

**ANALYSIS OF AGREEMENT CONTAINING
CONSENT ORDER TO AID PUBLIC COMMENT**

*In the Matter of Providence Equity Partners L.L.C. and Cantaloupe, Inc.
File No. 2510100*

I. Introduction

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an Agreement Containing Consent Order (“Consent Agreement”) with Garage Topco LP, PEP VIII Intermediate 7 L.P., and 365 Retail Markets, LLC. (collectively “365”) and Cantaloupe, Inc. (“Cantaloupe”). The proposed Consent Agreement is intended to remedy the anticompetitive effects that likely would result from 365’s proposed acquisition of Cantaloupe (the “Proposed Transaction”).

The Commission alleges in its Complaint that the Proposed Transaction, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, by lessening competition in the U.S. market for micromarket kiosks and related software and services. Separately, the Proposed Transaction may provide the merged entity with the ability and incentive to inhibit necessary interoperability between different products and services offered by its competitors in unattended foodservice retail.

The Consent Agreement will remedy the alleged violations by preserving the competition that would otherwise be eliminated by the Proposed Transaction. Specifically, under the terms of the Consent Agreement, 365 is required to divest the U.S. assets related to Cantaloupe’s Three Square Market business, which Cantaloupe obtained through its recent acquisition of Three Square Market, Inc. (“Three Square Market”). Additionally, the Consent Agreement requires 365 to offer customers and third parties integrations with its software and hardware on reasonable and non-discriminatory terms under specific circumstances.

II. The Parties and the Proposed Transaction

A. 365

365 is the largest provider of micromarket kiosks in the United States. 365 is also a vertically integrated provider, selling not only hardware kiosks and credit card terminals, but back-end software that assists foodservice operators in inventory, pricing, and fulfillment across their foodservice locations.

B. Cantaloupe

USA Technologies was founded in 1992 and rebranded as Cantaloupe in 2021. Cantaloupe is a leader in credit card point-of-sale readers (“card readers”), which can be affixed to vending machines, or other devices, such as amusement rides, to effectuate credit card payments on these devices. Following its acquisition of Three Square Market in December 2022, Cantaloupe is the second largest provider of micromarket kiosks in the United States.

C. The Proposed Transaction

Pursuant to an Agreement and Plan of Merger executed on June 15, 2025, 365 plans to acquire the voting securities of Cantaloupe in an all cash-transaction valued at approximately \$848 million.

III. The Relevant Market and Related Products

The Complaint alleges that the relevant market in which to analyze the Proposed Transaction is the sale and provision of micromarket kiosks and related software and services. The United States is the relevant geographic market in which to assess the competitive effects of the Proposed Transaction.

Micromarkets are essentially small unattended convenience stores that are typically in high-trust locations like offices and breakrooms. In contrast to traditional vending machines, micromarkets have open shelves, allowing a wider inventory of differently sized items and freshly prepared foods.

Micromarket kiosks are used in micromarkets to enable end users to self-scan their selected items, facilitate the processing of credit cards, and enable food service operators to track inventory sold. The micromarket kiosks are commonly equipped with a screen, an embedded user interface, and payment infrastructure to enable transactions without the need for an attended cashier. Foodservice operators purchase micromarket kiosks from vendors, such as 365 and Cantaloupe, and pay these vendors recurring monthly usage fees as well as a percentage of each transaction made on the device.

The Complaint alleges other point-of-sale devices are not reasonable substitutes for micromarket kiosks. These other devices have different feature sets, use cases, and/or are not equipped to integrate with other back-end software needed by foodservice operators to manage micromarkets, along with their other attended or unattended foodservice retail locations.

Many foodservice operators use vending management software (“VMS”) to centralize operations across all their unattended foodservice locations. Akin to the brain of the foodservice operator’s operation, VMS allows foodservice operators to track sales, monitor purchasing habits, manage inventory, measure theft rates, and set dynamic pricing instantaneously across their entire portfolio of unattended and attended retail devices, which may include traditional vending machines, micromarket kiosks, smart coolers, and self-serve dining points of sale. VMSs and vending hardware from different providers are generally interoperable because the providers voluntarily use industry-wide data standards defined by the National Automatic Merchandising Association (“NAMA”).

Foodservice operators also often use warehouse management software (“WMS”) to streamline inventory fulfillment among its various locations. WMS uses data from a foodservice operator’s VMS to determine the type and quantity of products that need to be restocked at each location. The software alerts drivers to fill their trucks with the necessary inventory for each service location and optimizes routes to ensure that they only bring the necessary items, and that

they are delivered timely. The connection between WMS and VMS is not governed by an industry standard, but systems offered by different providers are typically interoperable today.

IV. Market Structure

The Commission's Complaint alleges that Cantaloupe is 365's closest competitor and most significant competitive threat in the sale and provision of micromarket kiosks and related software and services. Other competitors may offer micromarket kiosks, but many have a negligible share of the relevant market and/or lack the significant scale, scope, or core focus on micromarket kiosks to replicate the current closeness of competition between 365 and Cantaloupe.

V. Competitive Effects

The Complaint alleges that the Proposed Transaction, if consummated, may substantially lessen competition in the market for micromarket kiosks and related software and services. Given 365's dominant position in micromarkets and Cantaloupe's position as its largest and most significant rival, the Complaint alleges that the Proposed Transaction will decrease head-to-head competition and may increase the likelihood that the merged entity unilaterally exercises market power to further lessen competition.

Separately, the Complaint alleges that the Proposed Transaction may provide the merged entity both the ability and incentive to inhibit the interoperability between micromarket kiosks, card readers, VMS, and WMS. Such an act would foreclose rivals from critical functionality and force customers to change all hardware and software to obtain more competitive offers or innovative features on a single product. The Complaint alleges that this would substantially lessen competition, including by increasing switching costs for foodservice operators.

VI. Entry Conditions

The Complaint alleges that entry into the U.S. market for micromarket kiosks and related software and services would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Proposed Transaction.

VII. The Agreement Containing Consent Order

The Consent Agreement addresses the competitive concerns raised by the Proposed Transaction through both structural and behavioral remedies.

The Consent Agreement requires 365 to divest to Seaga Manufacturing, Inc. ("Seaga") the complete U.S. business of Three Square Market. These assets include micromarket kiosks, smart coolers, VMS, and WMS. The divestiture is designed to ensure that an independent competitor can immediately provide integrated solutions comparable to those offered by Cantaloupe prior to the Proposed Transaction.

Seaga, headquartered in Freeport, IL, is a leader in manufacturing, design, engineering, and sales of vending technologies and accessories. Although it does not currently compete with

365 in the sale or provision of micromarket kiosks and related software and services, it has operated in the unattended retail industry for over 36 years and has substantial experience in software and client support.

The Consent Agreement also requires 365 to provide hardware and software integrations to customers and third parties on reasonable and nondiscriminatory terms, as long as the customer or third party follows NAMA standards, or any other standards in effect during the term of the Consent Agreement. Additionally, it prohibits degradation of established integrations and limits the merged entity's ability to use confidential information obtained through integration processes. It also requires continued adherence to consensus-based industry standards where applicable.

The Consent Agreement also requires 365 to provide the Commission with prior notice before acquiring any business or entity related to micromarket kiosks in the United States.

The Commission will appoint Mr. Edward Buthusiem as the Monitor to ensure that the parties comply with all their obligations pursuant to the Consent Agreement, including the transfer of assets to Seaga and interoperability commitments.

The Commission does not intend this analysis to constitute an official interpretation of the proposed Order or to modify its terms in any way.