

TRANSACT TECHNOLOGIES INC  
Form 10-Q  
November 09, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2015  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 0-21121

\_\_\_\_\_

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)

06-1456680  
(I.R.S. Employer Identification No.)

One Hamden Center, 2319 Whitney Avenue, Suite 3B,  
Hamden, CT  
(Address of Principal Executive Offices)

06518  
(Zip Code)

(203) 859-6800  
(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Edgar Filing: TRANSACT TECHNOLOGIES INC - Form 10-Q

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of October 31, 2015, the number of shares outstanding of the Company’s common stock, \$0.01 par value, was 7,754,792.

---

TRANSACT TECHNOLOGIES INCORPORATED

INDEX

<u>PART I - Financial Information:</u>		Page
Item 1	<u>Financial Statements (unaudited)</u>	
	<u>Condensed Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014</u>	3
	<u>Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2015 and 2014</u>	4
	<u>Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2015 and 2014</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	19
Item 4	<u>Controls and Procedures</u>	20
<u>PART II - Other Information:</u>		
Item 1A	<u>Risk Factors</u>	20
Item 6	<u>Exhibits</u>	20
	<u>SIGNATURES</u>	21

## PART I - FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

TRANSACT TECHNOLOGIES INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(unaudited)

	September 30, 2015	December 31, 2014
	(In thousands, except share data)	
Assets:		
Current assets:		
Cash and cash equivalents	\$2,450	\$3,131
Accounts receivable, net	9,937	9,094
Inventories	12,451	11,806
Prepaid income taxes	-	409
Deferred tax assets	1,822	3,068
Other current assets	494	489
Total current assets	27,154	27,997
Fixed assets, net	2,346	2,438
Goodwill	2,621	2,621
Deferred tax assets	1,113	1,068
Intangible assets, net of accumulated amortization of \$2,684 and \$2,326, respectively	983	1,341
Other assets	23	26
	7,086	7,494
Total assets	\$34,240	\$35,491
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$5,459	\$2,365
Accrued liabilities	2,589	3,320
Income taxes payable	24	13
Accrued lawsuit settlement expenses	-	3,625
Deferred revenue	176	313
Total current liabilities	8,248	9,636
Deferred revenue, net of current portion	68	64
Deferred rent, net of current portion	112	172
Other liabilities	203	225
	383	461
Total liabilities	8,631	10,097
Shareholders' equity:		
Common stock, \$0.01 par value, 20,000,000 shares authorized; 11,142,381 and 11,122,293 shares issued, respectively; 7,753,792 and 7,900,257 shares outstanding, respectively	111	111

Edgar Filing: TRANSACT TECHNOLOGIES INC - Form 10-Q

Additional paid-in capital	28,709	28,167
Retained earnings	23,046	22,349
Accumulated other comprehensive loss, net of tax	(76)	(72)
Treasury stock, at cost, 3,388,589 and 3,222,036 shares	(26,181)	(25,161)
Total shareholders' equity	25,609	25,394
Total liabilities and shareholders' equity	\$34,240	\$35,491

See notes to Condensed Consolidated Financial Statements.

TRANSACT TECHNOLOGIES INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	(In thousands, except per share data)			
Net sales	\$14,172	\$13,389	\$47,560	\$40,812
Cost of sales	7,881	8,103	27,616	24,012
Gross profit	6,291	5,286	19,944	16,800
Operating expenses:				
Engineering, design and product development	766	1,053	2,494	3,434
Selling and marketing	2,137	1,847	6,060	6,069
General and administrative	1,823	1,901	5,665	5,789
Legal fees and settlement expenses associated with lawsuit (Note 7)	-			