



## **TRANSACT TECHNOLOGIES REPORTS FIRST QUARTER 2006 RESULTS**

### **Record Quarterly Revenue Driven By Double-Digit Growth Across All Three Sales Units**

Wallingford, CT, May 1, 2006 – TransAct Technologies Incorporated (Nasdaq: TACT), a leading producer of market specific printers for transaction-based industries worldwide, today announced financial results for the three months ended March 31, 2006.

Revenues for the first quarter of 2006 were \$16.4 million, a 37% increase compared to \$12.0 million in the same period a year ago. The Company earned net income for the first quarter of 2006 of \$1.1 million compared to net income of \$0.2 million in the same period of 2005. Earnings per share for the three months ended March 31, 2006 were \$0.11 per diluted share compared to \$0.02 per diluted share in the same period a year ago.

Bart C. Shuldman, Chairman, President and Chief Executive Officer of TransAct Technologies, said, "Our strong results this quarter across all of our markets are a result of the investments we made in the business last year. We achieved record quarterly sales in the first quarter, and significantly improved profitability. Specifically, we reported double-digit revenue growth in all three of our sales units."

#### **Gaming and Lottery**

Gaming and Lottery revenue for the first quarter of 2006 was \$8.6 million, up 58% compared to \$5.5 million in the same period of 2005. Revenue growth was driven by a combination of factors including increased market share in the domestic casino market, continued growth in the international casino markets, the benefits of a sales relationship with JCM and stronger lottery printer sales to GTECH.

#### **POS and Banking**

POS and Banking revenue was \$4.7 million in the first quarter of 2006, an increase of 18% compared to \$4.0 million in the first quarter of 2005. This growth was largely attributable to increased sales of TransAct's line of inkjet and thermal POS printers, including TransAct's new line of printers exclusively for distributors launched last year and its BANKjet® 1500 printers used in bank teller stations.

#### **TransAct Services Group**

Revenue from the TransAct Services Group, which includes spare parts, refurbished printers, consumables and services, was \$3.1 million in the first quarter of 2006, a 20% increase from \$2.6 million in the year-ago period. The success achieved in the first quarter was largely the result of the Company's expanded sales team, the impact from the west coast service center, which the Company opened last year, and the growing installed base of TransAct printers in the marketplace.

#### **Operations and Finance**

Steven A. DeMartino, Executive Vice President and Chief Financial Officer of TransAct Technologies, commented, "This was a strong quarter for TransAct in terms of both top and bottom line growth, as we executed well against our business strategy. Gross margin for the first quarter of 2006 improved to 34.6% from 30.6% in the first quarter of 2005 as a result of higher sales and continued cost improvements. We also continued to strengthen our balance sheet and generated over \$2 million in cash from operations during the quarter. We finished the quarter with \$5.3 million of cash and no debt on our balance sheet."

Mr. DeMartino continued, "As part of our stock repurchase program authorized by our Board of Directors in March 2005, during the first quarter of 2006, we repurchased 74,800 shares for approximately \$700,000 bringing the total buyback as of March 31, 2006 to 579,800 shares, or 6% of total shares outstanding, for a total of approximately \$4.6 million."

#### **Looking Forward**

Mr. Shuldman commented, "The investments we made in the business last year are starting to pay off and we believe that the business momentum we experienced in the first quarter will continue throughout 2006. We expect to continue to deliver growth across all of our sales units. More specifically, growth in our POS and banking business will be driven by our innovative product

offerings and our expanded sales team. Growth in the TransAct Services Group will be led by our three fully operational service centers and an expanded sales team focused solely on ramping up sales of TransAct Services Group products and services. We also remain excited about the international gaming market and expect to continue to gain market share in the domestic gaming market."

Mr. Shuldman concluded, "Overall, we are encouraged by the prospects for our business and feel confident that we have built the organization needed to achieve growth in revenue, profitability and market share. And with our newly expanded sales team, growing product lines, and strategic marketing initiatives in place, we are well positioned for success. We expect that the investments made in 2005 will continue to pay returns for the remainder of 2006. We are expecting this to be a year of growth in both revenue and profit. Based on the momentum in our business, we are raising earnings per share guidance for the full year 2006 to \$0.42 to \$0.46 per diluted share, up from our previous guidance of \$0.38 to \$0.40 per diluted share, on revenues of approximately \$65 million to \$67 million. We anticipate revenues for the second quarter of 2006 to be between \$16 and \$17 million with net income in the range of \$0.09 to \$0.12 per diluted share, compared to \$0.03 per diluted share in the second quarter of 2005."

### **Investor Conference Call / Webcast Details**

TransAct will review detailed first quarter 2006 results and forward looking guidance during a conference call today at 5:00PM EDT. The conference call-in number is 201-689-8471. A replay of the call will be available from 8:00PM EDT on Monday, May 1 through midnight EDT on Monday, May 8 by telephone at 201-612-7415. The account number to access the replay is 3055 and the password is 199274. Investors can also access the conference call via a live webcast on the Company's Web site at [www.transact-tech.com](http://www.transact-tech.com). A replay of the call will be archived on that Website for one week.

### **About TransAct Technologies Incorporated**

TransAct Technologies Incorporated (Nasdaq:TACT) is the leader in developing and manufacturing market-specific printers for transaction-based industries. These industries include gaming, lottery, banking and hospitality. Each individual market has distinct, critical requirements for printing and the transaction isn't complete until the receipt and/or ticket is produced. TransAct printers are designed from the ground up based on market specific requirements and are sold under the Ithaca® and Epic product brands. TransAct distributes its products through OEMs, value-added resellers, selected distributors, and direct to end-users. TransAct has over two million printers installed around the world. TransAct also has a strong focus on the after-market side of the business, with a high commitment to printer service, supplies and spare parts. TransAct is headquartered in Wallingford, CT. For more information on TransAct, visit [www.transact-tech.com](http://www.transact-tech.com) or call 203.859.6800.

### **Contacts:**

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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", "project" or "continue" or the negative thereof or other similar words. All forward-looking statements involve risks and uncertainties, including, but are 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; introduction of new products into the marketplace by competitors; successful product development; dependence on significant customers; dependence on significant vendors; the ability to recruit and retain quality employees as the Company grows; dependence on third parties for sales outside the United States, including Australia, New Zealand, Europe and Latin America; economic and political conditions in the United States, Australia, New Zealand, Europe and Latin America; marketplace acceptance of new products; risks associated with foreign operations; 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; and the outcome of lawsuits between TransAct and FutureLogic, Inc. 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.

**TRANSCACT TECHNOLOGIES INCORPORATED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

(In thousands, except per share amounts)	Three months ended	
	March 31,	
	2006	2005
Net sales	\$ 16,434	\$ 12,036
Cost of sales	10,747	8,359
Gross profit	5,687	3,677
Operating expenses:		
Engineering, design and product development	761	731
Selling and marketing	1,580	1,349
General and administrative	1,710	1,364
	<u>4,051</u>	<u>3,444</u>
Operating income	1,636	233
Other income (expense):		
Interest, net	14	20
Other, net	(11)	(1)
	<u>3</u>	<u>19</u>
Income before income taxes	1,639	252
Income tax provision	582	89
Net income	<u>\$ 1,057</u>	<u>\$ 163</u>
Net income per common share:		
Basic	\$ 0.11	\$ 0.02
Diluted	\$ 0.11	\$ 0.02
Shares used in per share calculation:		
Basic	9,558	10,010
Diluted	9,868	10,452

**SUPPLEMENTAL INFORMATION – SALES BY SALES UNIT:**

	Three months ended	
	March 31,	
	2006	2005
Point of sale and banking	\$ 4,664	\$ 3,954
Gaming and lottery	8,644	5,471
TransAct services group	3,126	2,611
Total net sales	<u>\$ 16,434</u>	<u>\$12,036</u>

**TRANSCACT TECHNOLOGIES INCORPORATED**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(In thousands)	March 31, 2006	December 31, 2005
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 5,289	\$ 4,579
Receivables, net	10,082	8,359
Inventories	7,225	6,036
Refundable income taxes	150	295
Deferred tax assets	2,735	2,735
Other current assets	478	258
Total current assets	<u>25,959</u>	<u>22,262</u>
Fixed assets, net	5,144	4,510
Goodwill, net	1,469	1,469
Deferred tax assets	565	557
Intangibles and other assets	504	534
	<u>7,682</u>	<u>7,070</u>
Total assets	<u>\$33,641</u>	<u>\$29,332</u>
<b>Liabilities and Shareholders' Equity:</b>		
Current liabilities:		
Accounts payable	\$ 5,531	\$ 2,859
Accrued liabilities	4,094	3,198
Accrued restructuring	420	420
Deferred revenue	455	410
Total current liabilities	<u>10,500</u>	<u>6,887</u>
Accrued restructuring	490	587
Deferred revenue	331	270
Other liabilities	338	331
	<u>1,149</u>	<u>1,188</u>
Total liabilities	<u>11,649</u>	<u>8,075</u>
Shareholders' equity:		
Common stock	103	102
Additional paid-in capital	17,864	17,497
Retained earnings	8,546	7,489
Accumulated other comprehensive income	44	36
Treasury stock	(4,565)	(3,867)
Total shareholders' equity	<u>21,989</u>	<u>21,257</u>

<u>2024</u>	<u>2023</u>
<b>\$33,641</b>	<b>\$29,332</b>