

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 6, 2021

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 2.02 Results of Operations and Financial Condition.

The following information is being furnished pursuant to Item 2.02 “Results of Operations and Financial Condition” of Form 8-K. Such information, including the Exhibit attached hereto, 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.

On May 6, 2021, TransAct issued a press release announcing its financial results for the quarter ending March 31, 2021. A copy of the press release is furnished as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release dated May 6, 2021 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/ David B. Peters
David B. Peters
Vice President & Chief Accounting Officer

Date: May 6, 2021

TRANSACT

Technologies Incorporated

TransAct Technologies Reports Preliminary First Quarter 2021 Financial Results

2021 First Quarter Net Sales of \$8.3 Million

FST Recurring Revenue up 96% on a Year-Over-Year Basis

FST Paid Terminals Up 124% from March 31, 2020

Hamden, CT – May 6, 2021 – TransAct Technologies Incorporated (Nasdaq: TACT) (“TransAct” or the “Company”), a global leader in software-driven technology and printing solutions for high-growth markets, today reported preliminary operating results for the quarter ended March 31, 2021.

“We are seeing many green shoots and positive signs of recovery as we carry our momentum over from that latter half of 2020 into the first quarter of 2021, our third consecutive quarter of sequential top line growth. Our Food Service Technology (“FST”) market continues to see considerable progress as the pandemic subsides, with overall FST revenues growing 100% year-over-year, and FST recurring revenue posting a 96% year-over-year gain. The growth we are seeing within FST is exciting, particularly our expanding hardware footprint, which drives a sustainable base of recurring FST revenue,” said Bart C. Shuldman, Chairman and CEO of TransAct Technologies. “On that note, we continue to see tremendous momentum in our new paid terminals, with 7,009 total paid terminals in service at the end of Q1, up from 5,688 at the end of the fourth quarter of 2020. We also saw our first software upgrade order in the quarter, highlighting the growing cross-sell opportunities we have as our terminal base expands. We could not be more thrilled with the results of our BOHA! efforts so far and we are optimistic that this growth will continue throughout 2021 and beyond.”

Shuldman continued, “Finally, our Casino and Gaming market has begun to turn the corner in the domestic market as we see casino reopening’s tick up and guests return in greater numbers. TransAct is well-positioned to capitalize on the re-opening of the global economy and especially the casino and restaurant market and we look forward to supporting our new and existing clients in solving their ongoing business challenges.”

First Quarter 2021 Financial Highlights

- **Net Sales:** Net sales for the first quarter of 2021 were \$8.3 million, down 19% compared to \$10.2 million for the first quarter of 2020.
 - **FST Recurring Revenue:** FST recurring revenue for the first quarter of 2021 was \$1.2 million, up 96% compared to \$0.6 million for the first quarter of 2020.
 - **Gross Profit:** Gross profit for the first quarter of 2021 was \$3.2 million, resulting in gross margin of 38.4%, compared to gross profit of \$4.9 million for the first quarter of 2020, which resulted in a 48.0% gross margin.
 - **Operating loss:** Operating loss for the first quarter of 2021 was \$(2.7) million, compared to operating loss of \$(1.3) million for the first quarter of 2020.
 - **Net loss:** Net loss for the first quarter of 2021 was \$(2.2) million, or \$(0.25) net loss per share, based on 8.9 million weighted average common shares outstanding. Net loss for the comparable 2020 period was \$(1.0) million, or \$(0.13) net loss per share, based on 7.5 million weighted average common shares outstanding.
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- **EBITDA:** EBITDA loss was \$(2.5) million for the first quarter of 2021, compared to an EBITDA loss of \$(1.2) million for the first quarter of 2020.
- **Adjusted EBITDA (loss):** Adjusted EBITDA loss was \$(2.2) million for the first quarter of 2021, compared to adjusted EBITDA loss of \$(1.0) million for the first quarter of 2020.
- **Paid Terminals:** Paid terminals in the market were 7,009 at March 31, 2021, compared to 3,130 at March 31, 2020, an increase of 124%.

2021 First Quarter Conference Call and Webcast

TransAct is hosting a conference call and webcast today, May 6, 2021, beginning at 4:30 p.m. ET to discuss the Company's preliminary first quarter 2021 results and other matters. Both the call and the webcast are open to the general public. The conference call number is 888-254-3590 and the conference ID number is 1827739 (domestic or international). Please call five minutes prior to the presentation to ensure that you are connected.

Interested parties may also access the conference call live on the Internet at www.transact-tech.com (select "Investor Relations" followed by "Events & Presentations"). Approximately two hours after the call has concluded, an archived version of the webcast will be available for replay at the same location.

Non-GAAP Financial Measures

TransAct is providing certain non-GAAP financial measures because the Company believes that these measures are helpful to investors and others in assessing the ongoing nature of what the Company's management views as TransAct's core operations. 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. The Company believes that these non-GAAP financial measures provide relevant and useful information to an investor 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) used as financial measurements by lenders and other parties to evaluate creditworthiness; and (iii) used by the Company's management for various purposes including strategic planning and forecasting and assessing financial performance. The presentation of this 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 (loss) before net interest expense, income taxes, depreciation and amortization. A reconciliation of EBITDA to net income (loss), the most comparable GAAP financial measure, can be found attached to this release.

Adjusted EBITDA is defined as net income (loss) 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 (loss), the most comparable GAAP financial measure, can be found attached to this release.

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 3.5 million printers, terminals and other hardware devices 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.

Cautionary Statement Regarding Preliminary Financial Information

The Company has prepared the preliminary financial information set forth below on a materially consistent basis with its historical financial information and in good faith based upon its internal reporting as of and for the three months ended March 31, 2021. This financial information is preliminary and is thus inherently uncertain and subject to change as the Company finalizes its financial results and related review for the three months ended March 31, 2021. During the course of the preparation of the Company's consolidated financial statements and related notes as of and for the three months ended March 31, 2021, the Company may identify items that could cause its final reported results to be materially different from the preliminary financial information set forth above. As a result, there can be no assurance that the Company's final results for this period will not differ from the preliminary financial information.

This preliminary financial information should not be viewed as a substitute for full financial statements prepared in accordance with GAAP. In addition, this preliminary financial information is not necessarily indicative of the results to be achieved for any future period.

Forward-Looking Statements

Certain statements in this press release 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, the adverse effects of the COVID-19 pandemic on our business, operations, financial condition, results of operations and capital resources, including as a result of supply chain disruptions, shutdowns and/or operational restrictions imposed on our customers, an inability of our customers to make payments on time or at all, diversion of management attention, necessary modifications to our business practices and operations, cost cutting measures we have made and may continue to make, a possible future reduction in the value of goodwill or other intangible assets, inadequate manufacturing capacity or a shortfall or excess of inventory as a result of difficulty in predicting manufacturing requirements due to volatile economic conditions, price increases or decreased availability of component parts or raw materials, exchange rate fluctuations, volatility of and decreases in trading prices of our common stock and the availability of needed financing on acceptable terms or at all; 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 reliance on an unrelated third party to develop, maintain and host certain web-based food service application software and develop and maintain selected components of our downloadable software applications pursuant to a non-exclusive license agreement, and the risk that interruptions in our relationship with that third party could materially impair our ability to provide services to our food service technology customers on a timely basis or at all and could require substantial expenditures to find or develop alternative software products; our ability to successfully transition our business into the food service technology market; our ability to remediate the material weakness over internal control over financial reporting; risks associated with potential future acquisitions; 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 ability to recruit and retain quality employees as the Company grows; our dependence on third parties for sales outside the United States; our dependence on technology licenses from third parties; 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; our ability to protect intellectual property; 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, 2020, 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 release, and the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances, except as required by applicable law.

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– Financial tables follow –

TRANSACT TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Preliminary and Unaudited)

	Three months ended March 31,	
	<u>2021</u>	<u>2020</u>
	<i>(In thousands, except per share data)</i>	
Net sales	\$ 8,301	\$ 10,247
Cost of sales	5,112	5,329
Gross profit	<u>3,189</u>	<u>4,918</u>
Operating expenses:		
Engineering, design and product development	1,803	1,385
Selling and marketing	1,443	2,208
General and administrative	2,609	2,620
	<u>5,855</u>	<u>6,213</u>
Operating loss	<u>(2,666)</u>	<u>(1,295)</u>
Interest and other income (expense):		
Interest, net	(13)	3
Other, net	(83)	(165)
	<u>(96)</u>	<u>(162)</u>
Loss before income taxes	(2,762)	(1,457)
Income tax benefit	(556)	(465)
Net loss	<u>\$ (2,206)</u>	<u>\$ (992)</u>
Net loss per common share:		
Basic	\$ (0.25)	\$ (0.13)
Diluted	\$ (0.25)	\$ (0.13)
Shares used in per share calculation:		
Basic	8,948	7,507
Diluted	8,948	7,507

SUPPLEMENTAL INFORMATION – SALES BY MARKET:
(Preliminary and Unaudited)

	Three months ended March 31,	
	<u>2021</u>	<u>2020</u>
	<i>(In thousands)</i>	
Food service technology	\$ 2,747	\$ 1,371
POS automation	1,164	1,558
Casino and gaming	2,865	4,931
Printrex	159	117
TransAct services group	1,366	2,270
Total net sales	<u>\$ 8,301</u>	<u>\$ 10,247</u>

TRANSACTION TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Preliminary and Unaudited)

March 31, December 31,
2021 2020

(in thousands)

Assets:

Current assets:

Cash and cash equivalents	\$	8,728	\$	10,359
Accounts receivable, net		4,712		3,377
Note receivable		-		100
Inventories		10,000		11,286
Prepaid income taxes		2,411		2,409
Other current assets		911		644
Total current assets		26,762		28,175

Fixed assets, net		1,852		1,950
Note receivable, net of current portion		-		1,584
Right-of-use asset		3,429		3,618
Goodwill		2,621		2,621
Deferred tax assets		3,489		2,939
Intangible assets, net		532		583
Other assets		678		777
Total assets	\$	39,363	\$	42,247

Liabilities and Shareholders' Equity:

Current liabilities:

Accounts payable	\$	1,919	\$	1,691
Accrued liabilities		2,498		3,665
Lease liability		813		837
Deferred revenue		569		504
Total current liabilities		5,799		6,697

Long-term debt		2,173		2,173
Deferred revenue, net of current portion		202		111
Lease liability, net of current portion		2,666		2,864
Other liabilities		160		166
Total liabilities		5,201		5,314
Total liabilities		11,000		12,011

Shareholders' equity:

Common stock		130		130
Additional paid-in capital		42,816		42,536
Retained earnings		17,512		19,718
Accumulated other comprehensive income (loss), net of tax		15		(38)
Treasury stock, at cost		(32,110)		(32,110)
Total shareholders' equity		28,363		30,236
Total liabilities and shareholders' equity	\$	39,363	\$	42,247

TRANSACT TECHNOLOGIES INCORPORATED
RECONCILIATION OF NET LOSS TO EBITDA AND ADJUSTED EBITDA
NON-GAAP FINANCIAL MEASURES
(Preliminary and Unaudited)

	Three Months Ended March 31, <i>(in thousands)</i>	
	2021	2020
Net loss	\$ (2,206)	\$ (992)
Interest expense (income), net	13	(3)
Income tax benefit	(556)	(465)
Depreciation and amortization	240	238
EBITDA	(2,509)	(1,222)
Share-based compensation expense	264	187
Adjusted EBITDA	\$ (2,245)	\$ (1,035)