall apply:

1. The aggregate maximum number of shares of Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 3(c)(i)(C) and(c)(i)(D)), if any, received by the corporation upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common Stock covered thereby.

2. The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the corporation for any such securities and related options or rights (excluding any cash received on account of

accrued interest or accrued dividends), plus the additional consideration, if any, to be received by the corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 3(c)(i)(C) and (c)(i)(D).

3. In the event of any change in the number of shares of Common Stock deliverable or any increase in the consideration payable to the corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Conversion Price of the Series A Preferred Stock obtained with respect to the adjustment which was made upon the issuance of such options, rights or securities, and any subsequent adjustments based thereon, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

4. Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to Such convertible or exchangeable securities, the Conversion Price of the Series A Preferred Stock obtained with respect to the adjustment which was made upon the issuance of such options, rights or securities or options or rights related to such securities, and any subsequent adjustments based thereon, shall be recomputed to reflect the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(ii) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection (3)(c)(i)(E)) by this corporation after October 1, 1992 (the "Purchase Date") other than

(A) Common Stock issued pursuant to a transaction described in subsection 3(c)(iii) hereof,

(B) shares of Common Stock issuable or issued (or deemed to have been issued pursuant to subsection 3(c)(i)(E)) after the Purchase Date to employees, officers, directors, or consultants of this corporation directly or pursuant to a stock option plan or restricted stock plan approved by the shareholders and directors of this corporation, or

(C) Common Stock issued or issuable upon conversion of the Series A Preferred Stock.

(iii) In the event the corporation should at any time or from time to time after the Purchase Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of common stock or the determination of holders of common stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of common stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of outstanding shares determined in accordance with subsection 3(c)(i)(E).

(iv) If the number of shares of common stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then following the record date of such combination, the Conversion Price for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(c) Other Distributions. In the event the corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 3(c)(1), then, in each such case for the purpose of this subsection 3(d), the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the corporation into which their shares of Series A Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the corporation entitled to receive such distribution.

(d) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 3) provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property of the corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of this Section 3 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(e) No Impairment. The corporation will not, by amendment of its Articles or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the corporation, but will at all times, in good faith assist in the carrying out of all the provisions of this Section 3 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock against impairment.

(f) No Fractional Shares; Certificate as to Adjustments.

(i) No fractional shares shall be issued upon conversion of the Series A Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to this Section 3, the corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment, or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price at the time in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock.

(g) Notices of Record Date. In the event of any taking by the corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock or any class of any other securities or property, or to receive any other right, this corporation shall mail to each holder of Series A Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(h) Reservation of Stock Issuable Upon Conversion. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

(i) Notices. Any notice required by the provisions of this Section 3 to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each, holder of record at his address appearing on the books of this corporation.

4. Voting Rights. The holder of each share of Series A Preferred Stock shall have the right to one vote for each share of Common Stock into which such Series A Preferred Stock could then be converted (with any fractional share determined on an aggregate conversion basis being rounded to the nearest whole share), and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting in accordance, with the by-laws of this corporation, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote.

5. Status of Converted Stock. In the event any shares of Series A Preferred Stock shall be converted pursuant to Section 3 hereof, the shares so converted shall be cancelled and shall not be reissuable by the corporation, and the Articles of this corporation shall be appropriately amended to affect the corresponding reduction in the corporation's authorized capital stock.

6. Optional Redemption. The Series A Preferred Stock may be called for redemption and redeemed at the option of the corporation by resolution of the Board of Directors, in whole at any time or in part at any time or from time to time, but in no event earlier than January 1, 1998, upon notice given to the record holders of any such shares, by the payment therefor of $11.00 per share of such Series A Preferred Stock, plus an amount equal to the

accrued and unpaid cumulative dividends thereon to the date fixed by the Board of Directors as the redemption date. The record holders of any such shares to be redeemed pursuant to this subsection (C)6 may convert, each such share (as well as any accrued and unpaid cumulative dividends thereon) pursuant to subsection (C)3 Conversion of Article 4 of the Articles of Incorporation at any time prior to the date of such redemption.

(D) Common Stock.

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Subject to the prior rights of holders of, all classes of stock at the time outstanding having prior rights as to liquidation, upon the liquidation, dissolution or winding up of the corporation, the assets of the corporation shall be distributed to the holders of Common Stock.

3. Redemption. The Common Stock is not redeemable.

4. Voting Rights. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any shareholders' meeting in accordance with the by-laws of this corporation, and shall be entitled to vote upon such other matters and in such manner as may be provided by law.

(E) Uncertificated Shares. Any or all classes and series of shares of the corporation, or any part thereof, may be represented by uncertificated shares, except that the foregoing shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required by applicable law to be set forth or stated on certificates. Except as otherwise expressly provided by law, the rights and obligations of the holders of shares represented by certificates and the rights and obligations of the holders of uncertificated shares of the same class and series shall be identical.

5. The date of its incorporation is January 16, 1992.

6. The shareholders of the corporation shall not have the right to cumulate their votes for the election of the directors of the corporation.

7. The following provisions of the Pennsylvania Business Corporation Law shall not apply to the corporation (in the case of clause (b) from and after the date that is 18 months following the 2020 annual meeting of shareholders [corresponding to November 21, 2021]):

(A) Subchapter 25E, "Control Transactions";

(B) Subchapter 25F, "Business Combinations."

Exhibit 31.1

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

I, Sean Feeney, 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 4, 2022

/s/ Sean Feeney
Sean Feeney
Chief Executive Officer

Exhibit 31.2

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

I, R. Wayne Jackson, 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 4, 2022

/s/ R. Wayne Jackson
R. Wayne Jackson
Chief Financial Officer

Exhibit 32.1

**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, 2021 (the “Report”), I, Sean Feeney, 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 4, 2022	/s/ Sean Feeney
	Sean Feeney
	Chief Executive Officer

Exhibit 32.2

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, 2021 (the “Report”), I, R. Wayne Jackson, 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 4, 2022	/s/ R. Wayne Jackson
	R. Wayne Jackson
	Chief Financial Officer