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DELTA REPORT

10-Q

CCRD - CORECARD CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	955
CHANGES	103
DELETIONS	563
ADDITIONS	289

REFINITIV

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

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT UNDER SECTION 13 OR 15(D) 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024 OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(D) 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to __________

Commission file number 1-9330

CORECARD CORPORATION

(Exact name of registrant as specified in its charter)

Georgia	58-1964787
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Meca Way, Norcross, Georgia	**30093**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(770) 381-2900**

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value for the class per share	CCRD	NYSE

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 Indicated by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer ☐	☑	Smaller reporting company	☑
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use to the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2023 April 30, 2024, 8,440,356 8,160,758 shares of Common Stock of the issuer were outstanding.

CoreCard Corporation

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Form 10-Q

Part I FINANCIAL INFORMATION

Item1. Financial Statements

CoreCard Corporation

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

As of	**September 30, 2023**	**December 31, 2022**	March 31, 2024	December 31, 2023
ASSETS	(unaudited)	(audited)	(unaudited)	(audited)

Current assets:				
Cash and cash equivalents	$ 31,614	$ 20,399	$ 24,056	$ 26,918
Marketable securities	5,147	4,973	5,305	5,230
Accounts receivable, net	5,875	13,220	8,189	7,536
Other current assets	5,887	3,729	5,173	4,805
Total current assets	48,523	42,321	42,723	44,489
Investments	3,634	5,180	3,823	4,062
Property and equipment, at cost less accumulated depreciation	11,681	12,006	11,688	11,319
Other long-term assets	2,947	3,725	3,857	3,956
Total assets	$ 66,785	$ 63,232	$ 62,091	$ 63,826
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 1,708	$ 2,011	$ 1,925	$ 1,557
Deferred revenue, current portion	3,743	1,094	1,635	2,310
Accrued payroll	1,941	1,888	1,556	2,172
Accrued expenses	806	525	1,167	971
Other current liabilities	2,043	2,025	2,778	2,530
Total current liabilities	10,241	7,543	9,061	9,540
Commitments and Contingencies (see Note 9)				
Noncurrent liabilities:				
Deferred revenue, net of current portion	361	473	186	265
Deferred tax liability	541	472		
Long-term lease obligation	1,367	1,981	899	1,121
Other current liabilities			295	196
Total noncurrent liabilities	2,269	2,926	1,380	1,582
Commitments and Contingencies (see Note 9)				
Stockholders' equity:				
Common stock, $0.01 par value: Authorized shares - 20,000,000;	Common stock, $0.01 par value: Authorized shares - 20,000,000;			
Issued shares – 9,016,140 and 9,010,119 at September 30, 2023 and December 31, 2022, respectively; Outstanding shares – 8,440,356 and 8,502,735 at September 30, 2023 and December 31, 2022, respectively	90	90		
Issued shares – 9,016,140 at March 31, 2024 and December 31, 2023 respectively Outstanding shares – 8,160,758 and 8,295,408 at March 31, 2024 and December 31, 2023, respectively			90	90
Additional paid-in capital	16,621	16,471	16,781	16,621
Treasury stock, 575,784 and 507,384 shares at September 30, 2023 and December 31, 2022, respectively, at cost	(18,213)	(16,662)		
Accumulated other comprehensive income (loss)	(57)	(61)		
Treasury stock, 855,382 and 720,732 shares at March 31, 2024 and December 31, 2023, respectively, at cost			(22,006)	(20,359)
Accumulated other comprehensive income			35	32
Accumulated income	55,834	52,925	56,750	56,320
Total stockholders' equity	54,275	52,763	51,650	52,704
Total liabilities and stockholders' equity	$ 66,785	$ 63,232	$ 62,091	$ 63,826

The accompanying notes are an integral part of these Consolidated Financial Statements consolidated financial statements..

CoreCard Corporation

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	2024	2023
Revenue						
Services	$ 13,399	$ 14,450	$ 42,053	$ 39,657	$ 13,076	$ 14,756
Products	–	–	1,794	14,283	-	-
Total net revenue	13,399	14,450	43,847	53,940	13,076	14,756
Cost of revenue						
Services	9,279	8,431	28,380	23,824	9,500	9,804
Products	–	–	–	–	-	-
Total cost of revenue	9,279	8,431	28,380	23,824	9,500	9,804
Expenses						
Marketing	63	80	237	231	114	69
General and administrative	1,155	1,107	4,220	4,048	1,427	1,549
Development	2,489	3,129	6,094	8,916	1,508	1,514
Income from operations	413	1,703	4,916	16,921	527	1,820
Investment income (loss)	(1,015)	39	(1,701)	196		
Other income (loss), net	308	60	653	126		
(Loss) income before income taxes	(294)	1,802	3,868	17,243		
Income tax expense (benefit)	(72)	443	959	4,358		
Net (loss) income	$ (222)	$ 1,359	$ 2,909	$ 12,885		
Earnings (loss) per share:						
Investment loss					(204)	(241)
Other income, net					256	90
Income before income taxes					579	1,669
Income taxes					149	413
Net income					$ 430	$ 1,256
Earnings per share:						
Basic	$ (0.03)	$ 0.16	$ 0.34	$ 1.50	$ 0.05	$ 0.15
Diluted	$ (0.03)	$ 0.16	$ 0.34	$ 1.49	$ 0.05	$ 0.15
Basic weighted average common shares outstanding	8,460,473	8,538,954	8,485,416	8,596,654	8,236,135	8,502,735
Diluted weighted average common shares outstanding	8,460,473	8,559,665	8,509,825	8,621,388	8,247,788	8,531,541

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net (loss) income	$ (222)	$ 1,359	$ 2,909	$ 12,885
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities	11	(6)	36	(6)
Foreign currency translation adjustments	15	120	(32)	364
Total comprehensive (loss) income	$ (196)	$ 1,473	$ 2,913	$ 13,243

		Three Months Ended March 31,	
		2024	2023
Net income		$ 430	$ 1,256
Other comprehensive income (loss):			
Unrealized gain on marketable securities		5	37
Foreign currency translation adjustments		(2)	(53)
Total comprehensive income		$ 433	$ 1,240

The accompanying notes are an integral part of these Consolidated Financial Statements. consolidated financial statements.

CoreCard Corporation

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited, in thousands, except share amounts)

	Common Stock		**Additional Paid-In Capital**	**Treasury Stock**	**Accumulated Other Comprehensive Income (Loss)**	**Accumulated Earnings**	**Stockholders' Equity**	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulat Earnings
	Shares	Amount						Shares	Amount				
Balance at December 31, 2021	8,689,815	$ 90	$ 16,261	$ (11,327)	$ (194)	$ 39,044	$ 43,874						
Balance at December 31, 2022								8,502,735	$ 90	$ 16,471	$ (16,662)	$ (61)	$ 52,9
Net income													1,2
Unrealized gain on marketable securities												37	
Foreign currency translation adjustment												(53)	
Balance at March 31, 2023								8,502,735	$ 90	$ 16,471	$ (16,662)	$ (77)	$ 54,1
Balance at December 31, 2023								8,295,408	$ 90	$ 16,621	$ (20,359)	$ 32	$ 56,3
Common stock repurchased*	(70,864)			(2,332)			(2,332)	(134,650)			(1,647)		
Net income						8,670	8,670						4
Stock compensation expense			10				10			160			

Unrealized gain on marketable securities								5
Foreign currency translation adjustment					1		1	(2)
Balance at March 31, 2022	8,618,951	$ 90	$ 16,271	$ (13,659)	$ (193)	$ 47,714	$ 50,223	
Common stock repurchased*	(58,447)			(1,347)			(1,347)	
Net income						2,856	2,856	
Stock compensation expense	6,504		150				150	
Foreign currency translation adjustment					243		243	
Balance at June 30, 2022	8,567,008	$ 90	$ 16,421	$ (15,006)	$ 50	$ 50,570	$ 52,125	
Common stock repurchased*	(56,443)			(1,363)			(1,363)	
Net income						1,359	1,359	
Foreign currency translation adjustment					120		120	
Unrealized gain (loss) on marketable securities					(6)		(6)	
Balance at September 30, 2022	8,510,565	$ 90	$ 16,421	$ (16,369)	$ 164	$ 51,929	$ 52,235	
Balance at December 31, 2022	8,502,735	$ 90	$ 16,471	$ (16,662)	$ (61)	$ 52,925	$ 52,763	
Net income						1,256	1,256	
Unrealized gain (loss) on marketable securities					37		37	
Foreign currency translation adjustment					(53)		(53)	
Balance at March 31, 2023	8,502,735	$ 90	$ 16,471	$ (16,662)	$ (77)	$ 54,181	$ 54,003	

	Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Common stock repurchased, including excise tax*	(18,075)			(443)			(443)
Net income						1,875	1,875
Stock compensation expense	6,021	-	150				150
Unrealized gain (loss) on marketable securities					(12)		(12)
Foreign currency translation adjustment					6		6
Balance at June 30, 2023	8,490,681	$ 90	$ 16,621	$ (17,105)	$ (83)	$ 56,056	$ 55,579
Common stock repurchased*	(50,325)			(1,108)			(1,108)
Net loss						(222)	(222)
Unrealized gain (loss) on marketable securities					11		11
Foreign currency translation adjustment					15		15
Balance at September 30, 2023	8,440,356	$ 90	$ 16,621	$ (18,213)	$ (57)	$ 55,834	$ 54,275
Balance at March 31, 2024	8,160,758	$ 90	$ 16,781	$ (22,006)	$ 35	$ 56,7	

*At September 30, 2023 March 31, 2024, approximately $16.8 million $13,047,000 was authorized for future repurchases of our common stock.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CoreCard Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	Nine Months Ended September 30,		Three Months Ended March 31,	
CASH PROVIDED BY (USED FOR):	**2023**	**2022**	2024	2023

OPERATING ACTIVITIES:				
Net income	$ 2,909	$ 12,885	$ 430	$ 1,256
Adjustments to reconcile net income to net cash provided by operating activities:				
Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Depreciation and amortization	5,011	3,636	1,025	1,695
Stock-based compensation expense	150	160	160	-
Deferred income taxes	69	312		
Non-cash investment loss (income)	1,000	(18)		
Equity in loss (gain) of affiliate company	701	(195)		
Provision for deferred income taxes			(84)	(61)
Non-cash interest income			(37)	37
Equity in loss of affiliate company			239	295
Changes in operating assets and liabilities:				
Accounts receivable, net	7,345	(2,268)	(653)	(792)
Other current assets	(2,329)	(2,620)	(185)	259
Other long-term assets	563	(41)	(41)	(45)
Accounts payable	(78)	600	567	(503)
Accrued payroll	53	336	(616)	(365)
Deferred revenue, current portion	2,649	(1,134)	(675)	651
Accrued expenses	281	(54)	196	301
Other current liabilities	40	(1,052)	305	279
Deferred revenue, net of current portion	(112)	310	(79)	(59)
Net cash provided by operating activities	18,252	10,857	552	2,948
INVESTING ACTIVITIES:				
Purchase of marketable securities			(362)	(440)
Maturities of marketable securities			324	411
Purchases of property and equipment	(4,845)	(7,532)	(1,593)	(1,628)
Advances on notes and interest receivable	(450)	–		
Advances on notes receivable			(200)	-
Proceeds from payments on notes receivable	147	165	50	55
Purchases of marketable securities	(1,776)	(988)		
Maturities of marketable securities	1,602	–		
Purchase of long-term investment	(155)	–		
Net cash used for investing activities	(5,477)	(8,355)	(1,781)	(1,602)
FINANCING ACTIVITIES:				
Repurchases of common stock	(1,528)	(5,042)	(1,631)	-
Net cash used for financing activities	(1,528)	(5,042)	(1,631)	-
Effects of exchange rate changes on cash	(32)	364	(2)	(53)
Net increase (decrease) in cash	11,215	(2,176)		
Net (decrease) increase in cash			(2,862)	1,293
Cash at beginning of period	20,399	29,244	26,918	20,399
Cash at end of period	$ 31,614	$ 27,068	$ 24,056	$ 21,692
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the period for income taxes	$ 168	$ 5,330		
Purchases of property and equipment, accrued but not paid	$ –	$ 207	$ 262	$ 309

The accompanying notes are an integral part of these Consolidated Financial Statements.

CoreCard Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

Throughout this report, the terms “we”, “us”, “ours”, “CoreCard” and “Company” refer to CoreCard Corporation, including its wholly-owned and majority-owned subsidiaries. The unaudited Consolidated Financial Statements presented in this Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States applicable to interim financial statements. Accordingly, they do not include all of the information and notes required for complete financial statements. In the opinion of CoreCard management, these Consolidated Financial Statements contain all adjustments (which comprise only normal and recurring accruals) necessary to present fairly the financial position and results of operations as of and for the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022. 2023. The interim results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with our Consolidated Financial Statements and notes thereto for the fiscal year ended December 31, 2022 December 31, 2023, as filed in our Annual Report on Form 10-K.

There have been no material changes in the Company’s significant accounting policies in the first quarter of 2024, as compared to the significant accounting policies described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the “2023 Form 10-K”).

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, November 2023, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU No. 2018-19, Codification 2023-07, Improvements to Reportable Segment Disclosures (Amendments to Topic 326, 280). This standard was issued to clarify that receivables arising improve the disclosures about reportable segments and address requests from operating leases are within investors for additional, more detailed information about a reportable segment’s expenses by requiring disclosure of incremental segment information on an annual and interim basis to enable investors to develop more decision-useful financial analyses. Topic 280 currently requires certain information about its reportable segments. The amendments in the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04, do not change or remove those disclosure requirements. The amendments in this ASU No. 2019-05, ASU 2019-10 and ASU 2019-11 to provide additional guidance on the credit losses standard. The ASUs are effective for interim and annual periods fiscal years beginning after December 15, 2022 December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Adoption The adoption of the ASUs ASU is on a modified retrospective basis. We adopted will adopt the ASUs updated accounting guidance in our Annual Report on January 1, 2023, which did not Form 10-K for the year ended December 31, 2024. We are currently evaluating the impact the adoption of the new accounting guidance will have a material impact on our consolidated financial statements. segment disclosures.

In March 2022, December 2023, the Financial Accounting Standards Board FASB issued Accounting Standards Update (ASU) 2022-02 "Financial Instruments - Credit Losses ASU 2023-09, Income Taxes (Topic 326) 740): Troubled Debt Restructurings Improvements to Income Tax Disclosures. This standard was issued to enhance the transparency and Vintage Disclosures" (ASU 2022-02), which eliminates decision usefulness of income tax disclosures to provide information to better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this ASU address transparency about income tax information through disclosures primarily related to the accounting guidance for troubled debt restructurings (TDRs) by creditors that have adopted rate reconciliation and income taxes paid information. The amendments in this ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and enhances certain disclosure requirements. The ASU is are effective for interim and annual periods beginning after December 15, 2022, with early December 15, 2024. The ASU should be applied on a prospective basis. Retrospective application is permitted. We will adopt the updated accounting guidance in our Annual Report on Form 10-K for the year ended December 31, 2025. We are currently evaluating the impact the adoption permitted. Adoption of the ASUs is on a modified retrospective basis. We adopted the ASUs on January 1, 2023, which did not new accounting guidance will have a material impact on our Consolidated Financial Statements. income tax disclosures.

We have considered all other recently issued accounting pronouncements and do not believe the adoption of such pronouncements will have a material impact on our Consolidated Financial Statements.

2. **REVENUE**

Disaggregation of Revenue

In the following table, revenue is disaggregated by type of revenue for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,			
(in thousands)	2023	2022	2023	2022		
Three months ended March 31, *(in thousands)*					2024	2023
License	$ –	$ –	$ 1,794	$ 14,283	$ -	$ -
Professional services	6,432	7,776	22,127	21,943	5,826	8,341
Processing and maintenance	5,814	5,267	16,933	13,837	6,152	5,430
Third party	1,153	1,407	2,993	3,877	1,098	985
Total	$ 13,399	$ 14,450	$ 43,847	$ 53,940	$ 13,076	$ 14,756

Foreign revenues are based on the location of the customer. Revenues from customers by geographic area areas for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,			
(in thousands)	2023	2022	2023	2022		
Three months ended March 31, *(in thousands)*					2024	2023
United States	$ 12,777	$ 13,973	$ 42,307	$ 52,836	$ 12,553	$ 14,340
Middle East	588	451	1,452	1,030	496	391
European Union	34	26	88	74	27	25
Total	$ 13,399	$ 14,450	$ 43,847	$ 53,940	$ 13,076	$ 14,756

Concentration of Revenue

The following table indicates the percentage of consolidated revenue represented by each customer that represented more than 10 percent of consolidated revenue in the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022. 2023. Most of our customers have multi-year contracts with recurring revenue as well as professional services fees that vary by period depending on their business needs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Customer A	62 %	70 %	68 %	7

	Three Months Ended March 31,	
	2024	2023
Customer A	59 %	70

3. NOTES RECEIVABLE

In February 2021, we entered into and advanced a $550,000 Promissory Note with a privately held technology company and program manager in the FinTech industry. The note had an interest rate of 4.6 percent annually and was paid in full in August 2023. In September 2023, we entered into and advanced $650,000 on a $450,000 Promissory Note with a maturity date of October 2025 and an annual interest rate of 5.25 percent. In the first quarter of 2024, we entered into and advanced a $200,000 Promissory Note with a maturity date of October 2025 and an annual interest rate of 5.25 percent. The carrying value of the current portion of our note notes receivable of $240,000 at September 30, 2023 March 31, 2024 is included in other current assets on the Consolidated Balance Sheets. The carrying value of the noncurrent portion of our note receivable of $210,000 $505,000 at September 30, 2023 March 31, 2024 is included in other long-term assets on the Consolidated Balance Sheets.

4. INVESTMENTS

We hold a 28 26.5 percent ownership interest in a privately held identity and professional services company with ties to the FinTech industry. The carrying value of our investment was $3,479,000 $3,668,000 at September 30, 2023 March 31, 2024, included in investments on the Consolidated Balance Sheets. We account for this our investment using the equity method of accounting which resulted in losses of $15,000 $239,000 and $701,000 $295,000 for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and income of $38,000 and $195,000 for the three and nine months ended September 30, 2022, 2023, respectively, included in investment income (loss) on the Consolidated Statement of Operations. We evaluate on a continuing basis whether any impairment indicators are present that would require additional analysis or write-downs of the investment. While we have not recorded an impairment related to this investment as of September 30, 2023 March 31, 2024, variations from current expectations could result in future impairment charges.

In the second quarter of 2021, we invested $1,000,000 in a privately held company that provides supply chain and receivables financing. During the third quarter of 2023, due to the failure of the business to successfully monetize its product offerings, we recorded an impairment charge of $1,000,000 included in investment income (loss) on the Consolidated Statement of Operations, to reduce At March 31, 2024, the carrying value of this investment exceeded our share of the investee company to $0 as investee's net asset assets by approximately $2.8 million. Substantially all of September 30, 2023. this difference is comprised of goodwill and other intangible assets.

5. STOCK-BASED COMPENSATION

At September 30, 2023, March 31,2024, we have had two stock-based compensation plans in effect. We record compensation cost related to unvested stock awards by recognizing the unamortized grant date fair value on a straight-line basis over the vesting periods of each award. We have estimated forfeiture rates based on our historical experience. Stock option compensation expense for the three and nine month three-month periods ended September 30, 2023 March 31, 2024 and 2022 2023 has been recognized as a component of general and administrative expenses in the accompanying Consolidated Financial Statements. We recorded $160,000 and $0 of stock-based compensation expense for during the three months quarters ended September 30, 2023 March 31, 2024 and 2022 and $150,000 and $160,000 for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Stock Options

As of September 30, 2023 March 31, 2024, there is was no unrecognized compensation cost related to stock options. There were no options exercised during the three and nine months ended September 30, 2023. March 31, 2024 or 2023. No options expired unexercised were granted during the quarter. three months ended March 31, 2024 or 2023. The following table summarizes options as of September 30, 2023 March 31, 2024:

Options Outstanding and Exercisable:	Options Outstanding and Exercisable:					Options Outstanding and Exercisable:				
Range of Exercise Price	Range of Exercise Price	Number Outstanding	Wgt. Avg. Contractual Life Remaining (in years)	Wgt. Avg. Exercise Price	Aggregate Intrinsic Value	Range of Exercise Price	Number Outstanding	Wgt. Avg. Contractual Life Remaining (in years)	Wgt. Avg. Exercise Price	Aggregate Intrinsic Value
$3.50	- $3.86	13,000	3.5	$ 3.75	$ 211,260	$3.50 – $3.86	13,000	3.0	$ 3.75	$ 94,910
	$7.80	8,000	4.7	$ 7.80	$ 97,600	$7.80	8,000	4.2	$ 7.80	$ 26,000
	$19.99	30,000	5.3	$ 19.99	$ 300	$19.99	30,000	4.8	$ 19.99	$ -
	$39.11	8,000	5.7	$ 39.11	$ –	$39.11	8,000	5.2	$ 39.11	$ -
$3.50	- $39.11	59,000	4.9	$ 17.35	$ 309,160	$3.50 – $39.11	59,000	4.4	$ 17.35	$ 120,910

The estimated fair value of options granted is calculated using the Black-Scholes option pricing model with assumptions as previously disclosed in our 2022 2023 Form 10-K.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the company's Company's closing stock price on the last trading day of the third first quarter of 2023 2024 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 30, 2023 March 31, 2024. The amount of aggregate intrinsic value will change based on the market value of the company's Company's stock.

Restricted Stock Units

Restricted Stock Units, or RSUs, generally vest at the end of a three-year vesting period. A summary of the Company's RSU activity was as follows:

	Number of Restricted Stock Units	Weighted-average grant date fair value per share
Balance as of December 31, 2023	-	$ -
Granted	287,484	12.34
Vested	-	-
Canceled and forfeited	-	-
Balance as of March 31, 2024	287,484	$ 12.34

As of March 31, 2024, unrecognized compensation costs related to unvested RSUs was $3.1 million, which we expect to recognize over a weighted-average period of 2.9 years.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, and cash equivalents, marketable securities, accounts receivable, notes receivable, accounts payable and certain other financial instruments (such as accrued expenses, and other current liabilities) included in the accompanying Consolidated Balance Sheets consolidated balance sheets approximates their fair value principally due to the short-term maturity of these instruments.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash, marketable securities and trade accounts and notes receivable. accounts. Our available cash is held in accounts managed by third-party financial institutions. Cash may exceed the Federal Deposit Insurance Corporation, or FDIC, insurance limits. While we monitor cash balances on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, we have experienced no loss or lack of access to our cash; however, we can provide no assurances that access to our cash will not be impacted by adverse conditions in the financial markets.

7. FAIR VALUE MEASUREMENTS

In determining fair value, the Company uses quoted market prices in active markets. GAAP establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. GAAP emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are based on data obtained from sources independent of the Company that market participants would use in pricing the asset or liability. Unobservable inputs are inputs that reflect the company's assumptions about the estimates market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is measured in three levels based on the reliability of inputs:

- • Level 1

Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.

- • Level 2

Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

- • Level 3

Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment is needed in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of equity method investments has not been determined as it was impracticable to do so due to the fact that the investee companies are relatively small, early stage early-stage private companies for which there is no comparable valuation data available without unreasonable time and expense.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value:

	September 30, 2023				March 31, 2024			
(In thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents								
Money market accounts	$ 25,947	$ –	$ –	$ 25,947	$ 19,356	$ –	$ –	$ 19,356
Marketable securities								
Corporate, municipal debt and treasury securities	5,147	–	–	5,147				
Corporate and municipal debt securities					5,305	–	–	5,305
Total assets	$ 31,094	$ –	$ –	$ 31,094	$ 24,661	$ –	$ –	$ 24,661

The Company classifies money market funds, commercial paper, U.S. government securities, asset-backed securities and corporate securities within Level 1 or Level 2 of the fair value hierarchy because the Company values these investments using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

There were no transfers of financial instruments between the fair value hierarchy levels during the nine three months ended September 30, 2023 March 31, 2024.

8. MARKETABLE SECURITIES

The amortized cost, unrealized gain (loss), and estimated fair value of the Company's investments in securities available for sale consisted of the following:

	September 30, 2023				March 31, 2024			
(In thousands)	**Amortized Cost**	**Unrealized Gain**	**Unrealized Loss**	**Estimated Fair Value**	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Marketable securities								
Corporate, municipal debt and treasury securities	$ 5,109	$ 56	$ (18)	$ 5,147				
Corporate and municipal debt securities					$ 5,194	$ 115	$ (4)	$ 5,305

The Company had fifteen four marketable securities in an unrealized loss position as of September 30, 2023 March 31, 2024. The Company did not identify any marketable securities that were other-than-temporarily impaired as of September 30, 2023 March 31,2024 and 2022. 2023. The Company does not intend to sell any marketable securities that have an unrealized loss at September 30, 2023 March 31, 2024 and it is not more likely than not that the Company will be required to sell such securities before any anticipated recovery.

The following table summarizes the stated maturities of the Company's marketable securities:

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
(In thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 2,012	$ 2,048	$ 1,594	$ 1,602	$ 1,369	$ 1,416	$ 1,506	$ 1,556
Due after one year through three years	3,097	3,099	3,356	3,371	3,825	3,889	3,607	3,674
Total	$ 5,109	$ 5,147	$ 4,950	$ 4,973	$ 5,194	$ 5,305	$ 5,113	$ 5,230

9. COMMITMENTS AND CONTINGENCIES

Leases

We have noncancelable operating leases for offices and data centers expiring at various dates through February 2027. These March 2029, one of which was effective April 1, 2024 and therefore not included on the Consolidated Balance Sheet as of March 31, 2024. The remaining operating leases are included in other long-term assets on the Company's September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 Consolidated Balance Sheets and represent the Company's right to use the underlying asset for the lease term. The Company's obligation to make lease payments are included in other current liabilities and long-term lease obligation on the Company's September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 Consolidated Balance Sheets. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Because the rate implicit in each lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments.

Supplemental Information–Leases

Supplemental information related to our right-of-use assets and related lease liabilities is as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Right-of-use asset, net and lease liabilities (in thousands)	$ 2,342	$ 3,373	$ 1,685	$ 2,003
Weighted average remaining lease term (years)	2.7	3.2	1.8	2.8
Weighted average discount rate	3.4 %	3.4 %	3.4 %	3.4 %

For the nine-months three months ended September 30, 2023 March 31, 2024 and 2022, 2023, cash paid for operating leases included in operating cash flows was $1,005,000 $299,000 and $994,000, $331,000, respectively.

Maturities of our operating lease liabilities as of September 30, 2023 March 31, 2024 is as follows:

	Operating Leases *(in thousands)*	Operating Leases *(In thousands)*
2023	$ 362	
2024	1,017	$ 1,094
2025	635	1,117
2026	523	1,026
2027	68	491
2028		405
Thereafter		102
Total lease liabilities	$ 2,605	$ 4,235

Lease expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended	
(in thousands)	2023	2022	2023	2022	March 31, 2024	March 31, 2023
Cost of Revenue	$ 187	$ 183	$ 557	$ 595	$ 176	$ 183

General and Administrative	116	105	339	259	119	108
Development	28	47	109	140	4	40
Total	$ 331	$ 335	$ 1,005	$ 994	$ 299	$ 331

Legal Matters

There are no pending or threatened legal proceedings. However, in the ordinary course of business, from time to time we may be involved in various pending or threatened legal actions. The litigation process is inherently uncertain, and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. We accrue for unpaid legal fees for services performed to date.

10. INCOME TAXES

We recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized, net of a valuation allowance, for the estimated future tax effects of deductible temporary differences and tax credit carry-forwards. A valuation allowance against deferred tax assets is recorded when, and if, based upon available evidence, it is more likely than not that some or all deferred tax assets will not be realized.

There were no unrecognized tax benefits at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. There were no accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized during the periods presented. We have determined we have no uncertain tax positions.

We file a consolidated U.S. federal income tax return for all subsidiaries in which our ownership equals or exceeds 80%, as well as individual subsidiary returns in various states and foreign jurisdictions. With few exceptions we are no longer subject to U.S. federal, state and local or foreign income tax examinations by taxing authorities for returns filed more than three years ago.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, this Form 10-Q may contain forward-looking statements relating to CoreCard. All statements, trend analyses and other information relative to markets for our products and trends in revenue, gross margins and anticipated expense levels, as well as other statements including words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", and other similar expressions, constitute forward-looking statements. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties including those factors described below under "Factors That May Affect Future Operations", and that actual results may differ materially from those contemplated by such forward-looking statements. CoreCard undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.

For purposes of this discussion and analysis, we are assuming and relying upon the reader's familiarity with the information contained in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Form 10- K for the year ended December 31, 2022 December 31, 2023as filed with the Securities and Exchange Commission.

Overview

CoreCard Corporation, a Georgia corporation, and its predecessor companies have operated since 1973 and its securities have been publicly traded since 1980. In this report, sometimes we use the terms "Company", "CoreCard", "us", "ours", "we", "Registrant" and similar words to refer to CoreCard Corporation and subsidiaries. Our executive offices are located in Norcross, Georgia and our website is www.corecard.com.

We are primarily engaged in the business of providing technology solutions and processing services to the financial technology and services market, commonly referred to as the FinTech industry. Our operations are conducted through our affiliate subsidiary companies located in Romania, India, the United Arab Emirates and Colombia, as well as the our corporate office in Norcross, Georgia which provides significant administrative, human resources and executive management support. Corecard's CoreCard's foreign subsidiaries that perform software development and testing as well as processing operations support are CoreCard SRL in Romania, CoreCard Software Pvt Ltd in India, CoreCard Colombia SAS in Colombia and Corecard CoreCard Software DMCC in the United Arab Emirates, that perform software development and testing as well as processing operations support. Emirates.

Our results vary in part depending on the size and number of software licenses recognized as well as the value and number of professional services contracts recognized in a particular period. As we continue to grow our Processing Services business, we continue to gain economies of scale on the investments we have made in the infrastructure, resources, processes and software features developed over the past number of years to support this growing side of our business. We are adding new processing customers at a faster pace than we are adding new license customers, resulting in steady growth in the processing revenue stream. However, we
We also receive license revenue and professional services revenue, including such revenue from our largest customer, Goldman Sachs Group, Inc. ("Goldman"), which was added as a customer in 2018, referred to as "Customer A" in the Notes to Consolidated Financial Statements. In total, this customer represented 68% 59% and 77% 70% of our consolidated revenues in the first nine months quarters of 2024 and 2023, respectively. While we expect professional services, maintenance, and 2022, respectively.
On July 20, 2023, we executed an Omnibus Amendment with Goldman covering license revenue from this customer to continue, the following agreements between the Company and Goldman:

- Software License and Support Agreement, dated as of October 16, 2018 (the "SLSA");
- Master Professional Services Agreement, dated as of August 1, 2019 (the "MPSA", and together with the SLSA, the "Agreements");
- Schedule of Work No. 1 to Professional Services Agreement, dated as of August 1, 2019, and Amendment No. 2 to Schedule of Work No. 1, dated as of January 13, 2021 ("SOW 1"); and
- Schedule of Work No. 2 to Professional Services Agreement, dated as of August 1, 2019, and Amendment No. 2 to Schedule of Work No. 2, dated as of January 13, 2021 ("SOW 2", and together with SOW 1, the "SOWs").

The Amendment, which was effective as of July 1, 2023, extends the Support Services term of the SLSA through June 30, 2026, and extends the term of the SOWs through June 30, 2025. Among other things, the Amendment also (i) converts the payment terms under SOW 2 from a time and materials basis to a fixed monthly fee with annual adjustments based on changes to the Consumer Price Index, resulting in recurring rather than variable revenue for the Company, and (ii) modifies the service level agreements and related service level credits and recoveries related to defined performance metrics, under the Agreements and SOWs. All other material terms of the Agreements and SOWs, as amended, remain unchanged.

The amount and timing of future revenues from Goldman will be dependent on various factors not in our control such as the number of accounts on file, and the level of customization needed by the customer. Our professional services revenue decreased in customer and whether the third quarter customer continues the credit card line of 2023 primarily due to lower demand from Goldman for our development personnel. We expect a lower level of professional services for the remainder of 2023 and into 2024. business. License revenue from this customer, similar to other license arrangements, is tiered based on the number of active accounts on the system. Once the customer achieves each tier level, they receive a perpetual license up to that number of accounts; inactive accounts do not count toward the license tier. The customer receives an unlimited perpetual license at a maximum tier level that allows them to utilize the software for any number of active accounts. They previously used the software for a single institution. In the first quarter of 2022 they added an additional customer, resulting in additional one-time license fees. Support and maintenance fees are charged based on the tier level achieved and increase at new tier levels. In their most recent Form 10-K filing, Goldman Sachs Group, Inc. ("Goldman") classified $2.0 billion of General Motors co-branded credit card loans, which are processed under our agreement with Goldman, as held for sale. Sale of the loans by Goldman would not affect the maintenance revenue that we receive under the agreement, which is set based on the most recently achieved license tier. However, the removal of active accounts following a sale of the loans would proportionately increase the number of accounts that would need to be added to earn the license fees attributable to the next license tier under the agreement. Additionally, selling one of their two portfolios could make it more likely that they exit the credit card business.

The infrastructure of our multi customer environment is designed to be scalable for the future. A significant portion of our expense is related to personnel, including approximately 1,100 more than 1,000 employees located in India, Romania, the United Arab Emirates and Colombia. In October 2020, we opened a new office in Dubai, United Arab Emirates to support CoreCard's expansion of processing services into new markets in the Asia Pacific, Middle East, Africa and European regions. In October 2021, we opened a new location in Bogotá, Colombia where we are hiring technical personnel to support existing customers and continued growth. Our ability to hire and train employees on our processes and software impacts our ability to onboard new customers and deliver professional services for software customizations. In addition, we have certain corporate office expenses associated with being a public company that impact our operating results.

Our revenue fluctuates from period to period and our results are not necessarily indicative of the results to be expected in future periods. It is difficult to predict the level of consolidated revenue on a quarterly or annual basis for a number of reasons, including the following:

- Software license revenue in a given period may consist of a relatively small number of contracts and contract values can vary considerably depending on the software product and scope of the license sold. Consequently, even minor delays in delivery under a software contract (which may be out of our control) could have a significant and unpredictable impact on the consolidated revenue that we recognize in a given quarterly or annual period.

- Customers may decide to postpone or cancel a planned implementation of our software for any number of reasons, which may be unrelated to our software or contract performance, but which may affect the amount, timing and characterization of our deferred and/or recognized revenue.

- Customers typically require our professional services to modify or enhance their CoreCard software implementation based on their specific business strategy and operational requirements, which vary from customer to customer and period to period.

- The timing of new processing customer implementations is often dependent on third party approvals or processes which are typically not under our direct control.

We continue to maintain believe that we have a strong cash position. We position, and we intend to use cash balances to support the domestic and international operations associated with our CoreCard business and to expand our operations in the FinTech industry through financing the growth of CoreCard and, if appropriate opportunities become available, through acquisitions of businesses in this industry. In April 2021, the Board authorized $10 million for our share repurchase program, all of which has been utilized. We made share repurchases of approximately $1.5 million for the nine months ended September 30, 2023, and $5 million in share repurchases in the nine month period ended September 30, 2022. In May 2022, the Board of Directors of the Company (the "Board") authorized an additional a new $20 million for our share repurchase program. We have program, and we had approximately $16.8 million $13.0 million of authorized share repurchases remaining at September 30, 2023 March 31, 2024.

Results of Operations

The following discussion should be read in conjunction with the unaudited Consolidated Financial Statements and the Notes notes to Consolidated Financial Statements presented in this quarterly report.

Revenue – Total revenue in the three and nine month periods three-month period ended September 30, 2023 March 31, 2024 was $13,399,000 and $43,847,000, respectively, $13,076,000, which represents decreases an 11% percent decrease over the first quarter of 7% percent and 19% percent compared to the respective periods in 2022. 2023.

- Revenue from <u>services</u> was $13,399,000 and $42,053,000 $13,076,000 in the three and nine month periods ended September 30, 2023, respectively, which represents a decrease first quarter of 7% percent and an increase of 6% percent 2024 compared to $14,756,000 in the respective periods in 2022. first quarter of 2023. Revenue for the third first quarter of 2023 2024 was lower compared to the third first quarter of 2022 2023 due to a decrease in the number and value of professional services contracts completed during the third first quarter of 2023, 2024, primarily related to lower professional services revenue from our largest customer, Goldman Sachs Group, Inc. This decline was partially offset by increased revenue from transaction processing services and software maintenance and support services in the third first quarter of 2023 as compared to the third quarter of 2022 due to an increase in the number of customers and accounts on file. Revenue from transaction processing services, software maintenance and support services, and professional services were greater in the first nine months of 2023 2024 as compared to the first nine months quarter of 2022 2023 due to an increase in the number of customers and accounts on file and an increase the acceleration of approximately $500,000 of processing revenue from a customer that was acquired in 2023 and, as a result, formally terminated their contract in the number and value first quarter of professional services contracts completed during the first nine months of 2023. 2024. We expect that processing services will continue to grow as our customer base increases; however, the time required to implement new customer programs could be delayed due to third party integration and approval processes and other factors. processes. It is difficult to predict with accuracy the number and value of professional services contracts that our customers will require in a given period. Customers typically request our professional services to modify or enhance their CoreCard software implementation based on their specific business strategy and operational requirements, which vary from customer to customer and period to period.

- Revenue from <u>products</u>, which is primarily software license fees, was $0 in both the three-month period ended March 31, 2024 and $1,794,000 in the three and nine month periods ended September 30, 2023, respectively, compared to $0 and $14,283,000 in the respective comparable periods of 2022. No 2023 as no new license tiers were achieved in the third quarter of 2023 or 2022. In the first quarter of 2022 our largest customer added a new institution to our platform, resulting in one-time license fees, as discussed above, and multiple new tiers due to the additional active accounts added from a conversion completed in the first quarter of 2022 and account growth from existing customers. either period.

Cost of Revenue – Total cost of revenue was 69 73 percent and 65 66 percent of total revenue in the three and nine month three-month periods ended September 30, 2023, respectively, compared to 58 percent March 31, 2024 and 44 percent of total revenue in the corresponding periods of 2022. For the three month period ended September 30, 2023, the 2023, respectively. The increase in cost of revenue as a percentage of revenue is primarily driven by hiring offshore technical personnel in India higher costs for delivery of professional services and investments made in our processing infrastructure in 2023, 2022 and previous years including hardware and software purchases and additional space in our data centers. For the nine month period ended September 30, 2023, the increase as a percentage higher low-margin third-party revenues. Total cost of revenue is primarily driven by lower license revenue was $9,500,000 and $9,804,000 in addition to hiring offshore technical personnel in India the periods ended March 31, 2024 and investments in our infrastructure. 2023, respectively. Cost of revenue includes costs to provide annual maintenance and support services to our installed base of licensed customers, costs to provide professional services, and costs to provide our financial transaction processing services. The cost and gross margins on such revenues can vary considerably from period to period depending on the customer mix, customer requirements and project complexity as well as the mix of our U.S. and offshore employees working on the various aspects of services provided. In addition, we continue to devote the resources necessary to support our growing processing business, including direct costs for regulatory compliance, infrastructure, network certifications, and customer support. Investments in our infrastructure in 2023, 2022 and previous years are in anticipation of adding customers in future periods. As such, we will not experience economies of scale unless we add additional customers, as anticipated. This may be subject to change in the future if new regulations or processing standards are implemented causing us to incur additional costs to comply.

Operating Expenses– In the three month and nine month three-month period ended September 30, 2023, total operating expenses from consolidated operations were lower by 14% and 20% compared to the corresponding period in 2022, respectively. In the three and nine month periods ended September 30, 2023 March 31, 2024, total operating expenses from consolidated operations were lower than in the corresponding period in 2022 2023 primarily due to lower development expenses. Development expenses were 20 percent decreased general and 32 percent lower in the three and nine month periods in 2023, respectively, as compared to the same periods in 2022. In the three and nine month periods ended September 30, 2023, development expenses were lower mainly due to lower bonus accruals, partially offset by hiring of additional offshore technical personnel. Additionally, we hired onshore and offshore technical personnel to work on the development of an updated platform, a portion of which is capitalized, however amounts not eligible for capitalization result in higher development administrative expenses. General and administrative expenses were 4 percent higher lower in 2024 than in 2023, primarily due to lower bonus accruals in the three and nine month periods ended September 30, 2023. current period, partially offset by higher stock compensation expense. Marketing expenses decreased 21 percent and increased 3 percent for 65% in 2024 as compared to 2023 due to the three and nine month periods addition of sales personnel in 2023, respectively. the fourth quarter of 2023. Our client base continues to increase with minimal marketing efforts as we continue to have prospects contact us via online searches; however, we will continue to re-evaluate our marketing expenditures as needed to competitively position the Processing Services business. We added sales personnel in the fourth quarter of 2023 that will result in increased future marketing expenses.

Investment Income (Loss)– In the three and nine months quarter ended September 30, 2023 March 31, 2024, we recorded $1,015,000 and $1,701,000 $204,000 of investment loss, respectively, losses compared to investment income losses of $39,000 and $196,000 $241,000 for the three quarter ended March 31, 2023.
Other Income, net – In the quarter ended March 31, 2024, we recorded $256,000 in other income compared to $90,000 for the quarter ended March 31, 2023. The increase results from higher interest income due to higher interest rates and nine months ended September 30, 2022, respectively. The investment losses in 2023 relate to a third quarter impairment charge on a cost method investment and losses on our equity method investment. Investment income in 2022 relates to income on our equity method investments. Our investments are discussed further in Note 4. higher cash balances.

Other Income (Loss) – In the three and nine months ended September 30, 2023, we recorded income of $309,000 and $653,000, respectively, compared to income of $60,000 and $126,000 for the comparable 2022 periods. The increase results from higher interest rates and higher cash balances in the 2023 period.
Income Taxes– Our effective tax rates rate for the three and nine months quarter ended September 30, 2023 were 24.5 percent and 24.8 percent March 31, 2024, was 25.7% compared to an effective tax rates rate of 24.6 percent and 25.3 percent 24.7% for the respective periods in 2022. quarter ended March 31, 2023.

Liquidity and Capital Resources

Our cash and cash equivalent equivalents balance at September 30, 2023 March 31, 2024 was $31,614,000 $24,056,000 compared to $20,399,000 $26,918,000 at December 31, 2022 December 31, 2023. During the nine months quarter ended September 30, 2023 March 31, 2024, cash provided by operations was $18,252,000 $552,000 compared to cash provided by operations of $10,857,000 $2,948,000 for the nine months quarter ended September 30, 2022 March 31, 2023. The increase decrease in cash provided by operations is primarily due to a lower accounts receivable balance, higher deferred revenue, higher depreciation and amortization and a non-cash impairment charge, partially offset by lower net income and lower depreciation expense, partially offset by higher accounts payable balances. payable.

During the nine months quarter ended September 30, 2023 March 31, 2024, we invested $362,000 in publicly traded multi sector corporate and municipal debt securities, offset by related maturities of $324,000, which is described in more detail in Note 8 to the Consolidated Financial Statements.
During the quarter ended March 31, 2024, we used $4,845,000 $1,593,000 of cash, compared to $1,628,000 of cash during quarter ended March 31, 2023, to acquire computer equipment primarily and related software and for continued investments in personnel and contractor development costs for the development of a new processing platform, to enhance our existing processing environment in the U.S., and a new data center in India for international operations and technical resources added in our India office. operations.

We expect to have sufficient liquidity from cash on hand as well as projected customer payments to support our operations and capital equipment purchases in the foreseeable future. Currently we expect to use cash in excess of what is required for our current operations for share repurchases and opportunities we believe will expand our FinTech business, as exemplified in transactions described in Notes Note 3 and 4 to the Consolidated Financial Statements, although there can be no assurance that appropriate opportunities will arise. In April 2021, the Board authorized $10 million for our share repurchase program, all of which has been utilized. In May 2022, the Board authorized an additional $20 million for our share repurchases. repurchase program. We made share repurchases of approximately $1.5 million $1.6 million for the nine three months ended September 30, 2023 March 31, 2024, and $5 million of made no share repurchases in for the nine month period three months ended September 30, 2022 March 31, 2023. We have had approximately $16.8 million $13.0 million of authorized share repurchases remaining at September 30, 2023 as of March 31, 2024.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements that are reasonably likely to have a current or future material effect on our financial condition, liquidity or results of operations.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our Consolidated Financial Statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses. We consider certain accounting policies related to revenue recognition and valuation of investments to be critical policies due to the estimation processes involved in each. Management discusses its estimates and judgments with the Audit Committee of the Board of Directors. For a detailed description on the application of these and other accounting policies, see Note 1 to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 (the "2023 Form 10-K"). Reference is also made to the discussion of the application of these critical accounting policies and estimates contained in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on 2023 Form 10-K for 2022. 10-K. During the nine-month three-month period ended September 30, 2023 March 31, 2024, there were no significant or material changes in the application of critical accounting policies.

Factors That May Affect Future Operations

Future operations are subject to risks and uncertainties that may negatively impact our future results of operations or projected cash requirements. It is difficult to predict future quarterly and annual results with certainty.

Among the numerous factors that may affect our consolidated results of operations or financial condition are the following:

- Goldman Sachs Group, Inc., our largest customer, represented 68% 59% of our consolidated revenues for the nine three months ended September 30, 2023 March 31, 2024. In the event of material failures to meet contract obligations related to the services provided, there is risk of breach of contract and loss of the customer and related future revenues. Additionally, loss of the customer and related future revenues or a reduction in revenues could result if they or their customers choose an alternative service provider, build an in-house solution, or decide to exit the business or service line that falls under the services that we provide for them. In their most recent Form 10-K filing, Goldman Sachs Group, Inc. classified $2.0 billion of General Motors co-branded credit card loans as held for sale, which could make it more likely that they exit the credit card business. The General Motors program was added to their portfolio in the first quarter of 2022.

- Weakness or instability in the global financial markets could have a negative impact due to potential customers (most of whom perform some type of financial services) delaying decisions to purchase software or initiate processing services.
- Increased federal and state regulations and reluctance by financial institutions to act as sponsor banks for prospective customers could result in losses and additional cash requirements.
- Delays in software development projects could cause our customers to postpone implementations or delay payments, which would increase our costs and reduce our revenue and cash.
- We could fail to deliver software products which meet the business and technology requirements of our target markets within a reasonable time frame and at a price point that supports a profitable, sustainable business model.
- Our processing business is impacted, directly or indirectly, by more regulations than our licensed software business. If we fail to provide services that comply with (or allow our customers to comply with) applicable regulations or processing standards, we could be subject to financial or other penalties that could negatively impact our business.
- A security breach in our platform could expose confidential information of our customers' account holders, hackers could seize our digital infrastructure and hold it for ransom or other cyber risk events could occur and create material losses in excess of our insurance coverage.
- Software errors or poor-quality control may delay product releases, increase our costs, result in non-acceptance of our software by customers or delay revenue recognition.
- We could fail to expand our base of customers as quickly as anticipated, resulting in lower revenue and profits and increased cash needs.
- We could fail to retain key software developers and managers who have accumulated years of know-how in our target markets and company products or fail to attract and train a sufficient number of new software developers and testers to support our product development plans and customer requirements at projected cost levels.
- Increasing and changing government regulations in the United States and foreign countries related to such issues as data privacy, financial and credit transactions could require changes to our products and services which could increase our costs and could affect our existing customer relationships or prevent us from getting new customers.
- Delays in anticipated customer payments for any reason would increase our cash requirements and could adversely impact our profits.
- Competitive pressures (including pricing, changes in customer requirements and preferences, and competitor product offerings) may cause prospective customers to choose an alternative product solution, resulting in lower revenue and profits (or losses).
- Our future capital needs are uncertain and depend on a number of factors; additional capital may not be available on acceptable terms, if at all.

- Volatility in the markets, including as a result of political instability, civil unrest, war or terrorism, or pandemics or other natural disasters, such as the recent outbreak of coronavirus, could adversely affect future results of operations and could negatively impact the valuation of our investments.
- Other general economic and political conditions could cause customers to delay or cancel purchases.

Item 3.Quantitative and Qualitative Disclosures About Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the company's internal control over financial reporting or in other factors identified in connection with this evaluation that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1.Legal Proceedings

From time to time, we may be involved in certain claims and litigation arising out of the ordinary course and conduct of business. Management assesses such claims and, if it considers that it is probable that an asset had been impaired or a liability had been incurred and the amount of loss can be reasonably estimated, provisions for loss are made based on management's assessment of the most likely outcome. We are not currently a party to or aware of any proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition, or results of operations.

Item 1A.Risk Factors

As a smaller reporting company, we are not required to make disclosures under this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases of Securities

In April 2021, the Board authorized $10 million for our share repurchase program, of which all has been utilized. In May 2022, the Board authorized an additional $20 million for our share repurchase program. Under this program, which was publicly announced in November 2018, we are authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The repurchase program does not have an expiration date and may be suspended or discontinued at any time. We have approximately $16.8 million $13.0 million of authorized share repurchases remaining at September 30, 2023 March 31, 2024.

The following table sets forth information regarding our purchases of shares of our common stock during the three months ended September 30, 2023 March 31, 2024:

	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1, 2023 to July 31, 2023	–	$ –	–	$ 17,899,000
August 1, 2023 to August 31, 2023	40,298	22.05	40,298	17,011,000
September 1, 2023 to September 30, 2023	10,027	20.76	10,027	16,803,000
Total	50,325	$ 21.63	50,325	$ 16,803,000

	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
January 1, 2024 to January 31, 2024	–	$ –	–	$ 14,678,000
February 1, 2024 to February 29, 2024	43,168	12.36	43,168	14,144,000
March 1, 2024 to March 31, 2024	91,482	12.00	91,482	13,047,000
Total	134,650	$ 12.11	134,650	$ 13,047,000

[1] This price includes per share commissions paid.

Item 3.Defaults Upon Senior Securities

None.

Item 4.Mine Safety Disclosures

Not applicable.

Item 5.Other Information

During the fiscal quarter ended March 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “Non-Rule 10b5-1 trading arrangement” as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed or furnished with this report:

3.1	Restated Articles of Incorporation of the Registrant dated August 3, 2022. (Incorporated by reference to Exhibit 3.1 of the Registrant’s Form 10-Q dated November 2, 2022.)
3.2	Amended and Restated Bylaws of the Registrant dated December 15, 2021. (Incorporated by reference to Exhibit 3.2 of the Registrant’s Form 8-K dated December 15, 2021.)
10.1	Omnibus Amendment to GS-CoreCard Agreements
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer furnished as required by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	Inline XBRL Instance
101.SCH**	Inline XBRL Taxonomy Extension Schema
101.CAL**	Inline XBRL Taxonomy Extension Calculation
101.DEF**	Inline XBRL Taxonomy Extension Definitions
101.LAB**	Inline XBRL Taxonomy Extension Labels
101.PRE**	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as (embedded within the Inline XBRL and contained in Exhibit 101)

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

† Certain portions of this exhibit have been omitted pursuant to Item 601 of Regulation S-K(b)(10)(iv).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

CORECARD CORPORATION

Registrant

Date: May 2, 2024

By: */S/ J. Leland Strange*

J. Leland Strange

Chief Executive Officer, President

Date: May 2, 2024

By: */S/ Matthew A. White*

Matthew A. White

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	**Descriptions**
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

†

CORECARD CORPORATION

Registrant

Date: November 1, 2023 By: */s/ J. Leland Strange*

J. Leland Strange

Chief Executive Officer, President

Date: November 1, 2023 By: */s/ Matthew A. White*

Matthew A. White

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Descriptions
3.1	Restated Articles Certain portions of Incorporation this exhibit have been omitted pursuant to Item 601 of the Registrant dated August 3, 2022 Regulation S-K(b)(10)(iv). (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 10-Q dated November 2, 2022.)
3.2	Amended and Restated Bylaws of the Registrant dated December 15, 2021. (Incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K dated December 15, 2021.)
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Exhibit 10.1

[***] Certain portions of this exhibit have been omitted because they are not material and the registrant customarily and actually treats that information as private or confidential.

OMNIBUS AMENDMENT TO GS-CORECARD AGREEMENTS

This Omnibus Amendment to GS-CoreCard Agreements (this "**Amendment**") is entered into effective as of July 1, 2023 (the "**Amendment Effective Date**"), by and between The Goldman Sachs Group, Inc. ("**GS**"), and CoreCard Software, Inc. ("**CoreCard**") (each, a "**Party**" and together, the "**Parties**").

GS and CoreCard hereby agree as follows:

1. BACKGROUND AND DEFINED TERMS

(a) GS-CoreCard Agreements. GS and CoreCard are parties to the following agreements, as they may have been previously amended:

(i) Software License and Support Agreement effective as of October 16, 2018 (the "**SLSA**");

(ii) Master Professional Services Agreement effective as of August 1, 2019 (the "**MPSA**");

(iii) Schedule of Work No. 1 (Schedule of Work for Ongoing Services (Development)) effective as of August 1, 2019 and entered into pursuant to the MPSA (the "**Development SOW**"); and

(iv) Schedule of Work No. 2 (Schedule of Work for Ongoing Services (Managed Services)) effective as of August 1, 2019 and entered into pursuant to the MPSA (the "**Managed Services SOW**").

The agreements listed in the foregoing subsections (i) through (iv) are collectively the "**GS-CoreCard Agreements**".

(b) Amendment. Pursuant to Section 10.5 of the SLSA and Section 10.5 of the MPSA, the Parties desire to amend the GS-CoreCard Agreements as set forth in this Amendment. This Amendment hereby amends and revises the GS-CoreCard Agreements to incorporate the terms and conditions set forth in this Amendment. If there is a conflict between the terms of this Amendment and the terms of any GS-CoreCard Agreement, the terms of this Amendment will control. The relationship of the Parties will continue to be governed by the terms of the GS-CoreCard Agreements, as amended hereby.

(c) Defined Terms. Capitalized terms used herein will have the meanings ascribed to them in the GS-CoreCard Agreements unless expressly defined herein. For clarity, references in this Amendment to "CoreCard" mean, as applicable, Licensor under the SLSA and Consultant under the MPSA, the Development SOW and the Managed Services SOW.

2. AMENDMENTS

(a) Term Extensions.

(i) *SLSA*. The Initial Support Services Term of the SLSA is extended until and through June 30, 2026.

(A) *Development SOW*. The SOW Term of the Development SOW is extended until and through June 30, 2025. Thereafter, the SOW Term of the Development SOW will automatically renew for successive renewal terms of one (1) year each unless either Party provides the other Party with written notice of non-renewal at least nine (9) months prior to the end of the then-current term.

(B) *Managed Services SOW*. The SOW Term of the Managed Services SOW is extended until and through June 30, 2025. Thereafter, the SOW Term of the Managed Services SOW will automatically renew for successive renewal terms of one (1) year each unless either Party provides the other Party with written notice of non-renewal at least nine (9) months prior to the end of the then-current term.

(b) Code Base Access and Development. [***]

(c) SLAs and Special SLAs.

(i) *Defined Terms*.

(A) **"Contract Year"** means each consecutive twelve (12) month period that commences on the Amendment Effective Date and each anniversary of the Amendment Effective Date.

(B) **"SLAs"** means those performance standards and service levels set out in Attachment 1 to this Amendment.

(C) **"Special SLA Breach"** means a circumstance where CoreCard fails to meet a Special SLA in a given month.

(D) **"Special SLA Surplus"** means a circumstance where CoreCard meets or exceeds a Special SLA in a given month.

(E) **"Special SLA Value"** means, for each Special SLA, the dollar value designated in Attachment 1 to this Amendment that will be used to calculate Special SLA Credits and Special SLA Payments for such Special SLA (which dollar value the Parties may change upon mutual written agreement, provided that the sum of all Special SLA Values will not exceed[***]).

(F) **"Special SLAs"** means those SLAs in Attachment 1 to this Amendment that are designated as "Special SLAs".

(ii) *SLAs*.

(A) Commencing on the Amendment Effective Date, and for the remainder of the Support Services Term of the SLSA and the SOW Term of the Managed Services SOW, as applicable, the SLAs in Attachment 1 to this Amendment supersede and replace: (1) the Service Levels set out in Exhibit B to the SLSA; and (2) the System KPIs and the Identification KPI set out in the Managed Services SOW.

Exhibit 31.1

(B) Subject to Section 2(c)(ii)(A) above, CoreCard will perform in accordance with the SLAs and the Special SLAs pursuant to this Amendment(including with respect to the calculation and provision of service level credits).

(C) CoreCard will measure and provide formal reporting to GS on its performance against the SLAs on a monthly basis. CoreCard may rely on performance metrics from GS systems depending on the SLA type.

(iii) *Special SLAs Commencement; Measurement and Reporting*. CoreCard will commence meeting the Special SLAs on the Amendment Effective Date. CoreCard will measure and provide formal reporting to GS on its performance against the Special SLAs on a monthly basis.

(iv) *Special SLA Breaches*.

(A) Upon the occurrence of a Special SLA Breach, CoreCard will: (1) investigate, assemble, and preserve pertinent information with respect to, and report on the causes of, the problem, including performing a root cause analysis of the problem(s) except to the extent i) otherwise excused by GS or ii) [***] (2) advise GS, as and to the extent requested by GS, of the status of remedial efforts being undertaken with respect to such problem; (3) minimize the impact of and correct the problem(s) and begin meeting the Special SLA; and (4) take appropriate preventive measures so that the problem does not recur.

(B) If, for a given Special SLA, a Special SLA Breach occurs in a month, then CoreCard will provide GS with a service level credit on the next monthly invoice for CoreCard's fees under the MPSA equal to the Special SLA Value for such Special SLA (the "**Special SLA Credit**"). Under no circumstances will the Special SLA Credits across all Special SLAs exceed [***] per any given month and [***]per any given Contract Year.

(C) Special SLA Credits provided in a given Contract Year will reduce GS Claims Pool for such Contract Year.

(D) If the Parties mutually determine that i) a Special SLA Breach occurred as a result of events or factors beyond the reasonable control of CoreCard, or ii) if a Special SLA Breach root cause is unknown at the time of measurement, or iii) a Special SLA is not measurable, [***] or (vii) a valid measurement of the SLA cannot be made, no Special SLA Credit will be due to GS for such Special SLA.

(v) *Special SLA Surpluses*. If, for a given Special SLA, a Special SLA Surplus occurs in each month during a rolling consecutive three (3) month period, then CoreCard may charge GS with an incentive amount on the next monthly invoice for CoreCard's fees under the MPSA equal to the Special SLA Value for such Special SLA for each of the given consecutive months the Special SLA Surplus occurs (the "**Special SLA Payment**"). Under no circumstances will the Special SLA Payments across all Special SLAs exceed [***]per month and [***]per any given Contract Year.

(d) Recovery of GS Direct Damages.

(i) *Defined Terms*.

(A) **"GS Direct Damages**" means any (1) fees paid to third parties [***], in each case incurred by GS or its Affiliates as a direct result of CoreCard's failure to perform in accordance with any of the GS-CoreCard Agreements; [***]to perform in accordance with any of the GS-CoreCard Agreements. For the avoidance of doubt, GS Direct Damages do not include either (i) time spent by GS employees or contractors in connection with the events giving rise to such GS Direct Damages, or [***].

(B) **"GS Claims Pool**" means an aggregate amount equal to [***]per Contract Year.

(ii) *Recovery by GS*. If GS or its Affiliates incur any GS Direct Damages, GS may, upon written notice and demand to CoreCard within one hundred twenty (120) days, recover from CoreCard amounts equal to such GS Direct Damages, less any Special SLA Credits provided to GS for the same event that gave rise to such GS Direct Damages. GS shall not seek such recovery with respect to any events causing GS Direct Damages of less than [***]; provided, however, GS shall have the right to seek recovery in connection with a series of related such events that equal an amount greater than [***] in the aggregate. Such notice and demand will (A) provide a reasonable level of detail about the nature of the GS Direct Damages and how they are the direct result of CoreCard's failures; and (B) specify whether the GS Direct Damages were incurred under the SLSA or the MPSA. CoreCard may dispute in good faith any such notice and demand in accordance with, as applicable, Section 10.7 of the SLSA or Section 10.7 of the MPSA. CoreCard otherwise will promptly pay GS amounts equal to such GS Direct Damages (the "**Recovered GS Direct Damages**").

(iii) *Additional Terms*. Any Recovered GS Direct Damages: (A) will reduce and will not exceed the GS Claims Pool for the relevant Contract Year; and (B) will reduce CoreCard's aggregate liability to GS as set out in, as applicable, Section 7.6(a) of the SLSA or Section 7.6(a) of the MPSA. For clarity, the terms of this Section 2(d) are not intended to expand CoreCard's liability obligations to GS under the SLSA and the MPSA or to limit any remedies available to GS under the SLSA or the MPSA.

(e) Fees.

(i) *Development SOW*.

(A) For clarity, during the SOW Term of the Development SOW, CoreCard will invoice all fees and charges under the Development SOW on a monthly basis in arrears only for Services actually performed during the relevant month.

(B) For Services performed under the Development SOW on a time-and-materials basis, unless expressly authorized in writing by GS, CoreCard may not charge GS for more than [***] hours per day per each Consultant Personnel performing such Services (even if the individual performs in excess of [***] hours.

(C) The additional Support Fees for existing and any future functional changes to Licensed Software developed under the Development SOW ("**Development Support Fees**") will be capped at [***] per Contract Year and subject to an Annual Inflation Adjustment.

(ii) *Managed Services SOW*. With respect to the Managed Services SOW:

(A) Commencing on the Amendment Effective Date and for the remainder of the SOW Term for the Managed Services SOW, the fees and "time-and-materials" charging model described in Section III.A of the Managed Services SOW will no longer be in effect.

(B) Commencing on the Amendment Effective Date and for the remainder of the SOW Term for the Managed Services SOW, CoreCard will invoice on a monthly basis, and GS will pay pursuant to the payment provisions of the GTC of the MPSA, the Fixed Managed Services Fee.

(C) In consideration of GS's payment of the Fixed Managed Services Fee, CoreCard will perform those managed Services that: (1) are described in the Managed Services SOW; (2) CoreCard is performing as of the Amendment Effective Date; (3) identifying, diagnosing, and correcting any Defects in the Licensed Software and remediating any Accounts adversely impacted by such Defects; and (4) are described in Attachment 2 to this Amendment (collectively, the "**Managed Services Scope**"). For clarity, Attachment 2 to this Amendment sets out certain functions that are expressly included and other functions that are expressly excluded from the Managed Services Scope.

(D) **"Fixed Managed Services Fee**" means an amount equal to [***] per month, subject to an Annual Inflation Adjustment.

(E) As described in Section 6(b) of the MPSA, CoreCard will continue to require its personnel to record time and hours worked on the Managed Services Scope in CoreCard's time tracking system (the "**Managed Services Tracked Hours**"). CoreCard will not be required to share the Managed Services Tracked Hours with GS except as described in subsection (F)(3) below.

(F) If there is a material increase or a material decrease to the Managed Services Scope that is expected to continue on a sustained and ongoing basis, the following terms will apply:

(1) For any such material increase, CoreCard will use commercially reasonable efforts to perform the increased scope by using existing CoreCard personnel and resources such that an increase in the Fixed Managed Services Fee is either not necessary or as minimal as practicable;

(2) Subject to the foregoing subsection (F)(1), the Parties will agree to an increase or decrease, as applicable, to the Fixed Managed Services Fee on a going-forward basis pursuant to the change management terms of Section 2.6 of the MPSA and the terms of the following subsection (F)(3).

(3) Such increase or decrease to the Fixed Managed Services Fee will be calculated with reference to: (a) the increased or decreased labor activity of CoreCard personnel (including with respect to changes in personnel mix and hours worked) as reflected in changes to the Managed Services Tracked Hours; and (b) the value of such change in labor activity as determined by applying the time-and-materials rates for Managed Services under the MPSA that are in effect as of the Amendment Effective Date (and for clarity, such rates will have no other purpose under the GS-CoreCard Agreements). Based on the foregoing, CoreCard will propose for GS's view and comment CoreCard's proposed changes to the Managed Services Scope and the Fixed Managed Services Fee, which proposal will include a breakdown of increased or decreased hours and related information reflected in the Managed Services Tracked Hours.

(4) All such changes to the Managed Services Scope and the Fixed Managed Services Fee will be documented by the Parties in an amendment executed by the Parties.

(G) Unless otherwise agreed upon by the Parties in connection with renewal discussions, subject to Section 2(e)(ii)(F) above and otherwise notwithstanding anything to the contrary in this Amendment or the GS-CoreCard Agreements, the Parties agree that (1) the Fixed Managed Services Fee, the Development Support Fees, and the Support Fee under the SLSA fully compensate CoreCard for its support, maintenance and operational management of the Licensed Software and the Licensed Software's operating environment, including with respect to the correction of all Defects, code fixes, and non-code-related incidents (i.e., those related to equipment and related systems) as described in the GS-CoreCard Agreements, inclusive of Attachment 2 (Managed Services) to this Amendment; and (2) CoreCard will not seek additional amounts from GS with respect to such support, maintenance and management. The Parties acknowledge and agree that the foregoing does not affect GS's obligations to pay CoreCard (i) the Installment Loan Amount pursuant to Section 3(b)(vi) of Exhibit A to the SLSA, (ii) the Network Compliance Fee pursuant to Section 6 of Exhibit A to the SLSA, (iii) any fees owed pursuant to the Development SOW, or (iv) any preapproved pass-through expenses.

(f) Data Protection. The Data Protection Addendums in both the SLSA and the MPSA are hereby replaced by the Data Protection Addendum set forth in Attachment 3 to this Amendment.

(g) [***]

(h) Terms upon Change of Control of CoreCard. Upon a Change of Control (as defined in both the SLSA and the MPSA), CoreCard will use commercially reasonable efforts to maintain on the GS account for a period of [***] months after such Change of Control all CoreCard personnel who are designated as Key Personnel under any of the GS-CoreCard Agreements.

(i) Transition Assistance. Section 9.4(b)(iii) of the MPSA is hereby deleted in its entirety and replaced with the following:

Consultant shall, at GS's cost and expense, and at the rates in effect at the time of termination or expiration, work with GS and any replacement vendor(s) or other third parties as directed by GS, to ensure a smooth transition of Services to GS or a third party [***]

(j) [***]

(k) Notice Prior to Assignment. GS shall use commercially reasonable efforts to provide CoreCard ninety (90) days' notice prior to exercising its rights to assign the GS-CoreCard Agreements, in whole or in part, pursuant to Section 10.1(a) of the SLSA or Section 10.1 of the MPSA.

(l) Issue Tracking System.

(i) Section 2(b)(i) of Exhibit B to the SLSA is hereby deleted in its entirety and replaced with the following:

Via GS's issue tracking system: [***]

(ii) All references to "CoreTrack" in Exhibit B to the SLSA are hereby replaced with [***]

3. ENTIRE AGREEMENT

This Amendment and the GS-CoreCard Agreements constitute the entire agreement between the Parties in connection with the subject matter of this Amendment and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties related to the subject-matter hereof.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, GS and CoreCard have caused this Amendment to be executed by their duly authorized representatives, effective as of the Amendment Effective Date.

THE GOLDMAN SACHS GROUP, INC.		CORECARD SOFTWARE, INC.	
By:	/s/ Elizabeth Overbay	By:	/s/ J. Leland Strange
Name:	Elizabeth Overbay	Name:	J. Leland Strange
Title:	Authorized Signatory	Title:	CEO
Date:	July 17, 2023	Date:	July 20, 2023

ATTACHMENT 1

SLAS

[***]

ATTACHMENT 2

MANAGED SERVICES

[***]

GS-CoreCard Confidential

Omnibus Amendment to GS-CoreCard Agreements

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ATTACHMENT 3

DATA PROTECTION ADDENDUM

[***]

GS-CoreCard Confidential

Omnibus Amendment to GS-CoreCard Agreements

Page 11

SCHEDULE 1 TO ATTACHMENT 3

TECHNICAL AND ORGANIZATIONAL MEASURES ADDENDUM

[***]

GS-CoreCard Confidential

Omnibus Amendment to GS-CoreCard Agreements

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Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Leland Strange, certify that:

1. I have reviewed this report on Form 10-Q of CoreCard Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023 May 2, 2024

/s/ */s/ J. Leland Strange*

J. Leland Strange

Chairman of the Board, President

and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew A. White, certify that:

1. I have reviewed this report on Form 10-Q of CoreCard Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023 May 2, 2024

/s/

/s/ Matthew A. White

Matthew A. White

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned officers of CoreCard Corporation (the "Company") hereby certifies to his or her knowledge that the Company's report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023
May 2, 2024

/s/ J. Leland Strange

J. Leland Strange

Chief Executive Officer

/s/Matthew A. White

Matthew A. White

Chief Financial Officer

//s/ Matthew A. White

Matthew A. White

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to CoreCard Corporation and will be retained by CoreCard Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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