

## TRANSACTION SYSTEMS ARCHITECTS REPORTS

### THIRD QUARTER RESULTS

**(Omaha, Neb.--July 24, 1997)**--Transaction Systems Architects, Inc. (Nasdaq: TSAI), a leading global provider of application software for electronic payments reported record revenues of \$55.2 million for the third quarter of fiscal 1997 ending June 30, 1997, an increase of 29 percent over the same quarter last year.

On May 13, 1997 the company completed the acquisition of Regency Voice Systems, Inc. and related entities pursuant to a plan of exchange. The exchange was accounted for as a pooling of interests. Accordingly, TSAI's financial statements have been restated to include the results of Regency for all periods presented.

Operating income was \$9.7 million for the third quarter of 1997 compared to an operating income of \$6.1 million for the same quarter last year. Operating income for the third quarter of 1996 included acquisition related charges from the company's 1993 leveraged buyout totaling \$800 thousand. Without these charges, operating income on a pro forma basis was \$6.9 million for the third quarter of 1996. Compared to 1996 pro forma operating income, the current quarter increase over last year was 41 percent.

The Company reported net income of \$6.3 million, \$.22 per share, for the current quarter as compared to \$3.9 million, \$.14 per share in the third quarter 1996. Net income and earnings per share on a pro forma basis for the third quarter of 1996 was \$4.4 million, \$.15 per share. Compared to pro forma net income and earnings per share in 1996, the current quarter increase was 43 percent and 47 percent respectively.

For the nine months ended June 30, 1997, revenues were \$158.5 million, an increase of 33 percent over the same nine months last year.

Operating income was \$26.4 million for the first nine months of the current year as compared to \$15.9 million in the same nine months last year. Operating income for the first nine months of fiscal year 1997 included acquisition-related charges from the company's leveraged buyout totaling \$800 thousand. Without these charges, operating income on a pro forma basis was \$27.2 million for the nine first months of 1997. Operating income for the first nine months of 1996 included acquisition-related charges from the company's 1993 leveraged buyout totaling \$2.5 million. Without these charges, operating income on a pro forma basis was \$18.4 million for the first nine months of 1996. On a comparable pro forma basis, operating income

increased 48 percent in the first nine months of the current year compared to last year.

Net income for the first nine months of the current fiscal year was \$16.6 million, \$.58 per share compared to \$10.8 million, \$.38 per share for the same period last year. On a pro forma basis, net income and earnings per share for the first nine months of the current fiscal year was \$16.9 million, \$.59 per share, compared to pro forma net income and earnings per share for 1996 of \$12.2 million, \$.43 per share. The increase in net income this year on a comparable pro forma basis was 37 percent.

The company completed the quarter with \$129 million in backlog consisting of \$41 million in non-recurring revenue and \$88 million in recurring revenues.

Backlog increased \$33 million, a 34 percent increase compared to June 30, 1996. Non-recurring revenues are composed of fees specified in 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 that the company expects to recognize over the next 12 months.

Cash flow from operating activities was \$7.6 million for the third quarter of fiscal year 1997. Year-to-date cash flow from operating activities totals \$20.8 million. The cash balance at the end of June 1997 was 42.6 million.

"We have completed another strong quarter, with record revenues, operating margin and net income," said William E. Fisher, Chairman, Chief Executive Officer and President of Transaction Systems Architects. "During the third quarter we completed the acquisition of Regency Voice Systems, Inc. and announced our Windows NT initiative with our new subsidiary Crystal Clear Technology, Inc. which fits with our business strategies of expanding our product set and platform offerings."

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 2,500 product systems in 68 countries on six continents

## **FINANCIAL HIGHLIGHTS FOLLOW**

**TRANSACTION SYSTEMS ARCHITECTS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited and in thousands, except per share amounts)**

	<u>Three Months</u> <u>Ended June 30,</u>		<u>Nine Months Ended</u> <u>June 30,</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Revenues:				
Software license fees	\$ 31,186	\$ 21,545	\$ 89,504	\$ 60,042
Maintenance fees	10,746	9,173	31,031	26,042
Services	12,395	11,206	35,745	29,427
Hardware, net	<u>881</u>	<u>977</u>	<u>2,218</u>	<u>3,279</u>
Total revenues	<u>55,208</u>	<u>42,901</u>	<u>158,498</u>	<u>118,790</u>
Expenses:				
Cost of software license fees:				
Software costs	6,494	5,292	18,413	14,224
Amortization of purchased software	0	783	801	2,356
Cost of maintenance and services	13,038	10,969	38,055	29,481
Research and development	4,618	3,499	13,321	10,967
Selling and marketing	12,368	8,570	34,967	25,192
General and administrative:				
General and administrative costs	8,814	7,589	25,882	20,195
Amortization of goodwill and purchased intangibles	<u>210</u>	<u>157</u>	<u>664</u>	<u>452</u>

Total expenses	<u>45,542</u>	<u>36,859</u>	<u>132,103</u>	<u>102,867</u>
Operating income	<u>9,666</u>	<u>6,042</u>	<u>26,395</u>	<u>15,923</u>
Other income (expense):				
Interest income	557	442	1,497	1,587
Interest expense	(55)	(54)	(136)	(179)
Other	<u>(38)</u>	<u>(99)</u>	<u>(582)</u>	<u>(180)</u>
Total other	<u>464</u>	<u>289</u>	<u>779</u>	<u>1,228</u>
Income before income taxes	10,130	6,331	27,174	17,151
Provision for income taxes	<u>(3,793)</u>	<u>(2,393)</u>	<u>(10,539)</u>	<u>(6,381)</u>
Net income	\$ <u>6,337</u>	\$ <u>3,938</u>	\$ <u>16,635</u>	\$ <u>10,770</u>
Net income per common and equivalent share	\$ <u>0.22</u>	\$ <u>0.14</u>	\$ <u>0.58</u>	\$ <u>0.38</u>
Weighted average shares outstanding	<u>28,821</u>	<u>28,798</u>	<u>28,676</u>	<u>28,654</u>

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

June 30,	September 30,
<u>1997</u>	<u>1996</u>

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 42,579	\$ 32,751
Billed receivables, net	35,200	30,598
Accrued receivables	27,201	19,284
Deferred income taxes	5,626	4,348
Other	<u>2,263</u>	<u>1,443</u>
Total current assets	<u>112,869</u>	<u>88,424</u>
Property and equipment, net	14,672	13,340
Software, net	5,659	5,424
Intangible assets, net	9,487	7,236
Installment receivables	1,275	1,593
Investment and notes receivable	6,819	8,105
Other	<u>3,379</u>	<u>1,775</u>
Total assets	\$ <u>154,160</u>	\$ <u>125,897</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:

Current portion of long-term debt	\$ 795	\$ 1,147
Current portion of capital lease obligations	274	342
Accounts payable	7,627	8,629
Accrued employee compensation	3,566	5,210
Accrued liabilities	9,891	7,732
Income taxes	6,256	4,466
Deferred revenue	<u>27,925</u>	<u>20,507</u>
Total current liabilities	56,334	48,033
Long-term debt	1,502	1,431
Capital lease obligations	<u>263</u>	<u>256</u>
Total liabilities	<u>58,099</u>	<u>49,720</u>

Stockholders' equity:

Class A Common Stock	129	127
Class B Common Stock	11	11
Additional paid-in capital	102,369	95,909
Accumulated translation adjustments	103	(236)
Accumulated deficit	(6,539)	(19,622)
Treasury stock, at cost	<u>(12)</u>	<u>(12)</u>
Total stockholders' equity	<u>96,061</u>	<u>76,177</u>
Total liabilities and stockholders' equity	\$ <u>154,160</u>	\$ <u>125,897</u>