

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2020

TRANSACT

Technologies Incorporated

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-21121
(Commission file number)

06-1456680
(I.R.S. employer identification no.)

One Hamden Center
2319 Whitney Ave, Suite 3B, Hamden, CT
(Address of principal executive offices)

06518
(Zip Code)

Registrant's telephone number, including area code: (203) 859-6800

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240-14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$.01 per share	TACT	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement.

On May 1, 2020 (the “Loan Date”), TransAct Technologies Incorporated (the “Company,” “we,” “our,” or “us”) was granted a loan (the “Loan”) from Berkshire Bank (the “Lender”) in the aggregate amount of \$2,172,800, pursuant to the Paycheck Protection Program (the “PPP”) administered by the Small Business Administration (the “SBA”) and established under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which is evidenced by a Note dated the Loan Date issued by the Company (the “Note”), matures on May 1, 2022 and bears interest at a fixed rate of 1.0% per annum, accruing from the Loan Date and payable monthly. No payments are due on the Loan for six months from the date of first disbursement, but interest will continue to accrue during the deferment period. The Note is unsecured and guaranteed by the Small Business Administration. The Note may be prepaid by the Company at any time prior to maturity with no prepayment penalties. The Note provides for customary defaults, including failure to make payment when due or to fulfill the Company’s obligations under the Note or related documents, reorganizations, mergers, consolidations or other changes to the Company’s business structure, and certain defaults on other indebtedness, bankruptcy events, adverse changes in financial condition or civil or criminal actions. The Loan may be accelerated upon the occurrence of a default.

Under the terms of the PPP, the Loan may be forgiven to the extent that funds from the Loan are used for payroll costs and costs to continue group health care benefits, as well as for interest on mortgage obligations incurred before February 15, 2020, rent under lease agreements in effect before February 15, 2020, utilities for which service began before February 15, 2020, and interest on debt obligations incurred before February 15, 2020 (collectively, “qualifying expenses”), subject to conditions and limitations provided in the CARES Act. At least 75% of such forgiven amounts must be used for eligible payroll costs. The Company intends to maximize the use of Loan proceeds for qualifying expenses and intends to apply for forgiveness of the Loan in accordance with the terms of the CARES Act. Whether forgiveness will be granted and in what amount is subject to an application to, and approval by, the SBA and may also be subject to further requirements in any regulations and guidelines the SBA may adopt.

A copy of the Note is filed as Exhibit 10.1 to this Current Report on Form 8-K. The above descriptions are qualified by reference to the complete text of the Note.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On May 5, 2020, the Company issued a press release announcing receipt of the Loan. A copy of the press release is furnished as Exhibit 99.1 hereto.

The foregoing information is being furnished pursuant to Item 7.01 “Regulation FD Disclosure” of Form 8-K. Such information, including the exhibit furnished herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Forward-Looking Statements

Certain statements in this report include forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” or the negative thereof or other similar words. All forward-looking statements involve risks and uncertainties, including, but not limited to, effects of the COVID-19 pandemic and the measures being taken to limit the spread of COVID-19, including supply chain disruptions, shutdowns of or limitations on operations of our customers in the casino and food service industries, impairment of our customers’ ability to pay amounts owed, diversion of management attention to respond to the crisis, borrowing capacity under our credit agreement or availability of other financing, and other factors; our ability to successfully develop new products that garner customer acceptance and generate sales, both domestically and internationally, in the face of substantial competition; our ability to successfully transition our business towards the food service technology market; our ability to remediate the material weaknesses over internal control over financial reporting; risks associated with potential future acquisitions; our dependence on a significant customer; general economic conditions; our dependence on contract manufacturers for the assembly of a large portion of our products in Asia; our dependence on significant suppliers; our dependence on third parties for sales outside the United States; marketplace acceptance of new products; risks associated with foreign operations; the availability of third-party components at reasonable prices; price wars or other significant pricing pressures affecting the Company’s products in the United States or abroad; increased product costs or reduced customer demand for our products due to changes in U.S. policy that may result in trade wars or tariffs; the effect of the United Kingdom’s withdrawal from the European Union; and other risk factors detailed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and other reports filed with the Securities and Exchange Commission. Actual results may differ materially from those discussed in, or implied by, the forward-looking statements. The forward-looking statements speak only as of the date of this report, and the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

[10.1](#) Note, dated May 1, 2020, by TransAct Technologies Incorporated in favor of Berkshire Bank

[99.1](#) Press release dated May 5, 2020 of TransAct Technologies Incorporated

SIGNATURE

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 hereunto duly authorized.

TRANSACT TECHNOLOGIES INCORPORATED

By: /s/ Steven A. DeMartino
Steven A. DeMartino
President, Chief Financial Officer, Treasurer and Secretary

Date: May 5, 2020



NOTE

SBA Loan #	3330077109
SBA Loan Name	Trans Act Technologies Incorporated
Date	May 1, 2020
Loan Amount	\$2,172,800.00
Interest Rate	1.00%
Borrower	Trans Act Technologies Incorporated
Operating Company	N/A
Lender	Berkshire Bank

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of Two Million One Hundred Seventy-Two Thousand Eight Hundred Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act enacted March 27, 2020.

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Paycheck Protection Program" means the Paycheck Protection Program under Section 7(a)(36) of the Small Business Act of 1953, as amended.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

Initial Deferment Period: No payments are due on the Loan for 6 months from the date of first disbursement of the Loan. Interest will continue to accrue during the deferment period.

Loan Forgiveness: Borrower may apply for forgiveness of the amount due on the Loan in an amount equal to the sum of the following costs incurred by Borrower during the 8-week period beginning on the date of first disbursement of the Loan:

- a. Payroll costs
- b. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
- c. Any payment on a covered rent obligation
- d. Any covered utility payment

The amount of Loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 25% of the amount forgiven can be attributable to non-payroll costs. In the event Borrower has received an EIDL advance, such amount shall be subtracted from the Loan forgiveness amount.

Maturity: This Note will mature two years from date of first disbursement of the Loan.

Repayment Terms: The interest rate on this Note is one percent per year. The interest rate is fixed and will not be changed during the life of the Loan.

Borrower must pay monthly principal and interest payments on the outstanding principal balance of the Loan amortized over the term of the Loan, unless otherwise forgiven in whole or part in accordance with the CARES Act as described above, beginning seven months from the month this Note is dated until Maturity. Payments of principal and interest must be made on such date as designated by the Lender in the months they are due. Any Loan balance remaining following forgiveness by the SBA (as described above) will be fully reamortized over the remaining term of the Loan. The entire principal balance remaining unpaid, along with all accrued and unpaid interest, shall be due and payable at Maturity.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

Loan Prepayment: Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note at any time without penalty. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must: a. Give Lender written notice; b. Pay all accrued interest; and c. If the prepayment is received less than 21 days from the date Lender received the notice, pay an amount equal to 21 days interest from the date Lender received the notice, less any interest accrued during the 21 days and paid under b. of this paragraph. If Borrower does not prepay within 30 days from the date Lender received the notice, Borrower must give Lender a new notice.

Non-Recourse. Lender and SBA shall have no recourse against any individual shareholder, member or partner of Borrower for non-payment of the Loan, except to the extent that such shareholder, member or partner uses the Loan proceeds for an unauthorized purpose or otherwise fails to comply with the requirements of the Paycheck Protection Program.

4. **DEFAULT:**
Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:
- A. Fails to do anything required by this Note and other Loan Documents;
 - B. Defaults on any other loan with Lender;
 - C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
 - D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
 - E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
 - F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
 - G. Fails to pay any taxes when due;
 - H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
 - I. Has a receiver or liquidator appointed for any part of their business or property;
 - J. Makes an assignment for the benefit of creditors;
 - K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
 - L. Reorganizes, merges, consolidates, or otherwise changes business structure without Lender's prior written consent; or
 - M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. **LENDER'S RIGHTS IF THERE IS A DEFAULT:**
Without notice or demand and without giving up any of its rights, Lender may:
- A. Require immediate payment of all amounts owing under this Note;
 - B. Collect all amounts owing from any Borrower or Guarantor;
 - C. File suit and obtain judgment;
 - D. Take possession of any Collateral; or
 - E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. **LENDER'S GENERAL POWERS:**
Without notice and without Borrower's consent, Lender may:
- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
 - B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
 - C. Release anyone obligated to pay this Note;
 - D. Compromise, release, renew, extend or substitute any of the Collateral; and
 - E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. **WHEN FEDERAL LAW APPLIES:**
When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.
8. **SUCCESSORS AND ASSIGNS:**
Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.
9. **GENERAL PROVISIONS:**
- A. All Borrowers signing this Note are jointly and severally liable.
 - B. Borrower waives all suretyship defenses.
 - C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
 - D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
 - E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
 - F. If any part of this Note is unenforceable, all other parts remain in effect.
 - G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.
10. **STATE-SPECIFIC PROVISIONS:**
- NONE**
11. **BORROWER'S NAME(S) AND SIGNATURE(S):**
By signing below, each entity becomes obligated under this Note as Borrower.

Trans Act Technologies Incorporated

By: /s/ Steven A. DeMartino
Steven A. DeMartino

Title: President, CFO, Treasurer and Secretary

TRANSACT

Technologies Incorporated

TRANSACT TECHNOLOGIES RECEIVES LOAN UNDER PAYCHECK PROTECTION PROGRAM

Hamden, CT – May 5, 2020 – TransAct Technologies Incorporated (Nasdaq: TACT), ("TransAct" or the "Company"), a global leader in software-driven technology and printing solutions for high-growth markets, today announced that the Company received a loan in the aggregate amount of \$2,172,800 (the "Loan") pursuant to Paycheck Protection Program (the "PPP") administered by the Small Business Administration (the "SBA") and established under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was enacted March 27, 2020. This funding is expected to help the Company maintain its operations and meet its payroll obligations in this time of unprecedented uncertainty related to the impact that the novel coronavirus (COVID-19) pandemic is having on the food service and casino industries.

The Loan, which is evidenced by a Note dated May 1, 2020 (the "Loan Date") issued by the Company, matures on May 1, 2022 and bears interest at a fixed rate of 1.0% per annum, accruing from the Loan Date and payable monthly commencing on November 1, 2020.

"During these unprecedented times, we are taking proactive steps to plan for the future of TransAct's customers, employees, and investors. The SBA PPP funding provides financial flexibility and enhances our liquidity position so that we can retain our employees, which allows us to keep important projects going and support ongoing operations at a time when the world is experiencing great volatility," said Bart C. Shuldman, Chairman and CEO of TransAct. "We expect to use the proceeds of the loan for purposes that will permit most of the loan to be forgiven, and we look forward to bringing back our furloughed workers."

Under the terms of the PPP, the Loan may be forgiven to the extent that funds from the Loan are used for payroll costs and costs to continue group health care benefits, as well as for interest on mortgage obligations incurred before February 15, 2020, rent under lease agreements in effect before February 15, 2020, utilities for which service began before February 15, 2020, and interest on debt obligations incurred before February 15, 2020 (collectively, "qualifying expenses"), subject to conditions and limitations provided in the CARES Act. At least 75% of such forgiven amounts must be used for eligible payroll costs. The Company expects to maximize the use of Loan proceeds for qualifying expenses and intends to apply for forgiveness of the Loan in accordance with the terms of the CARES Act. Whether forgiveness will be granted and in what amount is subject to an application to, and approval by, the SBA and may also be subject to further requirements in any regulations and guidelines the U.S. Department of the Treasury or the SBA may adopt.

About TransAct Technologies Incorporated

TransAct Technologies Incorporated is a global leader in developing software-driven technology and printing solutions for high-growth markets including food service, casino and gaming, POS automation, and oil and gas. The Company's solutions are designed from the ground up based on customer requirements and are sold under the BOHA![™], AccuDate[™], EPICENTRAL[®], Epic[®], Ithaca[®] and Printrex[®] brands. TransAct has sold over 3.3 million printers and terminals around the world and is committed to providing world-class service, spare parts and accessories to support its installed product base. Through the TransAct Services Group, the Company also provides customers with a complete range of supplies and consumable items both online at <http://www.transactsupplies.com> and through its direct sales team. TransAct is headquartered in Hamden, CT. For more information, please visit <http://www.transact-tech.com> or call (203) 859-6800.

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Forward-Looking Statements

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