

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): March 13, 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 March 13, 2020 (the “Closing Date”), TransAct Technologies Incorporated (the “Company”) entered into a loan and security agreement (the “New Credit Agreement”) with Siena Lending Group LLC (the “Lender”), providing for a \$10 million revolving line of credit. The revolving line of credit is subject to availability determined by a “borrowing base” calculation based on specified percentages of the Company’s eligible accounts receivable and inventory. The New Credit Agreement also permits the Company to utilize capacity under the revolving line of credit for the issuance of letters of credit. The New Credit Agreement has a scheduled maturity date of March 13, 2023 (the “Maturity Date”).

Borrowings under the New Credit Agreement will bear interest at a rate equal to the sum of a base rate plus a margin of 1.75%. The base rate is equal to the greatest of (i) the prime rate published by The Wall Street Journal, (ii) the federal funds rate plus 0.5%, and (iii) 4.75% per annum. The Company is also required to pay an unused line fee in respect of unused commitments under the New Credit Agreement, at a rate of 0.5% per annum, and certain other specified fees. The Company did not make any borrowings under the New Credit Agreement on the Closing Date.

The obligations under the New Credit Agreement are secured by liens on substantially all tangible and intangible assets of the Company and all tangible and intangible assets of future domestic subsidiaries of the Company, if any.

The New Credit Agreement contains customary covenants limiting the ability of the Company, and any future domestic subsidiary of the Company, to, among other things, merge, consolidate, form subsidiaries or dispose of assets, acquire assets outside the ordinary course of business, enter into other transactions outside the ordinary course of business, sell, transfer, return or dispose of collateral, make loans to or investments in affiliates, incur or guarantee indebtedness, incur liens, redeem equity interests while borrowings are outstanding under the New Credit Agreement, change its capital structure, dissolve, divide, change its line of business or cease or suffer a disruption to all or a material portion of its business, or enter into transactions with affiliates. The New Credit Agreement also contains a financial covenant that requires the Company to maintain a minimum EBITDA.

The New Credit Agreement contains customary events of default, including, among others: failure to pay principal and interest when due; failure to comply with certain covenants; making an untrue or misleading representation in the New Credit Agreement; bankruptcy or insolvency; the Lender’s liens on the collateral under the New Credit Agreement ceasing to be valid, or the loan documents ceasing to be in full force and effect; and certain changes in control of the Company. In addition, it is an event of default under the New Credit Agreement if the Company’s current CEO ceases to serve in such role, or if the Company’s current President and Chief Financial Officer ceases to serve in such roles, in each case if a successor reasonably satisfactory to the Lender is not appointed within 60 days.

Upon the occurrence and during the continuance of an event of default, the interest rate applicable to borrowings under the line of credit is increased by four percentage points. In addition upon the occurrence and during the continuance of an event of default that is not waived by the Lender, the Lender may terminate its commitments under the New Credit Agreement and demand the immediate payment of all amounts outstanding under the New Credit Agreement, and may take possession of and/or dispose of the collateral securing the obligations of the Company under the New Credit Agreement.

If the Lender’s commitment under the New Credit Agreement is terminated in whole or in part prior to the Maturity Date for any reason (including as a result of voluntary or mandatory prepayment or an event of default), the Company would be required to pay to the Lender a specified early payment/termination fee, depending on the time of payment/termination.

Item 1.02 Termination of a Material Definitive Agreement.

On the Closing Date, in connection with the entry into the New Credit Agreement, the Company terminated that certain Amended and Restated Revolving Credit and Security Agreement, dated as of November 28, 2006 (as amended or otherwise modified, the “Existing Credit Agreement”), by and between the Company, as borrower, and TD Bank, N.A. (formerly known as TD BankNorth N.A.), as lender. The material terms of the Existing Credit Agreement are described under the heading “Credit Facility and Borrowings” in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed with the Securities and Exchange Commission on November 18, 2019.

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 March 16, 2020, the Company issued a press release announcing entry into the New Credit Agreement. A copy of the press release is filed herewith as Exhibit 99.1.

The foregoing information is being furnished pursuant to Item 7.01 “Regulation FD Disclosure” 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release dated March 16, 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/ David B. Peters
David B. Peters
Vice President and Chief Accounting Officer

Date: March 16, 2020

TransAct Technologies Secures New \$10 Million Revolving Credit Facility

March 16, 2020

HAMDEN, CT. -- TransAct® Technologies Incorporated (Nasdaq: TACT) (“TransAct” or “the Company”), a global leader in software-driven technology and printing solutions for high-growth markets, today entered into a new \$10 million asset based revolving credit facility, replacing the Company’s existing \$20 million credit facility. The new facility bears an interest rate equal to the greatest of the prime rate plus 1.75%, the federal funds rate plus 2.25%, or 6.50%, and expires in March 2023. This capital will allow TransAct to rapidly ramp up the Food Service Technology division with additional sales, technical, and marketing staff in support of the BOHA! rollout.

“The closing of our new \$10 million credit facility will give us the needed flexibility to quickly and efficiently pursue the extremely large opportunity our Food Service Technology division provides the company,” said Bart Shuldman, Chairman and Chief Executive Officer of TransAct. “We are confident in our ability to execute on this strategy as well as the many benefits that our BOHA! ecosystem provides to the food service industry.”

For more information on the Company’s BOHA! ecosystem, please visit www.transact-tech.com/restaurant-solutions/boha.

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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

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, 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; the global spread of the coronavirus leading to disruptions in operations of manufacturers in China and Thailand that we rely on for the manufacturing and assembly of our printers and terminals as well as travel restrictions and a reduction in consumer spending impacting the Company’s supply, sales and delivery a of its products; and other risk factors detailed in TransAct’s Annual Report on Form 10-K 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.

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