

TRANSACT

Technologies Incorporated

Investor Presentation



November 2018
NASDAQ: TACT

Safe Harbor Statement

Certain statements in this presentation 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, customer acceptance and market share gains, both domestically and internationally, in the face of substantial competition from competitors that have broader lines of products and greater financial resources; our competitors introducing new products into the marketplace; our ability to successfully develop new products; our dependence on significant customers; our dependence on significant vendors; dependence on contract manufacturers for the assembly of a large portion of our products in Asia; our ability to protect intellectual property; our ability to recruit and retain quality employees as the Company grows; our dependence on third parties for sales outside the United States, including Australia, New Zealand, Europe, Latin America and Asia; the economic and political conditions in the United States, Australia, New Zealand, Europe, Latin America and Asia; 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; risks associated with potential future acquisitions; our new line of food safety and oil and gas products driving increased adoption by customers; and other risk factors detailed from time to time in TransAct's 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 presentation and the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

Investment Considerations

Legacy Business Provides Foundation of Significant Free Cash Flow

- Epic TITO casino and gaming printers
- Ithaca point of sale printers

New Markets Offer High Growth and Recurring Revenue

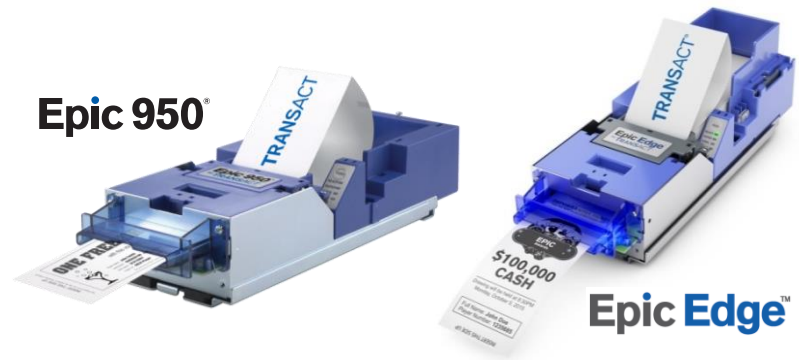
- Restaurant automation hub
 - AccuDate XL2e terminal
 - SaaS-driven applications and solutions
 - Custom AccuDate-branded labels and consumables
- Epicentral casino promotion and bonusing solution

Strong Balance Sheet

- Provides for self-funding of development
- Attractive, consistent return of capital to shareholders
 - Quarterly dividend of \$0.09 per share
 - \$3 million remaining under share repurchase authorization

Casino and Gaming Business Provides Strong Financial Foundation

- **Market-leading provider of casino and gaming printers**
 - Business generates cash flow which allows TransAct to self-fund product development
- **Epicentral**
 - Award-winning software system
 - Allows casino operators to deliver and print targeted promotions and coupons directly at the electronic gaming machine
- **Epic**
 - Printers for casino and non-casino establishments; worldwide lottery market



Epic

Table Top Enclosure
Under Table Enclosure



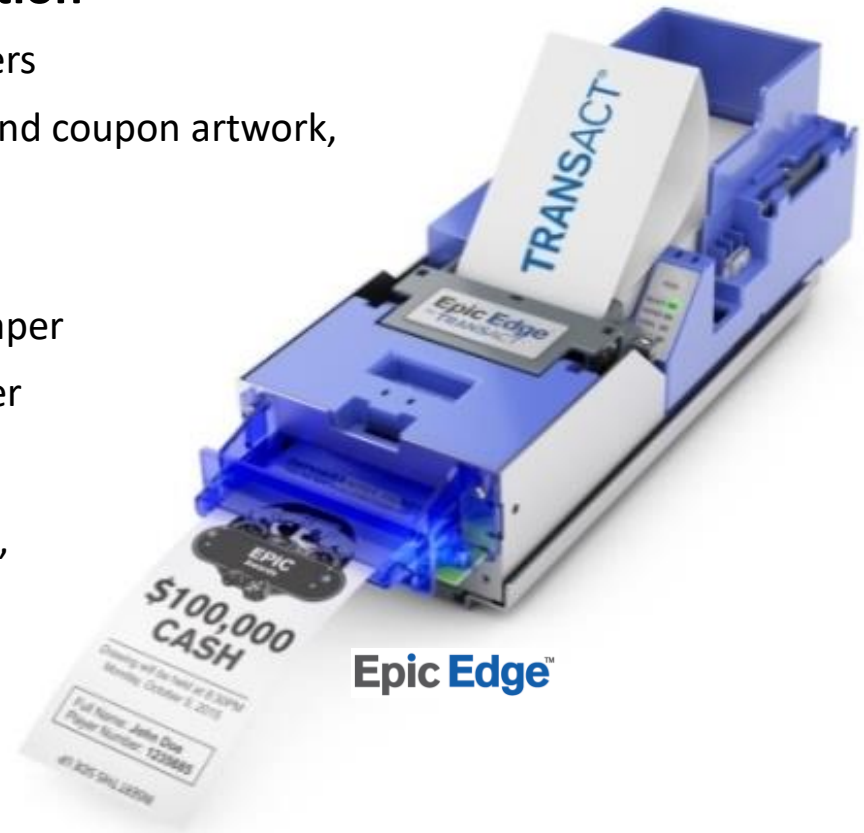
Epic 880™



Epic 3000®

Epic Edge Demonstrates Technology Leadership

- **Next-generation casino/gaming printer**
- **First to offer 300 dpi print resolution**
 - 50% improvement over current printers
 - Improves bill validator performance and coupon artwork, reduces attendant calls
- **Adjustable ticket bucket**
 - Smaller tickets save money, reduce paper
 - Runs side-by-side with Epic 950 printer
- **Other key features:**
 - Rugged metal chassis with Serial, USB, MicroSD and Netplex interfaces
 - Hot swappable
 - Upgraded ServerPort™ connection



Epicentral: A Compelling Solution for Casino Operators

- **Easy-to-use software suite that allows users to create coupons, schedule promotions and monitor interactions from the back office and slot floor**
 - Drives increased player visits and incremental play
 - Communicates with the Epic Edge or Epic 950 printer installed in each gaming device
 - Works with nearly all electronic gaming devices and slot management systems
 - Provides casinos with the ability to easily interact in real-time with slot machine patrons at the gaming device
 - Replaces traditional mailed slot machine promotions that were of a 'one size fits all' nature
- **Highly attractive market:**
 - Approximately 1,800 casinos worldwide with an Epic 950 installed base of approximately 500,000 printers
 - Total market value of \$500 million+



Epicentral System Versions

▪ Epicentral v3.9

- Run multiple promotions at the same time and games within games
- Multi-user/multi-site promotions
- Different promotions on different slot game banks
- Segment players by tier, with ability to promote to uncarded players
- Redeem, print or reprint bonuses at multiple locations



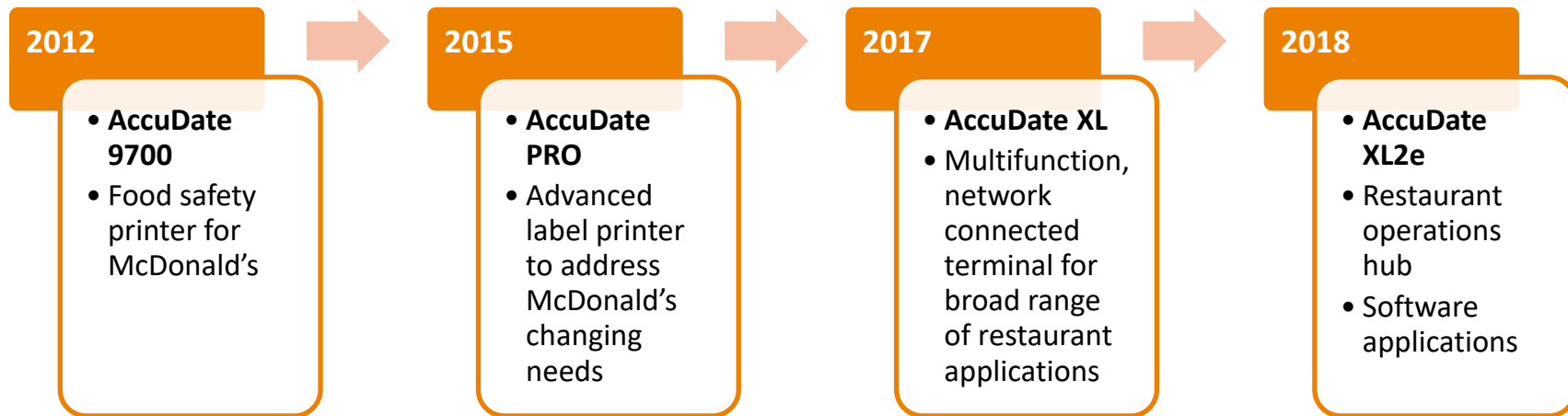
▪ Epicentral SE

- Allows operators to use the existing bonusing capabilities found in slot management systems to offer bonuses to players as a printed coupon
- To-date integrated with Aristocrat's Oasis 360 slot management system
- Leverages Epicentral's Print Manager and Design Center modules
- Provides upgrade path to full Epicentral implementation



Restaurant Solutions Market Opportunity

- **Kitchen technology investments driven by:**
 - High-profile foodborne illness outbreaks
 - Focus on cost control and operating efficiency
- **TransAct saw opportunity to leverage print technology expertise to automate what had been the manual process of labeling food in the kitchen**
- **Customer feedback and ongoing market evolution has significantly expanded TransAct's long-term opportunity**



AccuDate XL2e: The Restaurant Hub

- Introduced in May 2018
- Incorporates TEMS, the TransAct Enterprise Management System to create secure platform
- Internet of Things capabilities position the terminal as a hub at the centerpiece of food safety and back-of-house operations
- Key features
 - Large 9.7" TFT LCD display
 - Two internal high-speed thermal printers
 - Built in Ethernet, Wi-Fi and Bluetooth connectivity
 - High quality speakers and headphone output
 - Two high speed USB ports



AccuDate XL2e Positions TransAct at the Heart of the Kitchen



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AccuDate XL2e Simplifies Kitchen Labeling

Traditional Method



AccuDate Method



TransAct Enterprise Management System

- **Creates enterprise-class software environment through the introduction of TransAct TrueLock™ and TransAct SmartPanel™**

- **TransAct TrueLock**

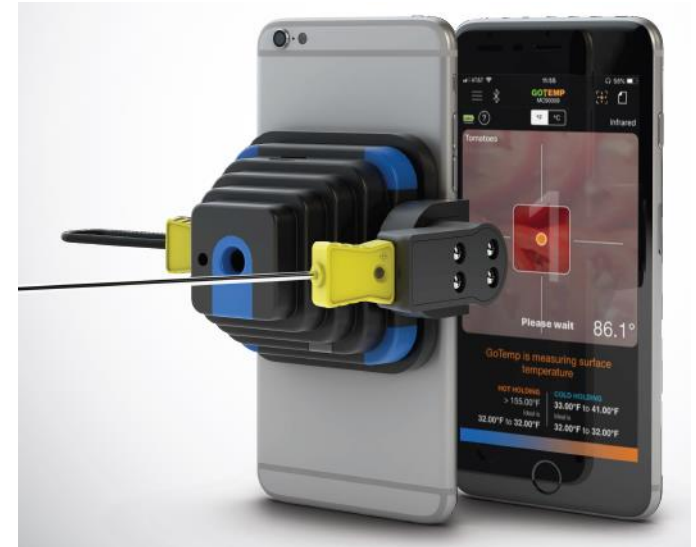
- Allows IT teams to ensure that AccuDate XL2e terminals run only approved apps
- Removes security risk represented by unfettered employee access
- Mobile device management (“MDM”) capabilities enable remote terminal management
- TransAct and customer IT teams can push over-the-air operating system updates directly to the terminal
- Eases management of security updates and patches

- **TransAct SmartPanel**

- Accessed with quick swipe of AccuDate XL2e screen
- Single interface where system settings and preferences are adjusted

Restaurant Hub Capability Expansion Opportunity

- **AccuDate XL2e + TEMS platform expands the scope of back-of-house critical functions and capabilities that TransAct can address:**
 - Temperature monitoring
 - Food production and inventory management
 - Task lists and procedures
 - Delivery of training materials
- **Temperature monitoring a key food safety opportunity**
 - TransAct working with technology partner to create Bluetooth-based infrared thermometer and temperature probe that can enable full automation of what has historically been a manual process
 - HACCP-compliant solution
 - Companion app identifies item, calculates temperature and can drive compliance if measured temperatures are out of range



AccuDate Labels Complete the One-Stop Shop

- **AccuDate-branded labels create a complete solution for customers**
 - Provide recurring revenue for TransAct
 - Fully compatible with entire AccuDate lineup
 - Required for terminal warranty
- **Multiple label options available**
 - **Permanent:** durable adhesive allows for permanent adherence to any surface
 - **Removable:** can easily be removed before washing without leaving a residue behind
 - **Dissolvable:** dissolve in water in 30 seconds or less and do not leave behind a sticky residue
 - **Removable film:** virtually tear proof and can easily be removed and transferred to another application



Significant Restaurant Solutions Potential Market

■ NOTES:

- Number of locations does not include fine dining establishments or other non-traditional food establishments like convenience stores
- TransAct customers indicating that they would likely take more vs. less terminals per location
- Market opportunity does not contemplate recurring revenue from sales of software maintenance and support contracts and AccuDate labels
- **Cost savings in one year more than pay for initial terminal investment**
- Savings do not contemplate costs related to food safety violations or other food safety-related issues

Theoretical Market Size	
Number of US locations ⁽¹⁾	500,000+
Average number of terminals per location	1.5
List price	\$1,600
Market opportunity (hardware only)	\$1 billion+

Theoretical Annual Cost Savings per Store	
Annual revenue	\$1,000,000
Annual restaurant costs at 15% operating margin	\$850,000
Estimated annual cost savings	2.5%
Estimated savings (in \$)	\$21,250
Margin improvement	213 bps

TransAct estimates that per-terminal software sales could reach 2x-3x the value of the original terminal sale

Attractive Restaurant Solutions Recurring Revenue Opportunity

- **AccuDate XL2e ecosystem provides for TransAct a growing, high-margin, software-driven recurring revenue opportunity**
- **Highlights:**
 - Software application sales
 - Maintenance and repair contract fees
 - Sales of AccuDate-branded labels
 - Fully compatible with AccuDate XL and other AccuDate terminals
 - Improve terminal reliability
 - Use required for terminal warranty
- **Software application sales, maintenance and repair contract fees and label sales expected to drive long-term TransAct Services Group revenue growth**



Summary of 2018 Q3 Results

\$ in millions, except per share and percentage data

	Three Months Ended September 30,	
	2018	2017
Net sales	\$15.8	\$15.5
Gross profit	\$8.0	\$7.5
Gross margin	50.5%	48.4%
Operating income	\$3.2	\$2.6
Net income	\$2.6	\$1.8
Net income per diluted share	\$0.33	\$0.24
Non-GAAP ⁽¹⁾ :		
EBITDA	\$3.4	\$2.9
Adjusted EBITDA	\$4.6	\$3.0

NOTE 1: Please see slide 21 for the Company's definitions of EBITDA and Adjusted EBITDA. Reconciliations of GAAP earnings financial metrics to corresponding non-GAAP financial measures can be found on slide 22.

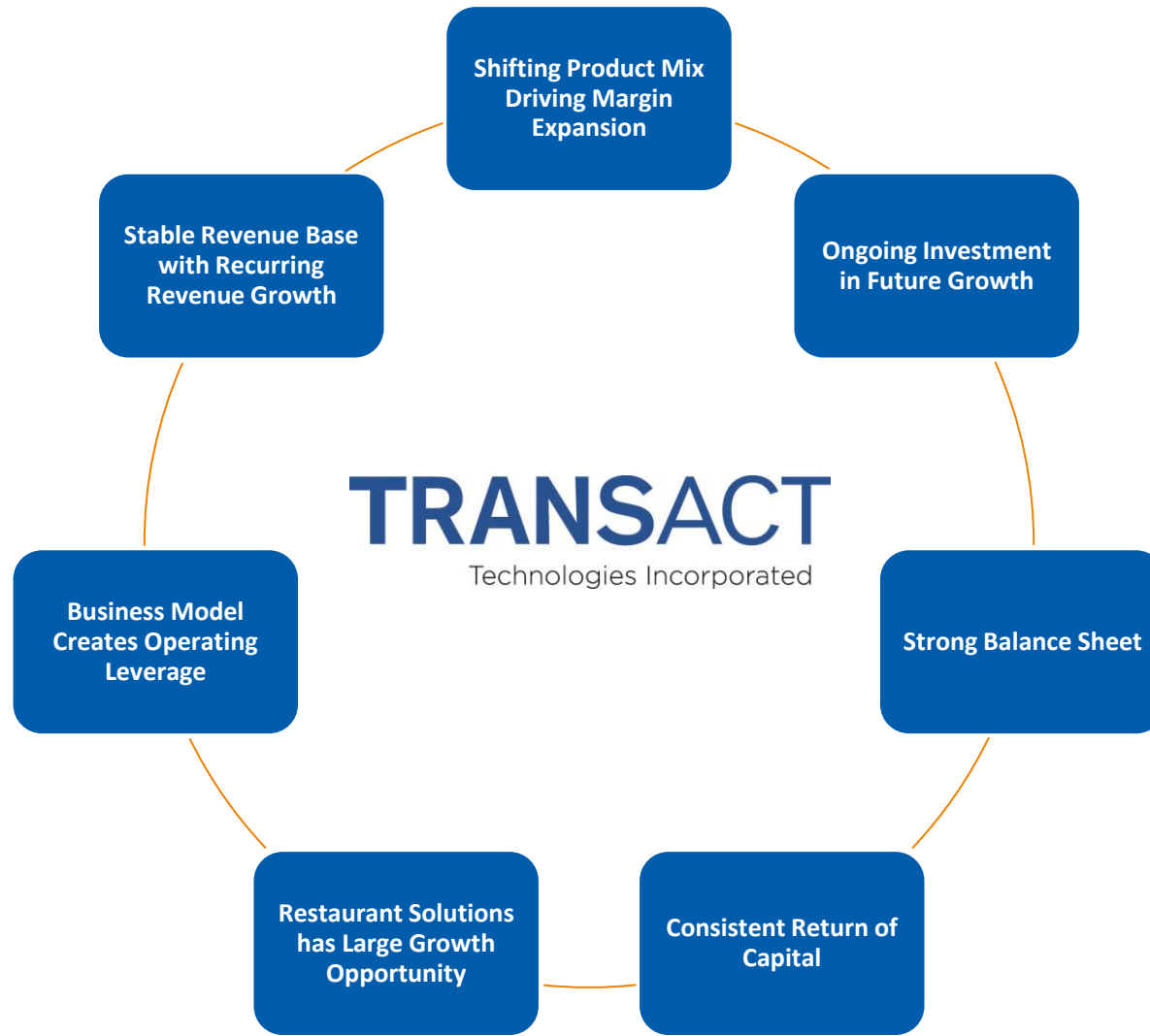
Net Sales by Unit (2018 Q3)

	Three Months Ended September 30,	
	2018	2017
Restaurant solutions	\$1,318	\$1,803
POS automation and banking	1,933	1,829
Casino and gaming	8,267	5,111
Lottery	655	2,160
Printrex	451	358
TransAct Services Group	3,214	4,263
Total	\$15,838	\$15,524

Strong Balance Sheet

	As of March 31, 2018	As of December 31, 2017
Cash and cash equivalents	\$3.8	\$5.5
Accounts receivable	\$11.6	\$10.9
Inventories	\$13.1	\$8.9
Other assets	\$8.6	\$8.7
Total assets	\$37.1	\$34.0
Accounts payable	\$6.4	\$3.8
Other liabilities	\$3.8	\$4.1
Total liabilities	\$10.1	\$7.9
Shareholders' equity	\$27.0	\$26.0

Attractive Investment Profile



Notes on Non-GAAP Financial Information

TransAct provides certain non-GAAP financial measures because the Company believes that these amounts are helpful to investors and others in assessing the ongoing nature of what the Company's management views as TransAct's core operations. The Company believes that the non-GAAP financial measures of EBITDA and adjusted EBITDA provide relevant and useful information, which is widely used by analysts, investors and competitors in the Company's markets, as well as by the Company's management in assessing the Company's performance. The Company uses the non-GAAP financial measures internally to focus management on the results of the Company's core business. The presentation of this additional non-GAAP information is not considered superior to or a substitute for, and should be read in conjunction with, the financial information prepared in accordance with GAAP.

EBITDA is defined as net income before net interest expense, income taxes, depreciation and amortization. A reconciliation of EBITDA to net income, the most comparable GAAP financial measure, can be found in this presentation.

Adjusted EBITDA is defined as net income before net interest expense, income taxes, depreciation, and amortization and is adjusted for share-based compensation. The Company adjusts EBITDA for share-based compensation because the Company considers share-based compensation to be a non-cash expense similar to depreciation and amortization. A reconciliation of adjusted EBITDA to net income, the most comparable GAAP financial measure, can be found in this presentation.

EBITDA and adjusted EBITDA provide the Company with an understanding of one aspect of earnings before the impact of investing and financing charges and income taxes. EBITDA and adjusted EBITDA may be useful to an investor in evaluating the Company's operating performance because these measures are: (i) widely used by investors to measure a company's operating performance without regard to non-recurring items excluded from the calculation of such measure; (ii) financial measurements that are used by lenders and other parties to evaluate creditworthiness; and (iii) used by the Company's management for various purposes including strategic planning and forecasting, assessing financial performance, and paying incentive compensation.

Reconciliation of Net Income to EBITDA/Adjusted EBITDA

	Three Months Ended September 30,	
	2018	2017
Net income	\$2,574	\$1,813
Interest expense, net	7	9
Income tax provision	581	769
Depreciation and amortization	259	264
EBITDA	\$3,421	\$2,855
Share-based compensation expense	187	188
Adjusted EBITDA	\$3,608	\$3,043