

TRANSACT

Technologies Incorporated

Investor Presentation



January 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

Market Leader

- Meaningful barriers to entry for key Restaurant Solutions and Casino/Gaming businesses
- Best-in-class customer service

Growing Restaurant Solutions Business

- Large, untapped market opportunity
- Benefiting from growing restaurant operator focus on food safety and efficiency as well as investments in technology

Recurring Revenue Expansion

- AccuDate XL software and maintenance support contracts
- Sales of AccuDate-branded labels attached to terminal warranty availability
- Other sources include Epicentral software and maintenance support and lottery spare parts

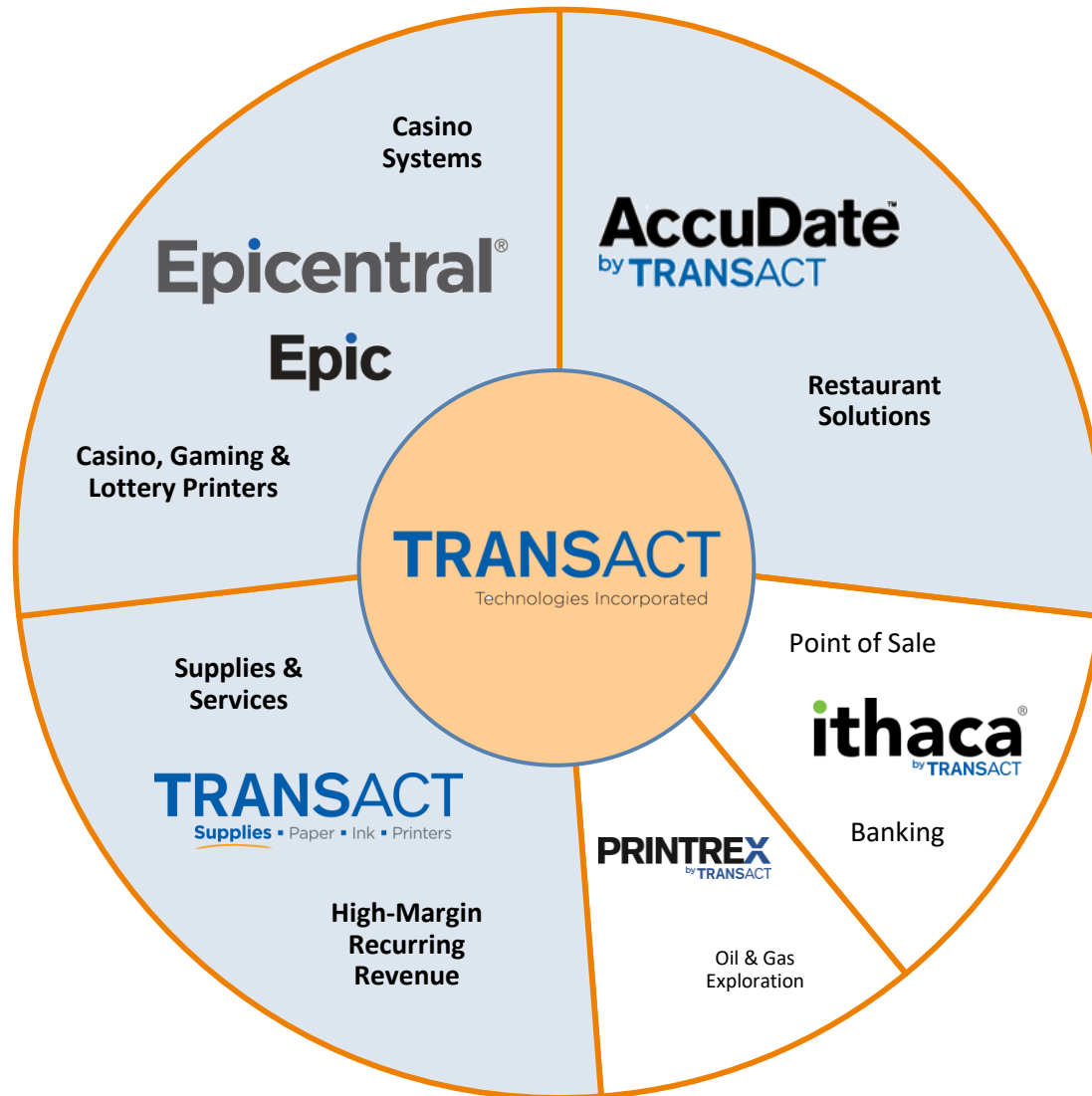
Healthy Casino, Gaming and Lottery Business

- Provides cash flow for investment and capital return
- Large installed base is a driver of high-margin spare parts and maintenance revenue

Attractive Financial Profile

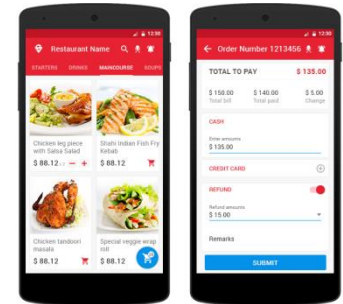
- Gross margin expansion continues
- Consistent return of capital to shareholders through dividends and share repurchases
- Generates consistent cash flow and has no debt

Leading Technology-Based Solutions Provider



Ongoing Restaurant Technology Investment

- Restaurants have made significant investments in technology to boost sales and reach new customers
- A recent National Restaurant Association survey indicates that:
 - 81% of restaurants use a POS or electronic register system
 - 68% offer Wi-Fi for guests
 - 37% offer online ordering
 - 32% accept mobile payment
 - 53% would use predictive ordering technology if available
 - 37% believe the most important area of technology development in the next five years is customer ordering
 - 32% consider their operations to be lagging when it comes to technology use while 12% consider their operations to be leading-edge



Restaurant Solutions Market: Initial Entry

- **High-profile foodborne illness outbreaks alongside new focus on cost controls prompting many restaurants to pursue investments in kitchen technology**
 - Illness outbreaks bring to light the real consequences of inadequate food safety controls, including loss of sales and significant lawsuits
 - Demonstrated limitations of traditional, manual food rotation labeling practices
 - Food Safety Modernization Act in 2010 also now requires the proper labeling of food products with 'use-by' and 'sell-by' dates
- **TransAct saw opportunity to leverage its print technology expertise to bring automation to what had historically been the manual process of labeling food in the kitchen**
 - AccuDate 9700 introduced in 2012 for McDonald's
 - AccuDate PRO introduced in 2015



Evolution of Restaurant Technology Investment

- **Restaurants are constantly facing a wide array of rising costs across their businesses, pressuring margins and profitability**
 - Labor
 - Commodity Cost
 - Compliance
 - Marketing
 - Food Waste
- **Increasingly, companies are exploring ways to implement next-generation technology in the back-of house to drive efficiency and ultimately reduce operating costs**



Restaurant Solutions Market: Evolving Customer Needs

- **Customer feedback has driven a significant evolution of AccuDate**
 - Market increasingly accepts and desires technology-driven solutions
- **AccuDate XL introduced in 2017**
 - Terminal well suited to run software-driven applications
 - Network connectivity allows extension of business management solutions directly to the kitchen
- **Market evolution, introduction of AccuDate XL has significantly expanded TransAct's long-term opportunity**
 - 500,000+ locations in US alone with potential for the installation of multiple terminals⁽¹⁾



AccuDate XL: The Android-Based Technology Hub

- Revolutionizes food preparation, food management and other critical back-of-house processes
- Android-based platform allows for development of additional third-party apps and capability expansion
- 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 XL Simplifies Kitchen Labeling

Traditional Method



AccuDate Method



AccuDate XL Software Partners Enhance the Terminal



Food Cost Management
Inventory Management
Menu Engineering
Labor Management
Dashboards & Alerts
Forecasting & Planning
Restaurant Supply Chain
Food Production Planning
Enterprise Reporting
Vendor Management
Business Intelligence



Tasks & Checklists
Forms & Inspections
Employee Scheduling
Time & Attendance
Announcements
Information Distribution
Logbook
Temperature Monitoring

AccuDate XL with CrunchTime!

- **CrunchTime! is the leading strategic enterprise software solution for the restaurant, cruise, foodservice and hospitality industries**
- **Partnership with CrunchTime! has revolutionized food preparation, food management and other critical back-of-house processes**
 - Android-based KitchenSync App enables full integration between AccuDate XL and CrunchTime's back-office platform
- **AccuDate + KitchenSync offers:**
 - Integration of sales forecasts, intra-day POS transactions and historical consumption patterns
 - Delivery of prep plans and schedules to kitchen
 - Connects kitchen activity to back office system, allowing for inventory updates that trigger prep and purchasing alerts



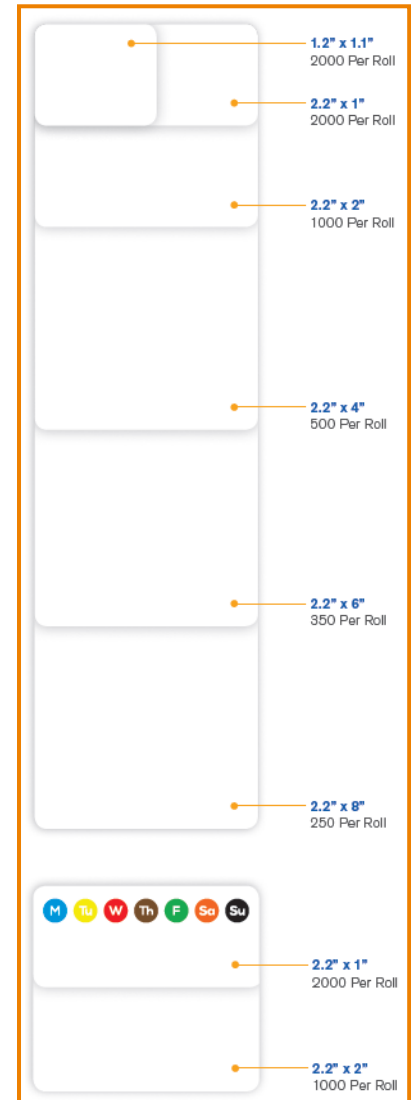
AccuDate XL with Jolt

- Jolt is the industry's leading cloud-based business-operations platform
- Partnership brings Jolt to the AccuDate XL via an easy-to-use Android app
 - Combined solution is the in-kitchen restaurant management platform of choice for food service operators of all sizes
- Offers free access to food expiration and grab 'n go labeling, along with account management and an analytics portal
- Additional monthly charge of \$49.99 allows users to upgrade to the full Jolt productivity suite
 - Tasks & Checklists; Temperature Monitoring & Recording; Forms & Inspections; Employee Scheduling; Message Blast; Time & Attendance; Employee Announcements; Logbook & Journal



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



AccuDate XL Positioned for the Heart of the Kitchen



AccuDate XL Market Opportunity

■ 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 the theoretical 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 |

Growing AccuDate XL Recurring Revenue Opportunity

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

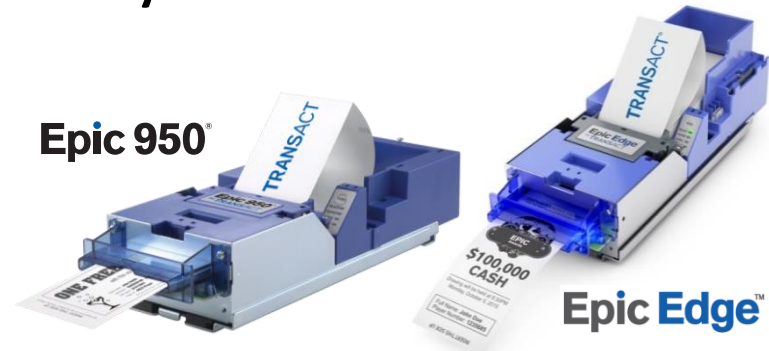


Casino/Gaming/Lottery Print Solutions Market Leader

- Epic printers for casinos and worldwide lottery market

- **All-new Epic Edge**

- 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



Epic 430™



Epic 3000™

Epic
Table Top Enclosure
Under Table Enclosure



Epic 880™

Epicentral: A Compelling Market Opportunity

- **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



Summary of 2017 Q3 Results

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------|-------------------------------------|--------|------------------------------------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | \$15.5 | \$14.5 | \$43.1 | \$43.6 |
| Gross profit | \$7.5 | \$5.9 | \$20.0 | \$17.8 |
| Gross margin | 48.4% | 40.9% | 46.5% | 40.8% |
| Operating income | \$2.6 | \$1.2 | \$5.3 | \$3.3 |
| Net income | \$1.8 | \$0.9 | \$3.6 | \$2.3 |
| Net income per diluted share | \$0.24 | \$0.12 | \$0.48 | \$0.29 |
| Non-GAAP ⁽¹⁾ : | | | | |
| EBITDA | \$2.9 | \$1.6 | \$6.2 | \$4.3 |
| Adjusted EBITDA | \$3.0 | \$1.7 | \$6.7 | \$4.7 |

\$ in millions, except per share and percentage data

NOTE 1: Please see slide 24 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 25.

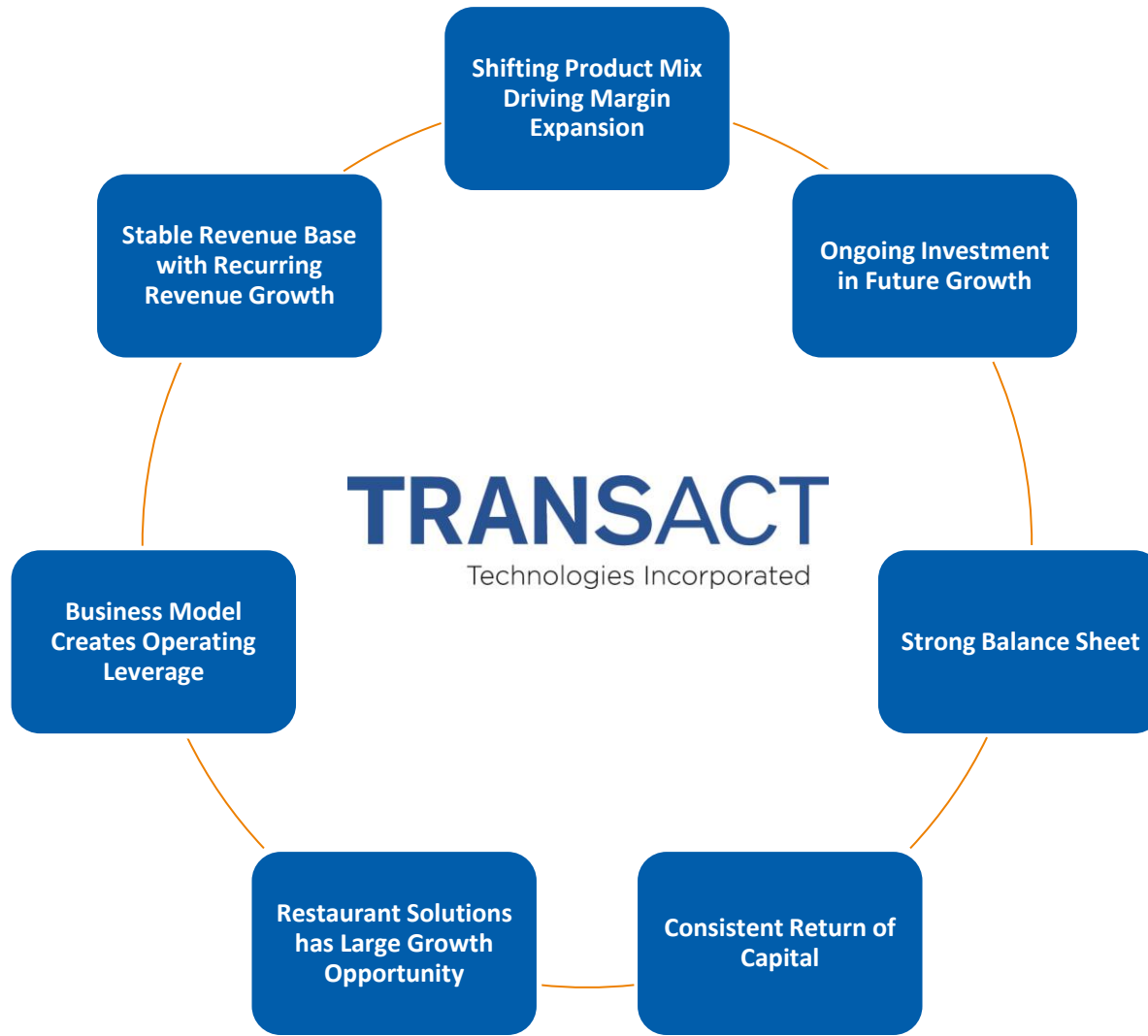
Net Sales by Unit

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------------|-------------------------------------|-----------------|------------------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Restaurant solutions | \$1,803 | \$969 | \$3,351 | \$3,506 |
| POS automation and banking | 1,829 | 2,889 | 6,335 | 8,407 |
| Casino and gaming | 5,111 | 5,612 | 14,213 | 16,204 |
| Lottery | 2,160 | 2,226 | 7,928 | 7,311 |
| Printrex | 358 | 67 | 818 | 398 |
| TransAct Services Group | 4,263 | 2,711 | 10,472 | 7,806 |
| Total | \$15,524 | \$14,474 | \$43,117 | \$43,632 |

Attractive Financial Profile

| | As of September 30, 2017 | As of December 31, 2016 |
|---------------------------|-----------------------------|----------------------------|
| Cash and cash equivalents | \$3.5 | \$2.5 |
| Accounts receivable | \$11.3 | \$10.6 |
| Inventories | \$8.2 | \$9.7 |
| Other assets | \$9.6 | \$9.2 |
| Total assets | \$32.6 | \$32.0 |
| | | |
| Accounts payable | \$3.0 | \$4.9 |
| Other liabilities | \$3.5 | \$3.0 |
| Total liabilities | \$6.5 | \$7.9 |
| Shareholders' equity | \$26.1 | \$24.1 |

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, | | Nine Months Ended September 30, | |
|----------------------------------|-------------------------------------|----------------|------------------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income | \$1,813 | \$883 | \$3,623 | \$2,261 |
| Interest expense, net | 9 | 7 | 25 | 18 |
| Income tax provision | 769 | 344 | 1,657 | 1,010 |
| Depreciation and amortization | 264 | 319 | 866 | 962 |
| EBITDA | \$2,855 | \$1,553 | \$6,171 | \$4,251 |
| Share-based compensation expense | 188 | 168 | 484 | 473 |
| Adjusted EBITDA | \$3,043 | \$1,721 | \$6,655 | \$4,724 |