



Investor Presentation

September 2020

Forward Looking/Safe Harbor Statements

In addition to historical information, this presentation may contain forward-looking statements relating to Intelligent Systems Corporation. All statements, trend analyses and other information contained in the following discussion 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 “may”, “will”, “anticipate”, “believe”, “intend”, “plan”, “estimate”, “expect”, “strategy” and “likely”, and other similar expressions constitute forward-looking statements. Prospective investors and current shareholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Intelligent Systems Corporation undertakes no obligation to update or revise its forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results except as required by law.

Who is Intelligent Systems?

Leading provider of technology solutions and processing services to the financial technology and services market

NYSE Listed:
INS (1981)

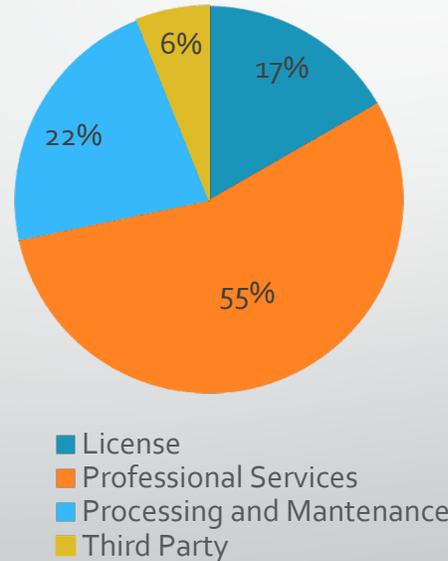
Market Capitalization:
\$335.0M¹

Founded in:
1973

Employees:
~530

Headquarters:
Norcross, Georgia

**Sales by Segment
FY19**



Core Offering



CoreCard Software, Inc

FinTech operations are conducted through our wholly owned CoreCard Software, Inc

CoreCard SRL

Wholly owned subsidiary in Romania

ISC Software in India

Wholly owned subsidiary in India

Intelligent Systems Management Bios

Team Member

Position

Held since

Biography



J. Leland Strange

**Chairman &
CEO**

January 1985

Mr. Strange was appointed chairman and CEO in 1985. He is an inductee in the Georgia Technology Hall of Fame and the Hall of Fame of the Georgia Tech College of Management. Mr. Strange is on the Board of Trustees and past Chairman of the Georgia Tech Research Corporation and is on the advisory board of Georgia Tech's College of Management as well as a trustee emeritus of the Georgia Tech Foundation. In the past, he has served on the board of publicly traded companies such as Allied Automotive Group (NYSE:AHJ), Great Plains Software, Matria Healthcare and IQ Software. Mr. Strange founded Quadram Corporation in 1980. Quadram pioneered the enhancement products industry as one of the fastest growing electronics companies in the U.S in the early years of the personal computer industry.



Matt White

**CFO &
Corporate
Secretary**

January 2019

Mr. White was appointed CFO and Corporate Secretary of Intelligent Systems in 2019 with responsibility for financial and SEC reporting, legal and contract matters, corporate governance and due diligence. Prior to this role he was CFO of CoreCard Software, Inc., Intelligent Systems' principal operating business. Mr. White remains the CFO for CoreCard, functioning in a dual capacity on both the corporate and subsidiary management teams. Prior to joining CoreCard, he was a Senior Director at Equifax, having held various positions in accounting and SEC reporting while at the company. Previously, Matt worked in an SEC reporting role at Humana and was a Senior Manager in the audit practice at Deloitte.

Why Invest in Intelligent Systems?

Diverse, recurring revenue streams from existing and new customers

Unique market positioning with an agile business model, vetted software and a proven ability to scale

Strong long-term outlook in the payments space with significant, growing total addressable market

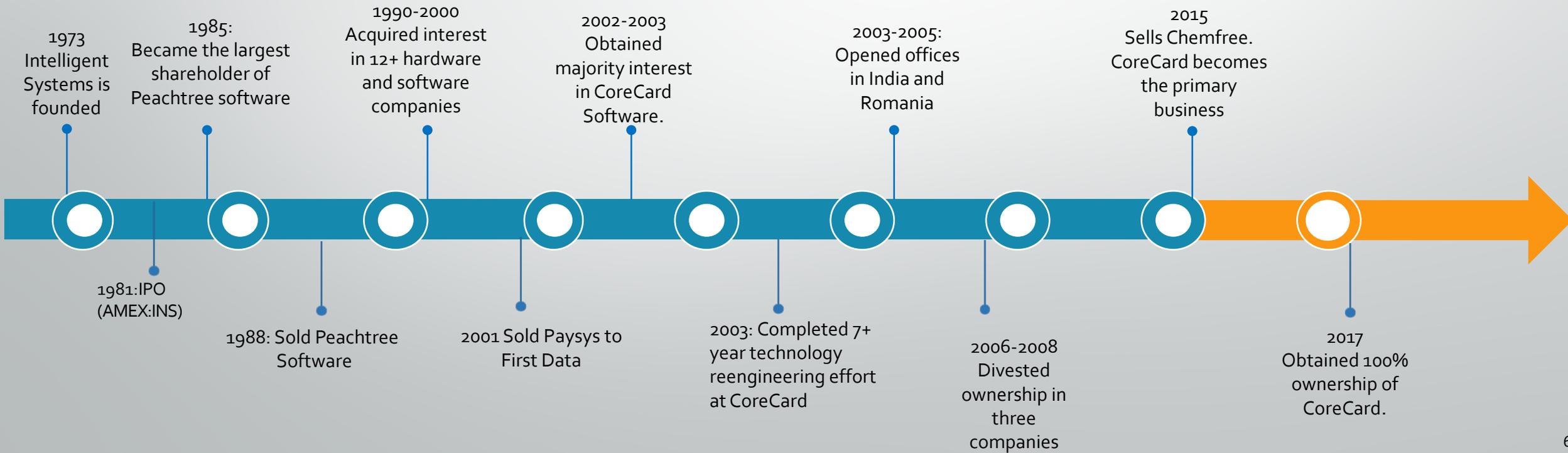
Resilient, account-based business supported by counter cyclical opportunities

Profitable business with strong ROIC profile

Strong balance sheet and favorable capital structure to support growth strategy



Our History



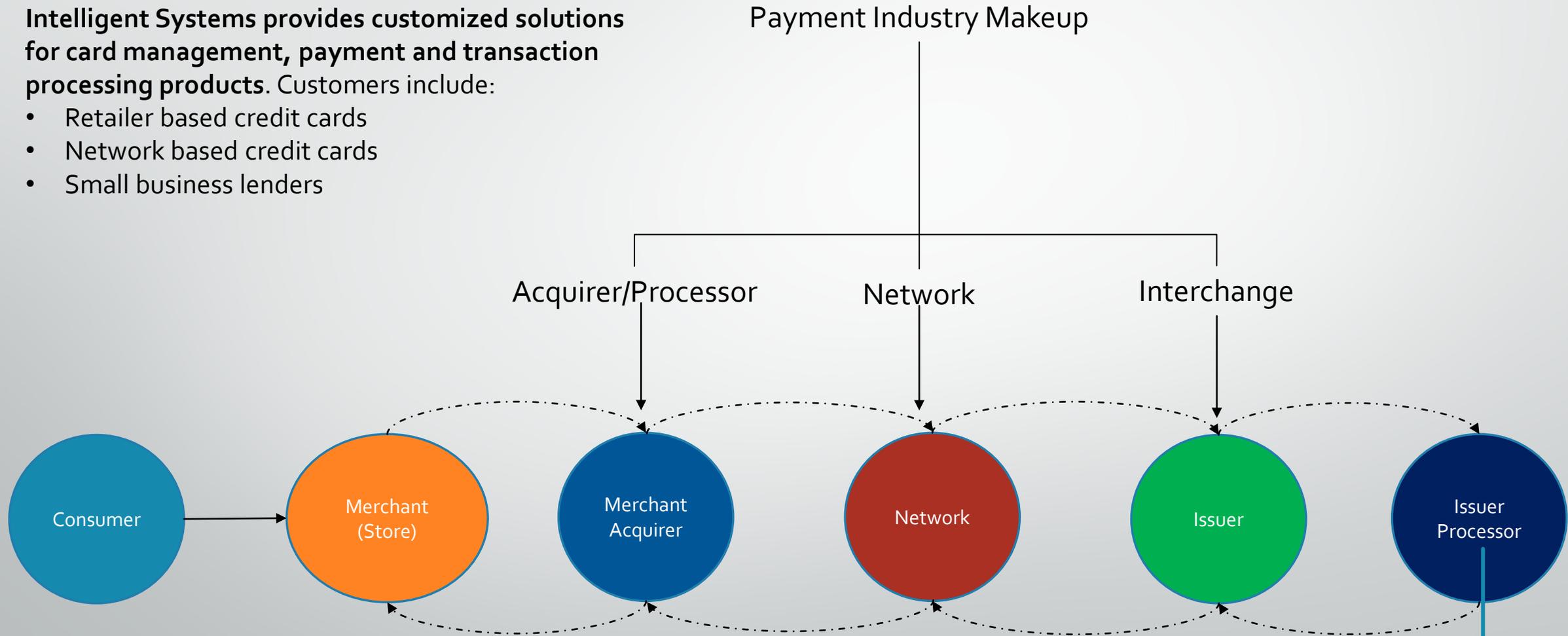
UNIQUE GROWTH OPPORTUNITY



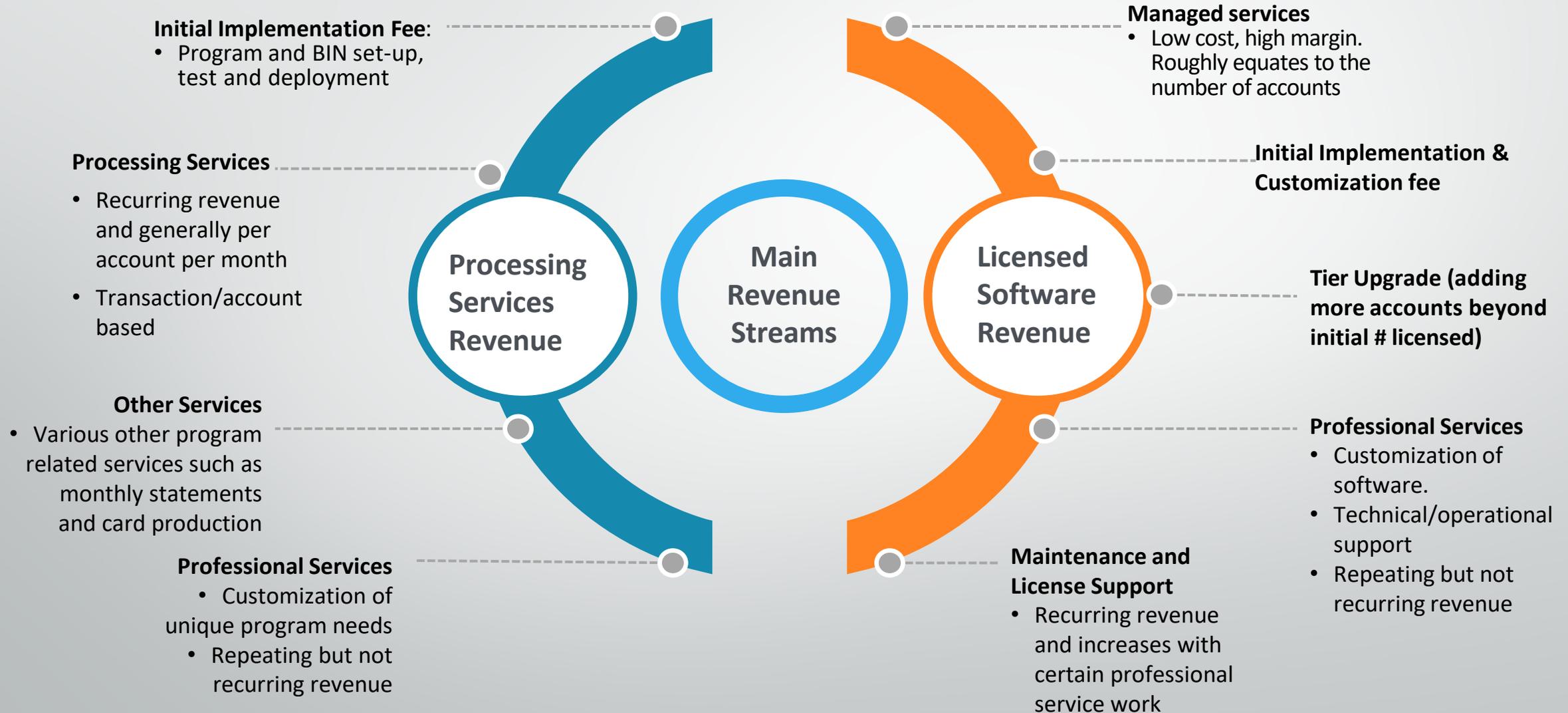
Key Players in Digital Payment Industry

Intelligent Systems provides customized solutions for card management, payment and transaction processing products. Customers include:

- Retailer based credit cards
- Network based credit cards
- Small business lenders



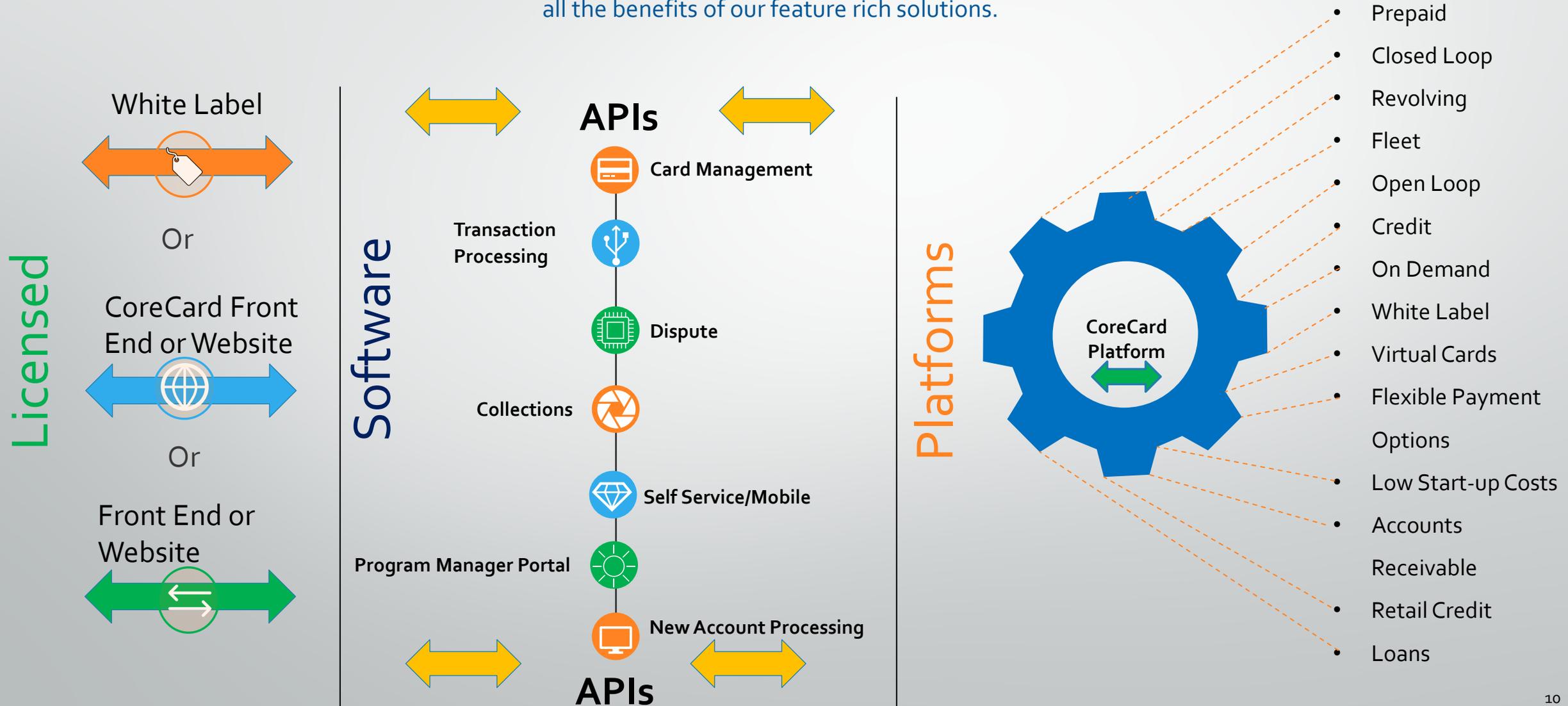
Differentiated Portfolio



(1) Although customization of licensed products is optional, nearly all customers use this service to modify the software to their specific business needs

What is CoreCard?

CoreCard provides industry leading card management applications and payment solutions. The team has three decades of domain expertise in building and managing payment systems. CoreCard operates a state-of-the-art processing facility providing program and card portfolio managers all the benefits of our feature rich solutions.



CoreCard Markets Served

CoreCard’s solutions address the unique needs of clients that issue or process across a variety of financial services markets.

Client End Market		Credit Cards / Loans	Prepaid / Debit Cards
Card Based	Open Loop	Credit Cards (network branded bank cards) <ul style="list-style-type: none"> ▪ Mastercard ▪ Visa 	Prepaid Cards <ul style="list-style-type: none"> ▪ Business (Corporate Card) ▪ GPR Prepaid Cards ▪ Rewards, Promotions & Incentives Debit Cards <ul style="list-style-type: none"> ▪ Payroll & Benefits
	Closed Loop	Private Label Cards <ul style="list-style-type: none"> ▪ Retail ▪ Dealership Fleet Cards	Prepaid Gift & Promotions Cards Shopping & Loyalty Cards
Non-Card Based	Lending Products & Other	Short-Term Consumer Loans POS Consumer Finance <ul style="list-style-type: none"> ▪ General Merchandise / Catalog ▪ Patient Finance A/R Management (businesses) <ul style="list-style-type: none"> ▪ Manufacturing ▪ Commercial Lending ▪ Factoring Collections / Debt Recovery	

Industry & Competitive Positioning

CoreCard's unique offering of ease-of-use and flexibility solutions bolster competitive advantage in a large, underpenetrated, growing market.

Market Position

- Highly fragmented market
- Intelligent Systems focuses on core capabilities making it nimble and more efficient
- Competitors are engaged in lower margin business segments (such as POS) that Intelligent Systems is not



Rapid Development

- CoreCard software is faster and more flexible and than legacy software
- Rapid development of software for unique offerings
- Intelligent Systems is industry known for fastest customer response



Customization

- Unique product offering (licensing and processing)
- Work with customer to develop highly customizable solutions
- Full service outside provider
- Generates repeat business



Complex Services

- Complex work solutions offered
- Provides materials to end users in the most customer friendly way
- Proven choice for high margin complex work



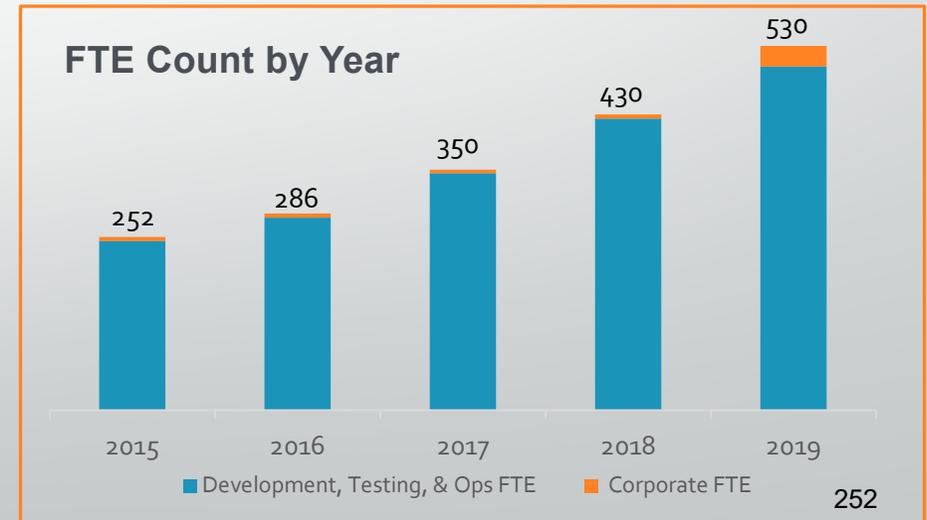
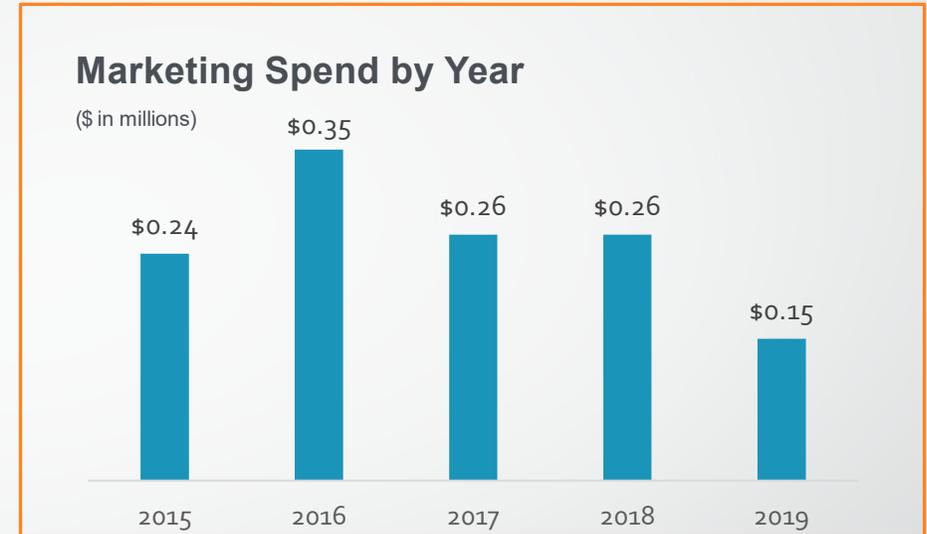
GROWTH STRATEGY



Efficient Strategy

Our strategy centers on a results-driven approach to prudently investing in the development of superior technology and people

- ✓ High return go to market strategy
- ✓ Top-line growth
- ✓ Minimal need for overhead spend
- ✓ Known industry leading provider (CoreCard)
- ✓ Investing in Product Development & Technology
- ✓ Winning new business with little marketing spend due to the strength of our solutions
- ✓ CoreCard has zero dedicated salespeople



Pillars for Growth

Large addressable market

The issuer solutions market is estimated to be ~\$7 billion with a CAGR of 3% between 2017-2021



Proven ability to scale CoreCard software

Intelligent Systems Corporation's proven ability to handle large quantities of transactions has expanded their brand image, caught the attention of large companies and is a key inflection point in its transition to growth



High value-add services

CoreCards's flexible parameter-driven software enables them to perform customizable, complex and high value-add work for their customers



Niche market position

Intelligent System Corporation focuses on areas that their competitors can not or will not do

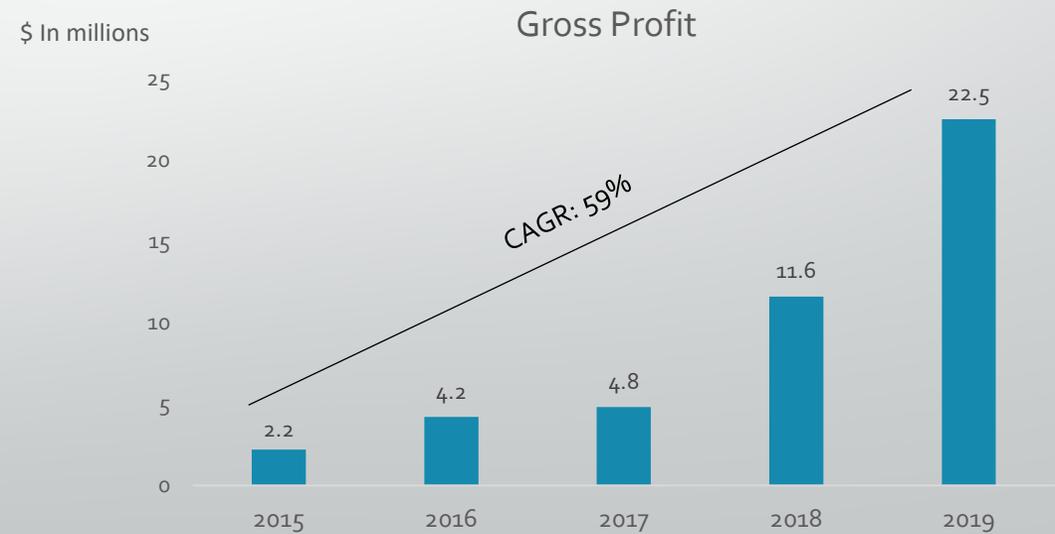
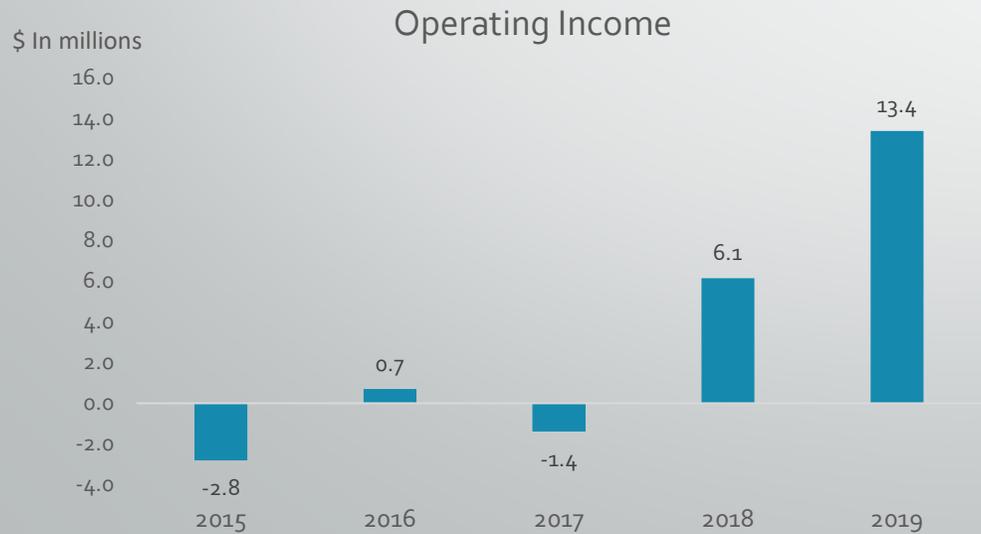
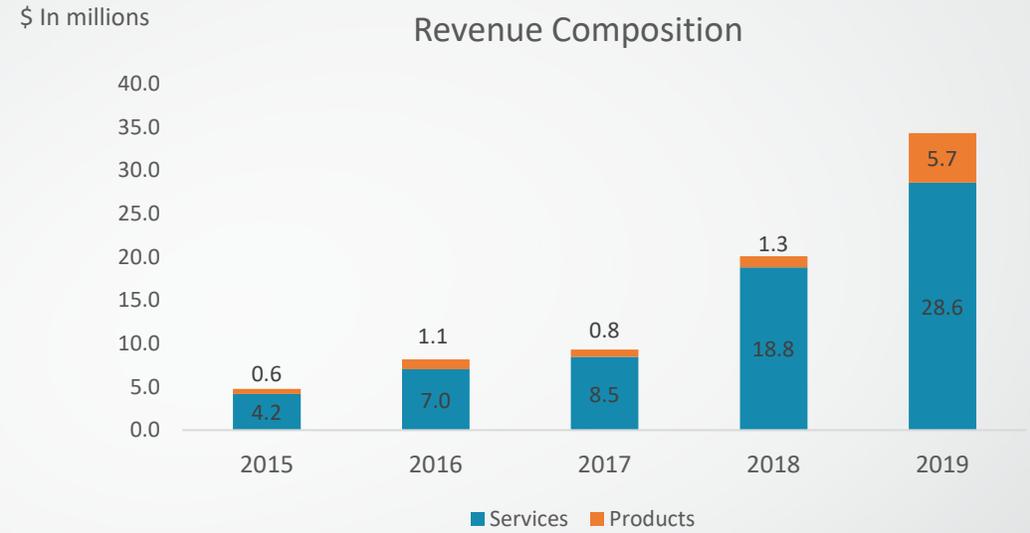
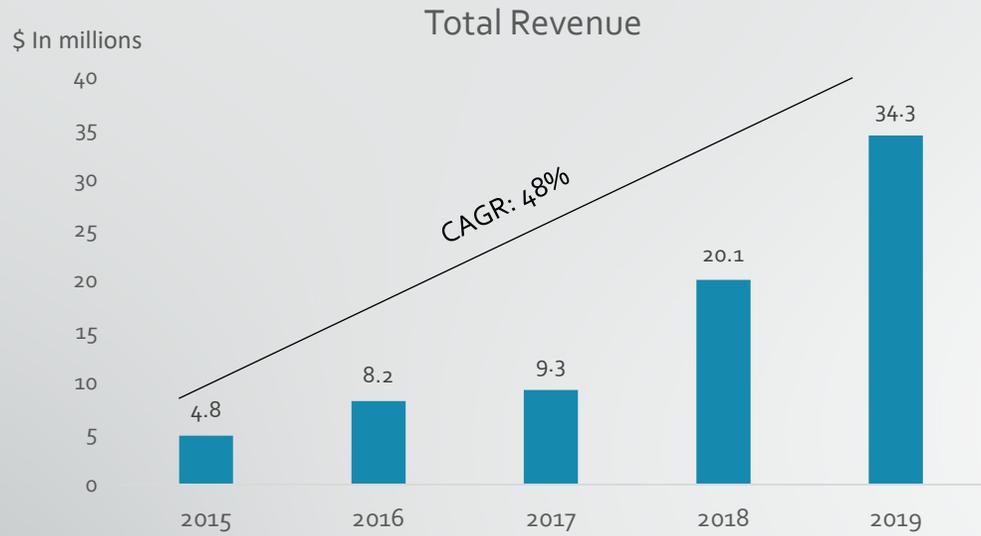


Loyal customers

Excellent customer service results in high levels of customer retention



Key Performance Indicators



APPENDIX



Balance Sheet

Intelligent Systems Corporation CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

As of December 31,	2019	2018
ASSETS		
Current assets:		
Cash	\$ 26,415	\$ 18,919
Marketable securities	-	349
Accounts receivable, net	8,759	3,731
Notes and interest receivable, current portion	-	581
Other current assets	905	1,202
Total current assets	36,079	24,782
Investments	3,081	760
Notes and interest receivable, net of current portion	1,795	1,745
Property and equipment, at cost less accumulated depreciation	2,177	1,513
Other long-term assets	1,108	504
Total assets	\$ 44,240	\$ 29,304
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 403	\$ 272
Deferred revenue, current portion	689	781
Accrued payroll	2,503	1,145
Accrued expenses	153	71
Income tax payable	1,100	284
Other current liabilities	1,345	719
Total current liabilities	6,193	3,272
Deferred revenue, net of current portion	23	111
Long-term lease obligation	460	-
Deferred tax liability	275	-
Total long-term liabilities	758	111
Commitments and contingencies (Note 9)		
Intelligent Systems Corporation stockholders' equity:		
Common stock, \$0.01 par value, 20,000,000 shares authorized, and 8,924,988 and 8,817,988 issued and outstanding at December 31, 2019 and 2018, respectively	89	88
Additional paid-in capital	15,450	15,050
Accumulated other comprehensive loss	(94)	(92)
Accumulated income	21,844	10,875
Total stockholders' equity	37,289	25,921
Total liabilities and stockholders' equity	\$ 44,240	\$ 29,304

Income Statement

Intelligent Systems Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

Year Ended December 31,	2019	2018
Revenue		
Products	\$ 5,725	\$ 1,349
Services	28,578	18,751
Total net revenue	34,303	20,100
Cost of revenue		
Products	-	136
Services	11,759	8,388
Total cost of revenue	11,759	8,524
Expenses		
Marketing	151	255
General and administrative	3,495	1,826
Research and development	5,516	3,353
Income from operations	13,382	6,142
Investment income (loss)	34	(363)
Other income, net	99	469
Income before income taxes	13,515	6,248
Income taxes	2,546	4
Net income	\$ 10,969	\$ 6,244
Earnings per share:		
Basic	\$ 1.24	\$ 0.71
Diluted	\$ 1.22	\$ 0.70
Basic weighted average common shares outstanding	8,873,071	8,796,321
Diluted weighted average common shares outstanding	8,967,901	8,948,518

Cash Flow

Intelligent Systems Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2019	2018
OPERATING ACTIVITIES:		
Net income	\$ 10,969	\$ 6,244
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,012	614
Stock-based compensation expense	191	62
Gain on sale of investment	(34)	-
Provision (benefit) for deferred income taxes	555	(280)
Non-cash investment expense		363
Non-cash interest income	(49)	(59)
Equity in loss of affiliate company	332	25
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,028)	(2,523)
Other current assets	224	1,171
Other long-term assets	61	(18)
Accounts payable	131	(49)
Accrued payroll	1,358	550
Deferred revenue, current portion	(92)	(72)
Accrued expenses	82	(27)
Other current liabilities	961	595
Deferred revenue, net of current portion	(88)	60
Other long-term liabilities	-	-
Net cash provided by operating activities	10,585	6,656
INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,676)	(865)
Advances on note and interest receivable	(2,000)	(1,035)
Proceeds from sale of investments	379	-
Net cash used for investing activities	(3,297)	(1,900)
FINANCING ACTIVITIES:		
Sale of capital stock pursuant to exercise of option	210	111
Net cash provided by financing activities	210	111
Effects of exchange rate changes on cash	(2)	28
Net increase in cash	7,496	4,895
Cash at beginning of year	18,919	14,024
Cash at end of year	\$ 26,415	\$ 18,919
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 1,159	\$ -