

## TRANSACTION SYSTEMS ARCHITECTS REPORTS SECOND QUARTER AND FIRST HALF RESULTS

**(Omaha, Neb. April 23rd, 1998)**--Transaction Systems Architects, Inc. (Nasdaq: TSAI), a leading supplier of application software for electronic payments and electronic commerce, reported record earnings of \$.27 per share (diluted) on revenue of \$64.2 million for the second quarter of fiscal year 1998 ending March 31, 1998.

Operating income was \$11.9 million for the quarter compared to an operating income of \$9.1 million for the same quarter last year, an increase of 30 percent. The company reported net income of \$7.9 million, \$.27 per share (diluted), for the current quarter as compared to \$5.5 million, \$.19 per share (diluted) in the second quarter 1997. Net income and earnings per share for the second quarter fiscal year 1998 increased 42 percent as compared with the same period last year.

For the six months ended March 31, 1998 revenues were \$125.3 million, compared to \$103.3 million last year, an increase of 21 percent. Operating income was \$23.1 million for the first six months of the current year as compared to \$16.7 million in the same six months last year, an increase of 38 percent. Operating income for the first six months of 1997 included acquisition-related charges from the company's 1993 leveraged buyout totaling \$801 thousand. Without these acquisition-related charges, operating income on a pro forma basis was \$17.5 million for the first six months of 1997. On a comparable pro forma basis, operating income increased 32 percent in the first six months of the current year compared to last year.

Net income for the first six months of the fiscal year 1998 was \$15.1 million, \$.52 per share (diluted) compared to \$9.8 million, \$.34 per share (diluted) for the same period last year. Compared to net income and earnings per share for the first half of fiscal year 1997, the first half of fiscal year 1998 increase was 54 percent and 53 percent, respectively. On a comparable pro forma basis net income and earnings per share increased 43 percent and 41 percent, respectively.

The company completed the quarter with \$156.7 million in backlog consisting of \$53.3 million in non-recurring revenues and \$103.4 million in recurring revenues. Backlog increased \$38.7 million, a 33 percent increase compared to the second quarter of fiscal 1997 ending March 31, 1997. Non-recurring revenues are composed of fees specified in existing software and services contracts the company expects to recognize in the next 12 months. Recurring revenues include all monthly license fees, maintenance fees and facilities management fees from existing contracts that the company expects to recognize over the next

12 months.

Cash flow from operating activities was \$6.3 million for the second quarter of 1998. Year-to-date cash flow from operating activities totals \$12.0 million. The cash balance on hand for the second quarter of fiscal 1998 ending March 31, 1998 was \$49.4 million.

"The second quarter results reflect the consistency and strength in our financial model," said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. "We continue to build the recurring revenue model of our business as well as position ourselves across the international markets for the growth in electronic payments."

Transaction Systems Architects software facilitates electronic payments by providing consumers and companies access to their money. Its products are used to process transactions involving credit cards, debit cards, smart cards, home banking services, checks, wire transfers as well as automated clearing and settlement. Transaction Systems' solutions are used on more than 2,900 product systems in 69 countries on six continents.

### **Financial Highlights Follow**

**TRANSACTION SYSTEMS ARCHITECTS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited and in thousands)

	<b>March 31, 1998</b>	<b>September 30, 1997</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 49,370	\$ 46,600
Billed receivables, net	44,675	39,864
Accrued receivables	24,135	25,063
Deferred income taxes	4,312	3,517
Other	2,714	3,043
<u>Total current assets</u>	<u>125,206</u>	<u>118,087</u>
Property and equipment, net	17,006	16,263
Software, net	6,476	6,105
Intangible assets, net	10,262	9,539
Installment receivables	1,029	2,394
Investment and notes receivable	12,615	7,969
Other	4,706	4,877
<u>Total assets</u>	<u>\$ 177,300</u>	<u>\$ 165,234</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:		
Current portion of long-term debt	\$ 829	\$ 768
Current portion of capital lease obligations	432	524
Accounts payable	7,300	7,896
Accrued employee compensation	5,135	5,559
Accrued liabilities	10,894	9,048
Income taxes	5,336	6,230
Deferred revenue	22,071	28,792

	<u>Total current liabilities</u>	<u>51,997</u>	<u>58,817</u>
Long-term debt		1,062	1,465
Capital lease obligations		1,277	914
	<u>Total liabilities</u>	<u>54,336</u>	<u>61,196</u>
Stockholders' equity:			
Class A Common Stock		136	134
Class B Common Stock		6	6
Additional paid-in capital		108,227	103,708
Accumulated translation adjustments		(949)	(260)
Retained earnings		15,556	462
Treasury stock, at cost		(12)	(12)
	<u>Total stockholders' equity</u>	<u>122,964</u>	<u>104,038</u>
	<u>Total liabilities and stockholders' equity</u>	<u>\$ 177,300</u>	<u>\$ 165,234</u>

**TRANSACTION SYSTEMS ARCHITECTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited and in thousands, except per share amounts)

		<b>Three Months Ended March 31,</b>	<b>Six Months Ended March 31,</b>	
		<b>1998</b>	<b>1997</b>	<b>1998</b>
Revenues:				
Software license fees	\$	37,879	\$ 31,179	\$ 73,653
Maintenance fees		12,236	10,179	23,585
Services		13,065	11,309	25,613
Hardware, net		1,019	784	2,407
	<u>Total revenues</u>	<u>64,199</u>	<u>53,451</u>	<u>125,258</u>
Expenses:				
Cost of software license fees:				
Software costs		7,315	6,364	14,597
Amortization of purchased software		-	-	-
Cost of maintenance and services		14,343	12,305	27,678
Research and development		5,578	4,624	11,083
Selling and marketing		14,443	12,030	28,195
General and administrative:				
General and administrative costs		10,223	8,777	19,897
Amortization of goodwill and purchased intangibles		414	237	729
	<u>Total expenses</u>	<u>52,316</u>	<u>44,337</u>	<u>102,179</u>
Operating income		11,883	9,114	23,079
Other income				

(expense):					
	Interest income	723	498	1,314	
	Interest expense	(78)	(24)	(98)	
	Other	26	(227)	(54)	
	<u>Total other</u>	<u>671</u>	<u>247</u>	<u>1,162</u>	
	Income before income taxes	12,554	9,361	24,241	
	Provision for income taxes	(4,700)	(3,838)	(9,147)	
	<u>Net income</u>	<u>\$ 7,854</u>	<u>\$ 5,523</u>	<u>\$ 15,094</u>	<u>\$</u>
	Earnings Per Share Data:				
	Basic:				
	Net income	\$ 0.28	\$ 0.20	\$ 0.54	\$
	Average shares outstanding	28,183	27,806	28,127	
	Diluted:				
	Net income	\$ 0.27	\$ 0.19	\$ 0.52	\$
	Average shares outstanding	29,108	28,592	29,086	