

REFINITIV

DELTA REPORT

10-Q

CCRD - CORECARD CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 464

 **CHANGES** 84

 **DELETIONS** 171

 **ADDITIONS** 209

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2024** **June 30, 2024** OR

TRANSITION REPORT UNDER SECTION 13 OR 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 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

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" 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 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 April 30, 2024 July 31, 2024, 8,160,758 8,024,518 shares of Common Stock of the issuer registrant were outstanding.

CoreCard Corporation

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Part I FINANCIAL INFORMATION

Item1. Financial Statements

CoreCard Corporation
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

As of	March 31,	December 31,	June 30,	December
	2024	2023	2024	31, 2023
			(unaudited)	(audited)
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 24,056	\$ 26,918	\$ 22,589	\$ 26,918
Marketable securities	5,305	5,230	5,257	5,230
Accounts receivable, net	8,189	7,536	7,097	7,536
Other current assets	5,173	4,805	5,738	4,805
Total current assets	42,723	44,489	40,681	44,489
Investments	3,823	4,062	3,624	4,062
Property and equipment, at cost less accumulated depreciation	11,688	11,319	11,841	11,319
Other long-term assets	3,857	3,956	5,411	3,956
Total assets	\$ 62,091	\$ 63,826	\$ 61,557	\$ 63,826
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 1,925	\$ 1,557	\$ 1,154	\$ 1,557
Deferred revenue, current portion	1,635	2,310	1,572	2,310
Accrued payroll	1,556	2,172	2,150	2,172
Accrued expenses	1,167	971	991	971
Other current liabilities	2,778	2,530	2,140	2,530
Total current liabilities	9,061	9,540	8,007	9,540
Commitments and Contingencies (see Note 9)				
Noncurrent liabilities:				
Deferred revenue, net of current portion	186	265	205	265
Long-term lease obligation	899	1,121	2,183	1,121
Other current liabilities	295	196		
Other long-term liabilities			313	196
Total noncurrent liabilities	1,380	1,582	2,701	1,582
Commitments and Contingencies (see Note 9)				
Stockholders' equity:				

Common stock, \$0.01 par value: Authorized shares - 20,000,000;				
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		
Issued shares - 9,026,940 and 9,016,140 at June 30, 2024 and December 31, 2023, respectively;				
Outstanding shares - 8,024,518 and 8,295,408 at June 30, 2024 and December 31, 2023, respectively	91	90		
Additional paid-in capital	16,781	16,621	17,205	16,621
Treasury stock, 855,382 and 720,732 shares at March 31, 2024 and December 31, 2023, respectively, at cost	(22,006)	(20,359)		
Treasury stock, 1,002,422 and 720,732 shares at June 30, 2024 and December 31, 2023, respectively, at cost			(24,097)	(20,359)
Accumulated other comprehensive income	35	32	4	32
Accumulated income	56,750	56,320		
Accumulated earnings			57,646	56,320
Total stockholders' equity	51,650	52,704	50,849	52,704
Total liabilities and stockholders' equity	\$ 62,091	\$ 63,826	\$ 61,557	\$ 63,826

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

CoreCard Corporation							
CONSOLIDATED STATEMENTS OF OPERATIONS							
(unaudited, in thousands, except share and per share amounts)							
Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023		2024	2023		
Revenue							
Services	\$ 13,797	\$ 13,898		\$ 26,873	\$ 28,654		
Products	-	1,794		-	1,794		
Total net revenue	13,797	15,692		26,873	30,448		
Cost of revenue							
Services	9,090	9,296		18,590	19,101		
Products	-	-		-	-		
Total cost of revenue	9,090	9,296		18,590	19,101		
Expenses							

Marketing	116	105	230	174
General and administrative	1,490	1,516	2,917	3,065
Development	1,952	2,092	3,460	3,605
Income from operations	1,149	2,683	1,676	4,503
Investment income (loss)	(199)	(391)	(438)	(686)
Other income, net	235	201	526	345
Income before income taxes	1,185	2,493	1,764	4,162
Income taxes	289	618	438	1,031
Net income	\$ 896	\$ 1,875	\$ 1,326	\$ 3,131
Earnings per share:				
Basic	\$ 0.11	\$ 0.22	\$ 0.16	\$ 0.37
Diluted	\$ 0.11	\$ 0.22	\$ 0.16	\$ 0.37
Basic weighted average common shares outstanding	8,084,335	8,493,040	8,160,235	8,497,888
Diluted weighted average common shares outstanding	8,143,247	8,516,573	8,207,004	8,524,337

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 896	\$ 1,875	\$ 1,326	\$ 3,131
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities	17	(12)	22	25
Foreign currency translation adjustments	(48)	6	(50)	(47)
Total comprehensive income	\$ 865	\$ 1,869	\$ 1,298	\$ 3,109

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

CoreCard Corporation

CONSOLIDATED STATEMENTS OF OPERATIONS STOCKHOLDERS' EQUITY

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

	Three Months Ended March 31,	
	2024	2023

Revenue				
Services		\$ 13,076	\$	14,756
Products		-	-	-
Total net revenue		13,076		14,756
Cost of revenue				
Services		9,500		9,804
Products		-	-	-
Total cost of revenue		9,500		9,804
Expenses				
Marketing		114		69
General and administrative		1,427		1,549
Development		1,508		1,514
Income from operations		527		1,820
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		\$ 0.05	\$	0.15
Diluted		\$ 0.05	\$	0.15
Basic weighted average common shares outstanding		8,236,135		8,502,735
Diluted weighted average common shares outstanding		8,247,788		8,531,541

	Accumulated					
	Additional		Other			
	Paid-In	Treasury	Comprehensive	Accumulated	Stockholders'	Equity
	Common Stock	Capital	Stock	Income (Loss)	Earnings	
	Shares	Amount				
Balance at December 31,						
2022	8,502,735	\$ 90	\$ 16,471	\$ (16,662)	\$ (61)	\$ 52,925
Net income						1,256
Unrealized gain (loss) on						1,256
marketable securities						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	
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								6			6
translation adjustment											
Balance at June 30, 2023	8,490,681	\$ 90	\$ 16,621	\$ (17,105)	\$		(83)	\$ 56,056	\$	55,579	
Balance at December 31,											
2023	8,295,408	\$ 90	\$ 16,621	\$ (20,359)	\$		32	\$ 56,320	\$	52,704	
Common stock											
repurchased, including											
excise tax*	(134,650)						(1,647)				(1,647)
Net income									430		430
Stock compensation											
expense			160								160
Unrealized gain (loss) on marketable securities							5				5
Foreign currency								(2)			(2)
translation adjustment											
Balance at March 31, 2024	8,160,758	\$ 90	\$ 16,781	\$ (22,006)	\$		35	\$ 56,750	\$	51,650	
Common stock											
repurchased, including											
excise tax*	(147,040)						(2,091)				(2,091)
Net income									896		896
Stock compensation											
expense	10,800	1	424								425
Unrealized gain (loss) on marketable securities							17				17

Foreign currency											
translation adjustment									(48)		(48)
Balance at June 30, 2024	8,024,518	\$ 91	17,205	\$ (24,097)	\$ 4	\$ 57,646	\$ 50,849				

*At June 30, 2024, approximately \$11.0 million was authorized for future repurchases of our common stock.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited, in thousands)

	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.

CoreCard Corporation

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Accumulated					
	Common Stock		Additional		Other	
	Shares	Amount	Paid-In Capital	Treasury Stock	Comprehensive Income (Loss)	Accumulated Earnings
Balance at December 31, 2022	8,502,735	\$ 90	\$ 16,471	\$ (16,662)	\$ (61)	\$ 52,925
Net income						1,256
Unrealized gain 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				
<hr/>											
Balance at December 31,											
2023	8,295,408	\$ 90	\$ 16,621	\$ (20,359)	\$ 32	\$ 56,320	\$ 52,704				
Common stock											
repurchased*	(134,650)			(1,647)							(1,647)
Net income								430			430
Stock compensation expense			160								160
Unrealized gain on marketable securities							5				5
Foreign currency translation adjustment				(2)							(2)
Balance at March 31,											
2024	8,160,758	\$ 90	\$ 16,781	\$ (22,006)	\$ 35	\$ 56,750	\$ 51,650				

*At March 31, 2024, approximately \$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)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
CASH PROVIDED BY (USED FOR):				
<hr/>				
OPERATING ACTIVITIES:				
Net income	\$ 430	\$ 1,256	\$ 1,326	\$ 3,131
Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,025	1,695	1,927	3,655
Stock-based compensation expense	160	-	585	150
Provision for deferred income taxes	(84)	(61)		
Non-cash interest income	(37)	37		

Deferred income taxes			(159)	22
Equity in loss of affiliate company	239	295	438	686
Changes in operating assets and liabilities:				
Accounts receivable, net	(653)	(792)	439	7,110
Other current assets	(185)	259	(933)	(449)
Other long-term assets	(41)	(45)	210	362
Accounts payable	567	(503)	(104)	(489)
Accrued payroll	(616)	(365)	(22)	115
Deferred revenue, current portion	(675)	651	(738)	630
Accrued expenses	196	301	20	352
Other current liabilities	305	279	(588)	(44)
Deferred revenue, net of current portion	(79)	(59)	(60)	(110)
Net cash provided by operating activities	552	2,948	2,341	15,121
INVESTING ACTIVITIES:				
Purchase of marketable securities	(362)	(440)		
Purchases of property and equipment			(2,753)	(4,013)
Proceeds from payments on notes receivable			100	110
Advances on notes receivable			(200)	-
Purchases of marketable securities			(1,089)	(852)
Maturities of marketable securities	324	411	1,023	726
Purchases of property and equipment	(1,593)	(1,628)		
Advances on notes receivable	(200)		-	
Proceeds from payments on notes receivable	50	55		
Net cash used for investing activities	(1,781)	(1,602)	(2,919)	(4,029)
FINANCING ACTIVITIES:				
Repurchases of common stock	(1,631)	-	(3,701)	(439)
Net cash used for financing activities	(1,631)	-	(3,701)	(439)
Effects of exchange rate changes on cash	(2)	(53)	(50)	(47)
Net (decrease) increase in cash	(2,862)	1,293	(4,329)	10,606
Cash at beginning of period	26,918	20,399	26,918	20,399
Cash at end of period	\$ 24,056	\$ 21,692	\$ 22,589	\$ 31,005
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the period for income taxes			\$ 1,086	\$ 920

*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 (“GAAP”) 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 six month periods ended **March 31, 2024** June 30, 2024 and 2023. The interim results for the three and six months ended **March 31, 2024** June 30, 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, 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** during the first **quarter** **half** 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, 2023 (the “2023 Form 10-K”).

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Amendments to Topic 280). This standard was issued to improve the disclosures about reportable segments and address requests from 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 ASU do not change or remove those disclosure requirements. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The adoption of the ASU is on a retrospective basis. We will adopt the updated accounting guidance in

our Annual Report on 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 on our segment disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This standard was issued to enhance the transparency and 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 rate reconciliation and income taxes paid information. The amendments in this ASU are effective for annual periods beginning after 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 of the new accounting guidance will have on our 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 six months ended **March 31, 2024** **June 30, 2024** and 2023:

Three months ended March 31, (in thousands)	2024	2023
License	\$ -	\$ -
Professional services	5,826	8
Processing and maintenance	6,152	5
Third party	1,098	
Total	\$ 13,076	\$ 14

(in thousands)	Three Months Ended June		Six Months Ended June		
	30,	2024	2023	2024	2023
License	\$ -	\$ 1,794	\$ -	\$ 1	
Professional services	6,973	7,354	12,799	15	
Processing and maintenance	5,694	5,689	11,846	11	

Third party	1,130	855	2,228	1
Total	\$ 13,797	\$ 15,692	\$ 26,873	\$ 30

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

Three months ended March 31, (in thousands)	2024	2023	Three Months Ended June 30,	Six Months Ended June 30,		
(in thousands)			2024	2023	2024	2023
United States	\$ 12,553	\$ 14,340	\$ 13,204	\$ 15,190	\$ 25,757	\$ 29,530
Middle East	496	391	565	473	1,061	864
European Union	27	25	28	29	55	54
Total	\$ 13,076	\$ 14,756	\$ 13,797	\$ 15,692	\$ 26,873	\$ 30,448

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 six month periods ended **March 31, 2024** **June 30, 2024** and 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 March 31,	
	2024	2023
Customer A	59 %	70 %
	Three Months Ended June 30,	
	2024	2023
Customer A	63 %	70 %
	Six Months Ended June 30,	
	2024	2023
Customer A	61 %	

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 2023, we entered into and advanced \$650,000 on a 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 notes receivable of \$240,000 at **March 31, 2024** **June 30, 2024** is included in other current assets on the Consolidated Balance Sheets. The carrying value of the noncurrent portion of our note receivable of **\$505,000 at March 31, 2024** **\$455,000 as of June 30, 2024** is included in other long-term assets on the Consolidated Balance Sheets.

4. INVESTMENTS

We hold a 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 **\$3,668,000** **\$3,624,000** at **March 31, 2024** **June 30, 2024**, included in investments on the Consolidated Balance Sheets. We account for **our** **this** investment using the equity method of accounting which resulted in losses of **\$239,000** **\$199,000** and **\$295,000** **\$438,000** for the three and six months ended **March 31, 2024** **June 30, 2024**, respectively, and **2023**, losses of \$391,000 and \$686,000 for the three and six months ended June 30, 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 **March 31, 2024** **June 30, 2024**, variations from current expectations could result in future impairment charges. At **March 31, 2024** **June 30, 2024**, the carrying value of this investment exceeded our share of the investee's net **asset** assets by approximately \$2.8 million. Substantially all of this difference is comprised of goodwill and other intangible assets.

5. STOCK-BASED COMPENSATION

At **March 31, 2024**, **June 30, 2024**, we 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-month** **three and six month** periods ended **March 31, 2024** **June 30, 2024** and 2023 has been recognized as a component of general and administrative expenses **and** development expenses in the accompanying Consolidated Financial Statements. We recorded **\$160,000** **\$425,000** and **\$0** **\$150,000** of stock-based compensation expense **during** **for the quarters** **three months** ended **March 31, 2024** **June 30, 2024** and 2023, respectively, and \$585,000 and \$150,000 for the six months ended June 30, 2024 and 2023, respectively. During the quarter ended June 30, 2024, an aggregate of 10,800 shares totaling \$150,000 were granted to the three independent members of our board of directors pursuant to the 2020 Non-Employee Directors' Stock Incentive Plan (the "2020 Plan"), approved by the shareholders in August 2020. Pursuant to the terms of the 2020 Plan, the shares were granted at fair market value on the date of the 2024 Annual Meeting of Shareholders and vested upon issuance. During the quarter ended June 30, 2023, an aggregate of 6,021 shares totaling \$150,000 were granted to the three independent members of our board of directors pursuant to the 2020 Plan at fair market value on the date of the 2023 Annual Meeting of Shareholders and vested upon issuance.

Stock Options

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

Options Outstanding and Exercisable:						
Range of Exercise Price		Number Outstanding	Life Remaining (in years)	Wgt. Avg.		Aggregate Intrinsic Value
				Contractual	Exercise Price	
\$3.50	-	13,000	3.0	\$	3.75	\$ 94,9
		8,000	4.2	\$	7.80	\$ 26,0
		30,000	4.8	\$	19.99	\$
		8,000	5.2	\$	39.11	\$
\$3.50	-	\$39.11	4.4	\$	17.35	\$ 120,9

Options Outstanding and Exercisable:						
Range of Exercise Price		Number Outstanding	Life Remaining (in years)	Wgt. Avg.		Aggregate Intrinsic Value
				Contractual	Exercise Price	
\$3.50	-	13,000	2.7	\$	3.75	\$ 14
		8,000	3.9	\$	7.80	\$ 5
		30,000	4.6	\$	19.99	\$
		8,000	4.9	\$	39.11	\$
\$3.50	-	\$39.11	4.1	\$	17.35	\$ 19

The estimated fair value of options granted is calculated using the Black-Scholes option pricing model with assumptions as previously disclosed in our 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 closing stock price on the last trading day of the **first** **second** quarter of 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 **March 31, 2024** **June 30, 2024**. The amount of aggregate intrinsic value will change based on the market value of the 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	Number of Restricted Stock Units	Weighted-average grant date fair value per share
Balance as of December 31, 2023				
Granted	287,484	12.34	287,484	12.34
Vested	-	-	-	-
Canceled and forfeited	-	-	(1,300)	12.34
Balance as of March 31, 2024	<u>287,484</u>	<u>\$ 12.34</u>		
Balance as of June 30, 2024			<u>286,184</u>	<u>\$ 12.34</u>

As of **March 31, 2024** **June 30, 2024**, unrecognized compensation costs related to unvested RSUs was **\$3.1 million** **\$2.9 million**, which we expect to recognize over a weighted-average period of **2.9** **2.6** 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 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, trade accounts and trade 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 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:

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	\$ 19,356	\$ -	\$ -	\$ 19,356	\$ 17,698	\$ -	\$ -	\$ 17,698
Marketable securities								
Corporate and municipal debt securities	5,305	-	-	5,305				
Corporate, municipal debt and treasury securities					5,257	-	-	5,257
Total assets	\$ 24,661	\$ -	\$ -	\$ 24,661	\$ 22,955	\$ -	\$ -	\$ 22,955

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 ~~three~~six months ended ~~March 31, 2024~~June 30, 2024 or 2023.

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:

(In thousands)	March 31, 2024				June 30, 2024			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Marketable securities								
Corporate and municipal debt securities	\$ 5,194	\$ 115	\$ (4)	\$ 5,305				

Corporate, municipal debt and treasury securities	\$ 5,153	\$ 109	\$ (5)	\$ 5,257
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The Company had **four** **six** marketable securities in an unrealized loss position as of **March 31, 2024** **June 30, 2024**. The Company did not identify any marketable securities that were other-than-temporarily impaired as of **March 31, 2024** **June 30, 2024** and 2023. The Company does not intend to sell any marketable securities that have an unrealized loss at **March 31, 2024** as of **June 30, 2024** and it is not more likely than not that the Company will be required to sell such securities before any anticipated **recovery** **recovery** or maturity of such security.

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

(In thousands)	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 1,369	\$ 1,416	\$ 1,506	\$ 1,556	\$ 562	\$ 586	\$ 1,506	\$ 1,556
Due after one year through three years	3,825	3,889	3,607	3,674	4,591	4,671	3,607	3,674
Total	\$ 5,194	\$ 5,305	\$ 5,113	\$ 5,230	\$ 5,153	\$ 5,257	\$ 5,113	\$ 5,230

9. COMMITMENTS AND CONTINGENCIES

Leases

We have noncancelable operating leases for offices and data centers expiring at various dates through **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 **2029**. These operating leases are included in other long-term assets on the Company's **March 31, 2024** **June 30, 2024** and 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 **March 31, 2024** **June 30, 2024** and 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:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Right-of-use asset, net and lease liabilities (in thousands)	\$ 1,685	\$ 2,003	\$ 3,270	\$ 2,003
Weighted average remaining lease term (years)	1.8	2.8	3.5	2.8
Weighted average discount rate	3.4%	3.4%	6.2%	3.4%

For the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023, cash paid for operating leases included in operating cash flows was **\$299,000** **\$659,000** and **\$331,000**, **\$674,000**, respectively.

Maturities of our operating lease liabilities as of **March 31, 2024** **June 30, 2024** is as follows:

	Operating Leases (in thousands)
2024	\$ 1,094
2025	1,117
2026	1,026
2027	491
2028	405
Thereafter	102
Total lease liabilities	\$ 4,235

	Operating Leases (in thousands)
2024	\$
2025	1
2026	1
2027	
2028	
Thereafter	
Total lease liabilities	3

Lease expense for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023 consisted of the following:

	Three Months Ended				Three Months Ended June 30,		Six Months Ended June 30,	
	March 31, 2024		March 31, 2023					
					2024	2023	2024	2023
(in thousands)								
Cost of Revenue	\$ 176	\$ 183	\$ 209	\$ 187	\$ 385	\$ 370		
General and Administrative	119	108	121	115	238	223		
Development	4	40	32	41	36	81		
Total	\$ 299	\$ 331	\$ 362	\$ 343	\$ 659	\$ 674		

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 **March 31, 2024** **June 30, 2024** and 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, 2023 as 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 revenue comes from a number of different offerings to companies in that industry, including the following:

- Licenses which allow a customer to use our software for a specified number of active accounts on the system;
- Professional services for development of new features or system functionality;
- Support and maintenance services tied to the number of active accounts under license; and
- Processing services based on the number of active accounts on the system.

Our operations are conducted through our subsidiary affiliate companies located in Romania, India, the United Arab Emirates and Colombia, as well as our corporate office in Norcross, Georgia which provides significant administrative, human resources and executive management support. 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 Software DMCC in the United Arab 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.

We also receive license revenue and professional services revenue, including such revenue from Goldman Sachs Group, Inc. ("Goldman"), which was added as a customer in 2018 and is referred to as "Customer A" in the Notes to Consolidated Financial Statements. In total, this customer represented 59% and 70% of our consolidated revenues in the first quarters of 2024 and 2023, respectively. While we expect professional services, maintenance, and license revenue from this customer to continue, the amount and timing will be dependent on various factors not in our control such as the number of accounts on file, the level of customization needed by the customer and whether the customer continues the credit card line of 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. 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 more than approximately 1,000 employees located in India, Romania, the United Arab Emirates and Colombia. In October 2020, we opened a new office in Dubai, the 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 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 believe that we have a strong cash 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 May 2022, the Board of Directors of the Company (the "Board") authorized a new \$20 million share repurchase program, and we had approximately **\$13.0 million** **\$11.0 million** of authorized share repurchases remaining **at March 31, 2024** as of June 30, 2024.

Results of Operations

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

Revenue – Total revenue in the **three-month period** **three and six month periods** ended **March 31, 2024** **June 30, 2024** was **\$13,076,000**, **\$13,797,000** and **\$26,873,000**, respectively, which represents **an 11% decreases of 12 percent decrease** over compared to the first quarter of respective periods in 2023.

- Revenue from services was \$13,076,000 \$13,797,000 and \$26,873,000 in the first quarter three and six month periods ended June 30, 2024, respectively, which represents decreases of 2024 1 percent and 6 percent compared to \$14,756,000 the respective periods in 2023. Revenue in the first quarter of 2023. Revenue for the first second quarter of 2024 was lower compared to the first quarter of 2023 due to a decrease in the number and value of professional services contracts completed during the first second quarter of 2024 as compared to the second quarter of 2023, primarily related to lower professional services revenue from our largest customer, Goldman Sachs Group, Inc. This decline was partially offset by increased revenue Revenue from transaction processing services, and software maintenance and support services were greater in the first quarter six months of 2024 as compared to the first quarter six months of 2023 due to an increase in the number of customers and accounts on file and 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 first quarter of 2024. This increase was offset by a decrease in the number and value of professional services contracts completed during the first six months of 2024, primarily related to lower professional services revenue from our largest customer, Goldman Sachs Group, Inc. 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. 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 products, which is primarily software license fees, was \$0 in both the three-month period three and six month periods ended March 31, 2024 and 2023 as June 30, 2024, respectively, compared to \$1,794,000 in the respective comparable periods of 2023. There have been no new license tiers were achieved in either period. 2024.

Cost of Revenue – Total cost of revenue was 73.66 percent and 66.69 percent of total revenue in the three-month three and six month periods ended March 31, 2024 June 30, 2024, respectively, compared to 59 percent and 2023, respectively. 63 percent in the corresponding periods of 2023. The increase in cost of revenue as a percentage of revenue is primarily driven by higher costs for delivery of professional services, lower license revenue and higher low-margin third-party revenues. Total cost of revenue was \$9,500,000 and \$9,804,000 in the periods ended March 31, 2024 and 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 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 period three and six month periods ended March 31, 2024 June 30, 2024, total operating expenses from consolidated operations decreased 4 percent and 3 percent compared to the corresponding periods in 2023, respectively. Development expenses were 7 percent and 4 percent lower than in the corresponding period three and six month periods in 2023 primarily due to 2024, respectively, as compared to decreased general and administrative expenses. the same periods in 2023. General and administrative expenses were 2 percent and 5 percent lower in 2024 than the three and six month periods ended June 30, 2024, respectively, as compared to the same periods in 2023, primarily due to lower bonus accruals in the current period, partially offset by higher stock compensation expense. 2023. Marketing expenses increased 65% 10 percent and 32 percent for the three and six month periods in 2024, respectively, as compared to the same periods in 2023 due to the addition of sales personnel in 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.

Investment Income (Loss)— In the quarter three and six months ended March 31, 2024 June 30, 2024, we recorded \$204,000 \$199,000 and \$438,000 of investment losses, respectively, compared to investment losses of \$241,000 \$391,000 and \$686,000 for the quarter three and six months ended March 31, 2023 June 30, 2023, respectively. The investment income (loss) relates to our equity method investment in a privately held identity and professional services company with ties to the FinTech industry (see Note 4). The privately held company has incurred losses as they invest in future growth.

Other Income net (Loss)— In the quarter three and six months ended March 31, 2024 June 30, 2024, we recorded \$256,000 in other income of \$234,000 and \$526,000, respectively, compared to \$90,000 income of \$201,000 and \$345,000 for the quarter ended March 31, 2023, comparable 2023 periods. The increase results from higher interest income due to higher interest rates and higher cash balances. and cash equivalents balances in the 2024 period.

Income Taxes— Our effective tax rate rates for the quarter three and six months ended March 31, 2024, was 25.7% June 30, 2024 were 24.4 percent and 24.8 percent compared to an effective tax rate rates of 24.7% 24.8 percent for the quarter ended March 31, 2023, respective periods in 2023.

Liquidity and Capital Resources

Our cash and cash equivalents balance at March 31, 2024 June 30, 2024, was \$24,056,000 \$22,589,000 compared to \$26,918,000 at December 31, 2023. During the quarter six months ended March 31, 2024 June 30, 2024, cash provided by operations was \$552,000 \$2,341,000 compared to cash provided by operations of \$2,948,000 \$15,121,000 for the quarter six months ended March 31, 2023 June 30, 2023. The decrease in cash provided by operations is primarily due to lower accounts receivable, lower deferred revenue, lower net income and lower depreciation expense, partially offset by higher accounts payable.

During the quarter six months ended March 31, 2024 June 30, 2024, we invested \$362,000 \$1,089,000 in publicly traded multi sector corporate and municipal debt securities, offset by related maturities of \$324,000 \$1,023,000, which is described in more detail in Note 8 to the Consolidated Financial Statements.

During the **quarter** six months ended **March 31, 2024** **June 30, 2024**, we used **\$1,593,000** **\$2,753,000** of cash, compared to **\$1,628,000** **\$4,013,000** of cash during **quarter** the six months ended **March 31, 2023** **June 30, 2023**, to acquire computer equipment and related software and for 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.

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 opportunities we believe will expand our FinTech business, as exemplified in transactions described in Note 3 and 4 to the Consolidated Financial Statements, although there can be no assurance that appropriate opportunities will arise. In May 2022, the Board authorized an additional \$20 million for our share repurchase program. We made share repurchases of **\$1.6 million** **\$3.7 million** for the **three** **six** months ended **March 31, 2024** **June 30, 2024**, and **made no** share repurchases **of \$0.4 million** for the **three** **six** months ended **March 31, 2023** **June 30, 2023**. We had approximately **\$13.0 million** **\$11.0 million** of authorized share repurchases remaining as of **March 31, 2024** **June 30, 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, 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 2023 Form 10-K. During the **three-month** **six-month** period ended **March 31, 2024** **June 30, 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 59% 61% of our consolidated revenues for the **three** six months ended **March 31, 2024** **June 30, 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 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 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 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 had~~ approximately ~~\$13.0 million~~ \$11.0 million of authorized share repurchases remaining at ~~March 31, 2024~~ June 30, 2024.

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

	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
April 1, 2024 to April 30, 2024	-	\$ -	-	\$ 13,047,000
May 1, 2024 to May 31, 2024	93,029	\$ 13.75	93,029	\$ 11,767,000
June 1, 2024 to June 30, 2024	54,011	\$ 14.63	54,011	\$ 10,977,000
Total	147,040	\$ 14.08	147,040	\$ 10,977,000

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** **June 30, 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:

31.1	<u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of Chief Executive Officer and Chief Financial Officer furnished as required by Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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 (embedded within the (formatted as 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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** 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.

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: August 1, 2024

By: /s/ J. Leland Strange

J. Leland Strange

Chief Executive Officer,
President

Date: August 1, 2024

By: /s/ Matthew A. White

Matthew A. White

Chief Financial Officer

EXHIBIT INDEX

Exhibit	Descriptions
31.1	Certification of this exhibit have been omitted pursuant to Item 601 Section 302 of Regulation S-K(b)(10)(iv). the Sarbanes-Oxley Act of 2002.
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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: **May 2, 2024** August 1, 2024

/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: May 2, 2024 August 1, 2024

/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 **March 31, 2024** **June 30, 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: **May 2, 2024** **August 1, 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.

DISCLAIMER

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