



Investor Presentation

April 2021

# 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)

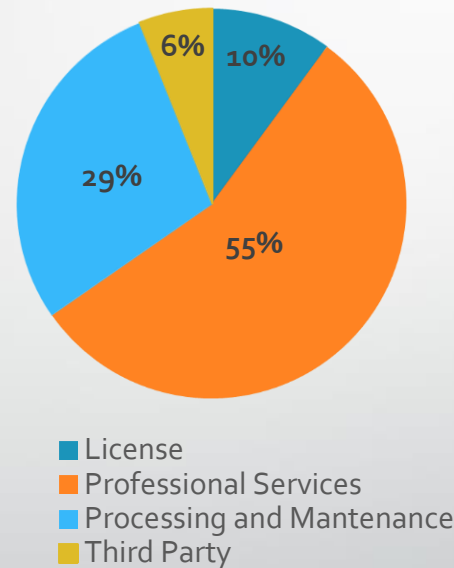
Market Capitalization: \$354M

Founded in:  
1973

Employees:  
~570

Headquarters:  
Norcross, Georgia

Sales by Segment  
FY'20



## Core Offering



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

**CoreCard SRL**  
Wholly owned subsidiary in Romania

**CoreCard DMCC**  
Wholly owned subsidiary in United Arab Emirates

**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?

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Diverse, recurring revenue streams from existing and new customers

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

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

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Resilient, account-based business supported by counter cyclical opportunities

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Profitable business with strong ROIC profile

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Strong balance sheet and favorable capital structure to support growth strategy

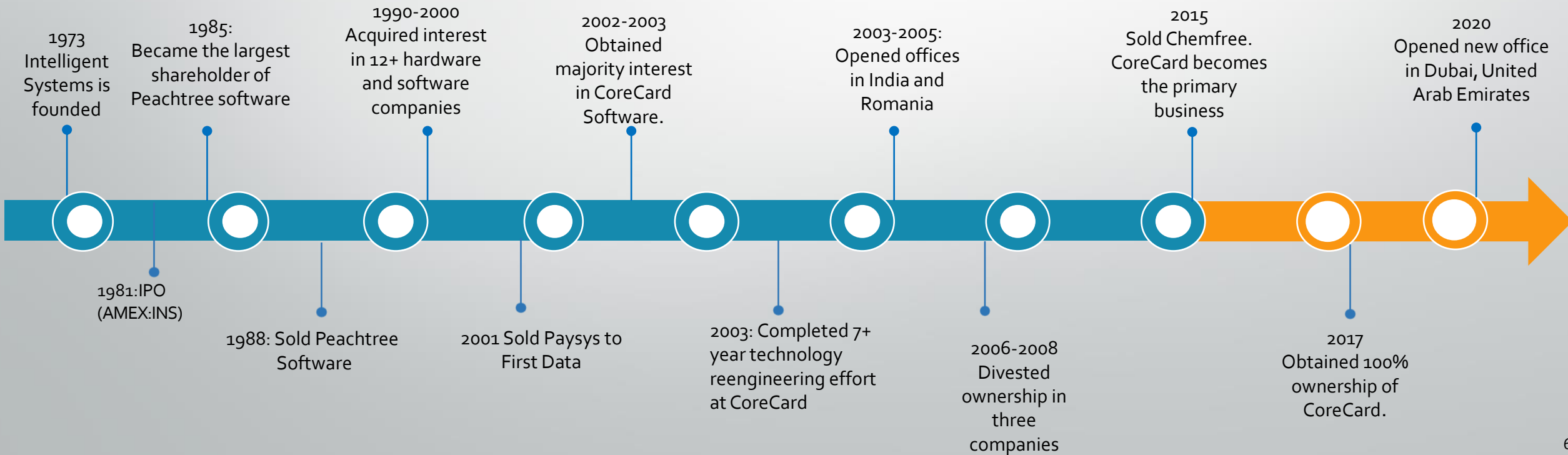


History of Creating Value



FinTech Focused

# Our History



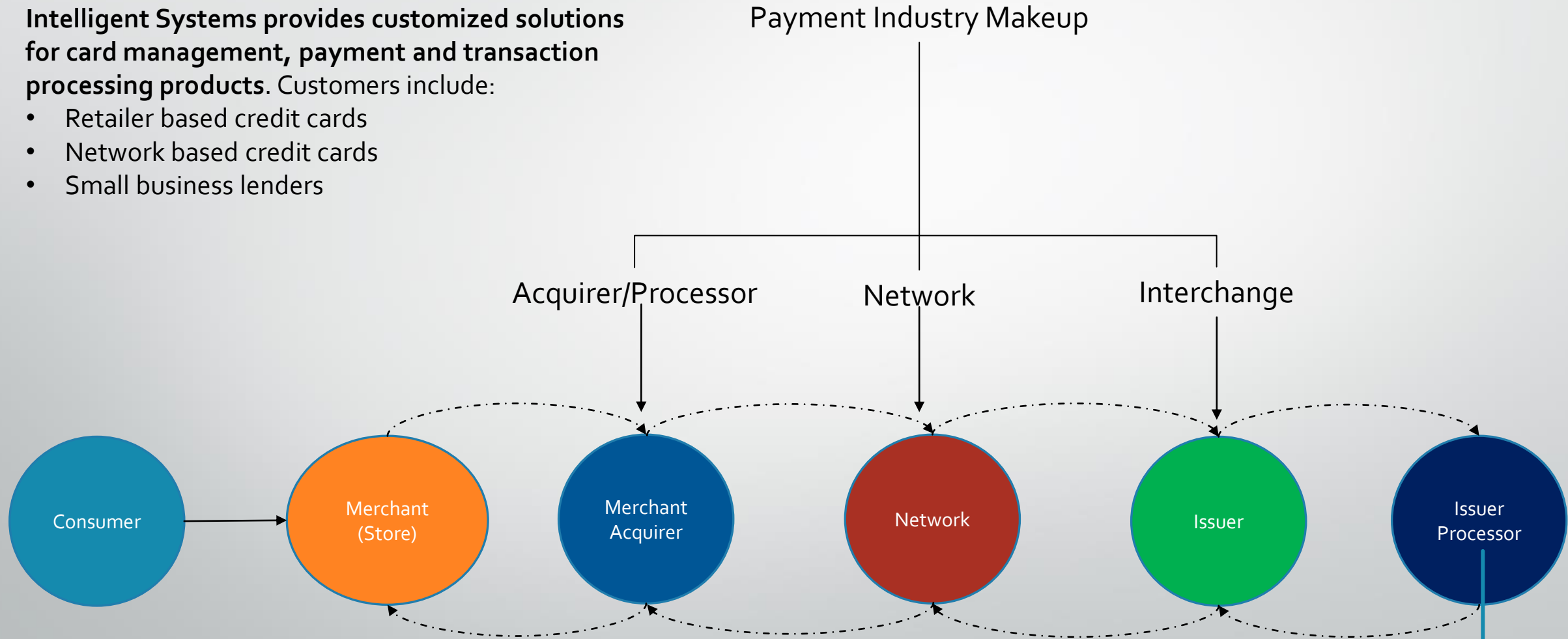
# UNIQUE GROWTH OPPORTUNITY



# Key Players in Digital Payment Industry

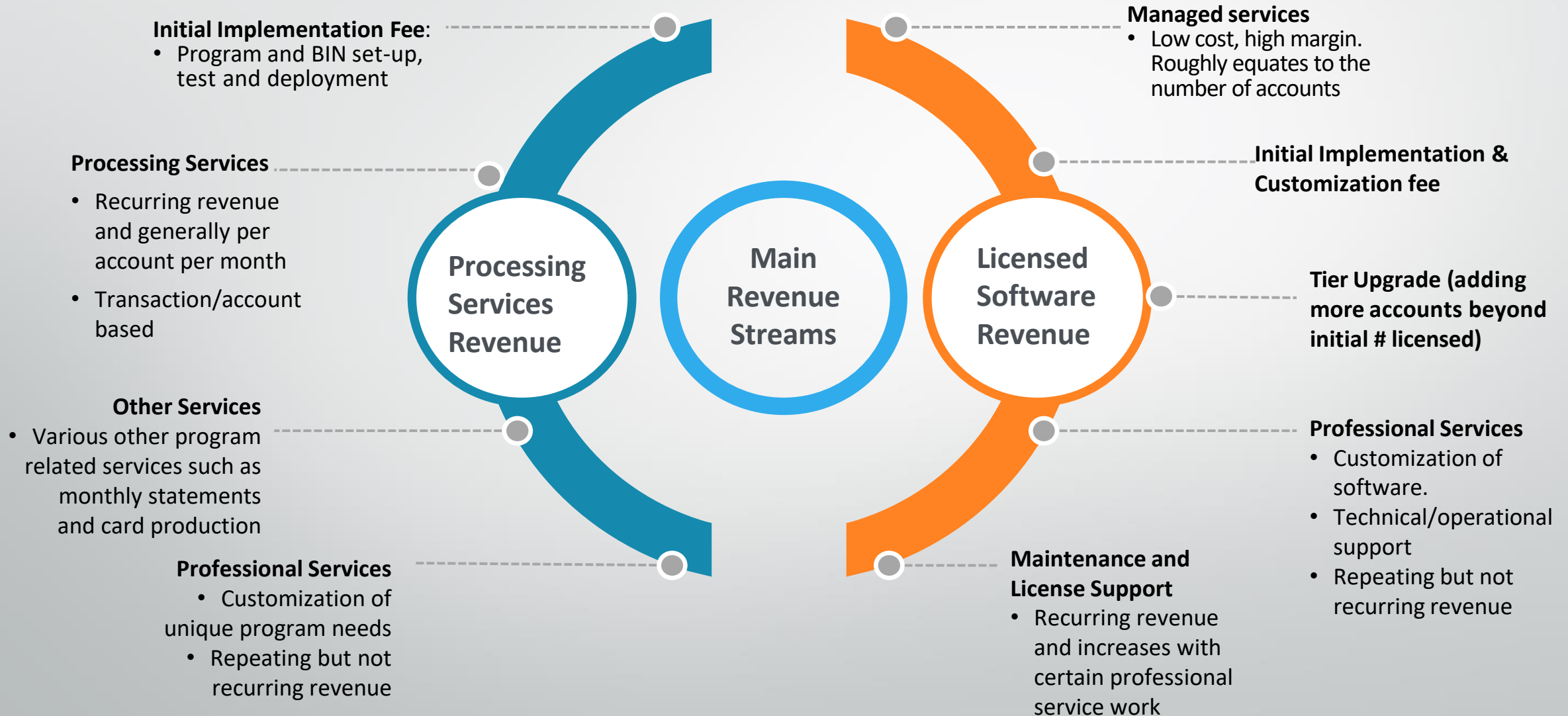
Intelligent Systems provides customized solutions for card management, payment and transaction processing products. Customers include:

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





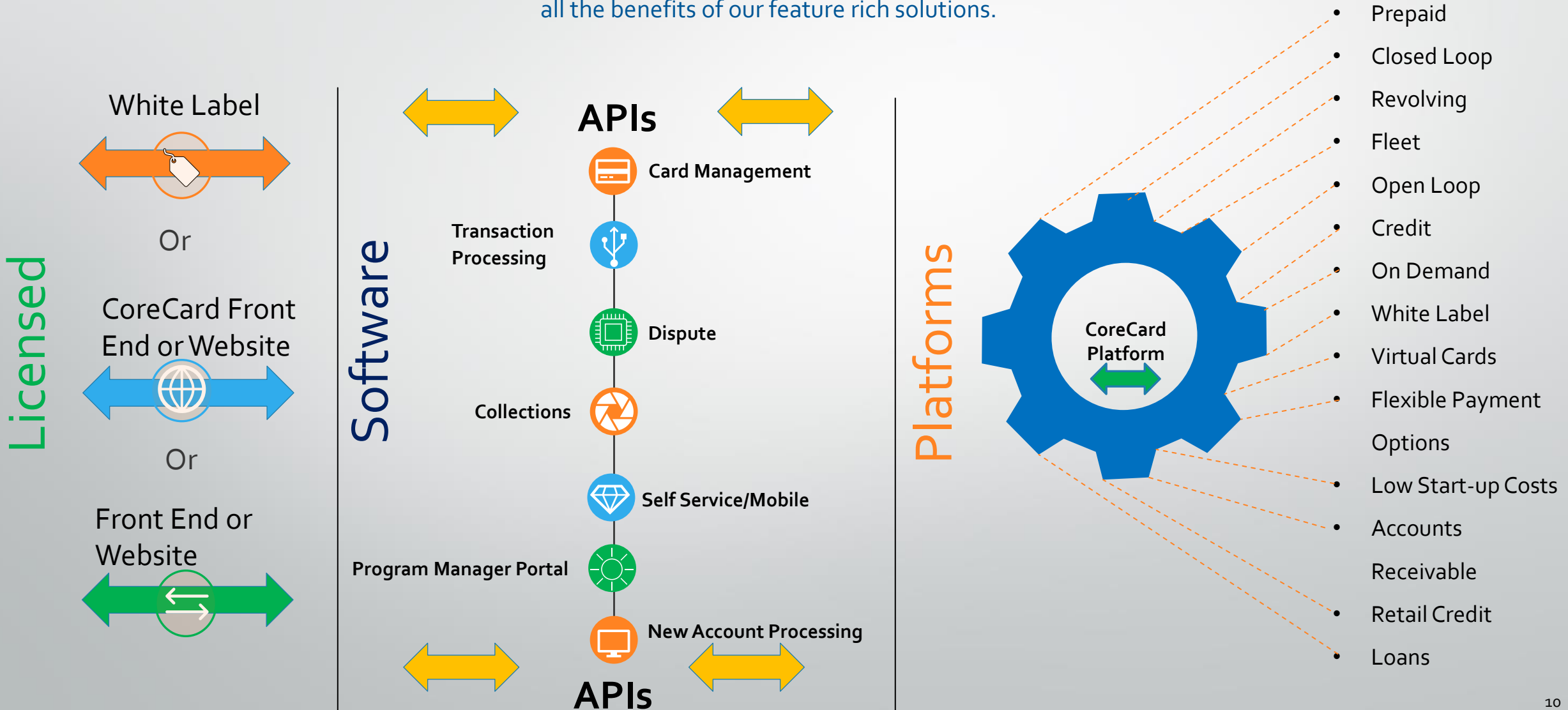
# Differentiated Portfolio



(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 / DebitCards
Card Based	Open Loop	Credit Cards (network branded bank cards) <ul style="list-style-type: none"> <li>▪ Mastercard</li> <li>▪ Visa</li> </ul>	Prepaid Cards <ul style="list-style-type: none"> <li>▪ Business (Corporate Card)</li> <li>▪ GPR Prepaid Cards</li> <li>▪ Rewards, Promotions &amp; Incentives</li> </ul> Debit Cards <ul style="list-style-type: none"> <li>▪ Payroll &amp; Benefits</li> </ul>
	Closed Loop	Private Label Cards <ul style="list-style-type: none"> <li>▪ Retail</li> <li>▪ Dealership</li> </ul> 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"> <li>▪ General Merchandise / Catalog</li> <li>▪ Patient Finance</li> </ul> A/R Management (businesses) <ul style="list-style-type: none"> <li>▪ Manufacturing</li> <li>▪ Commercial Lending</li> <li>▪ Factoring</li> </ul> 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



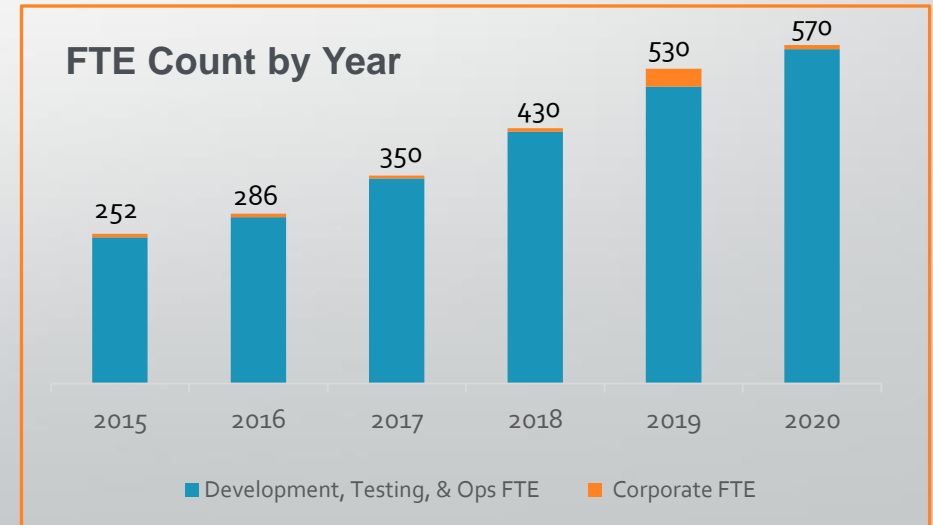
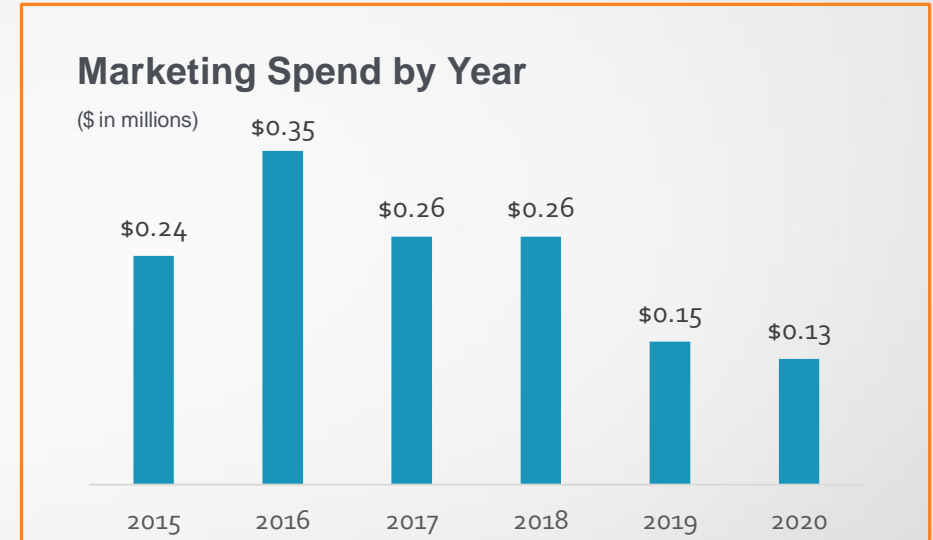
# GROWTH STRATEGY



# 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

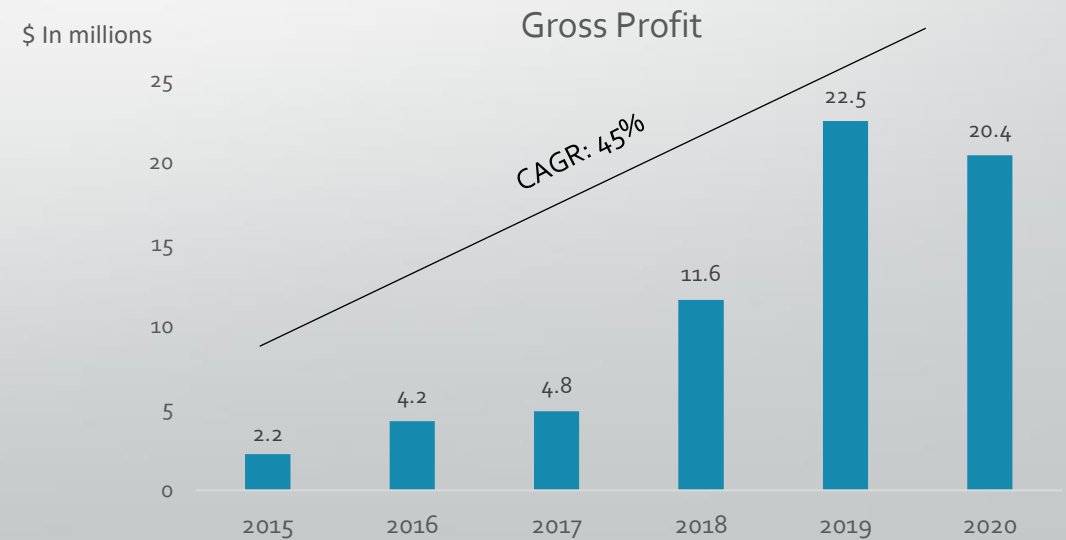
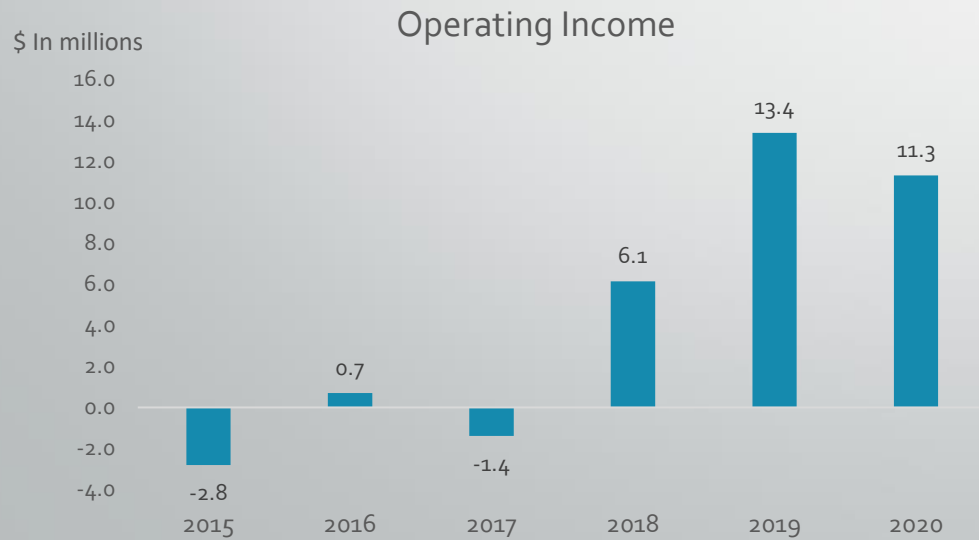
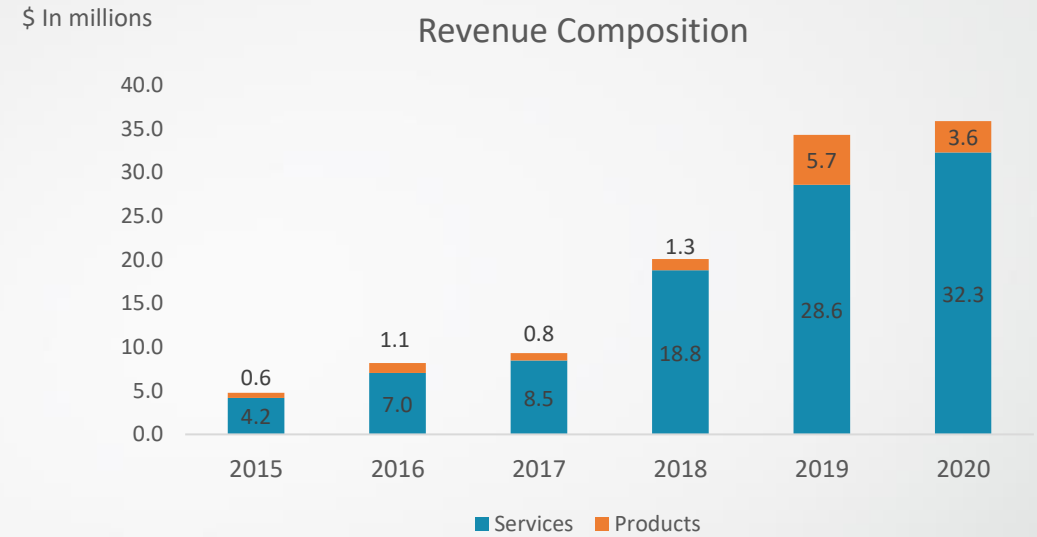
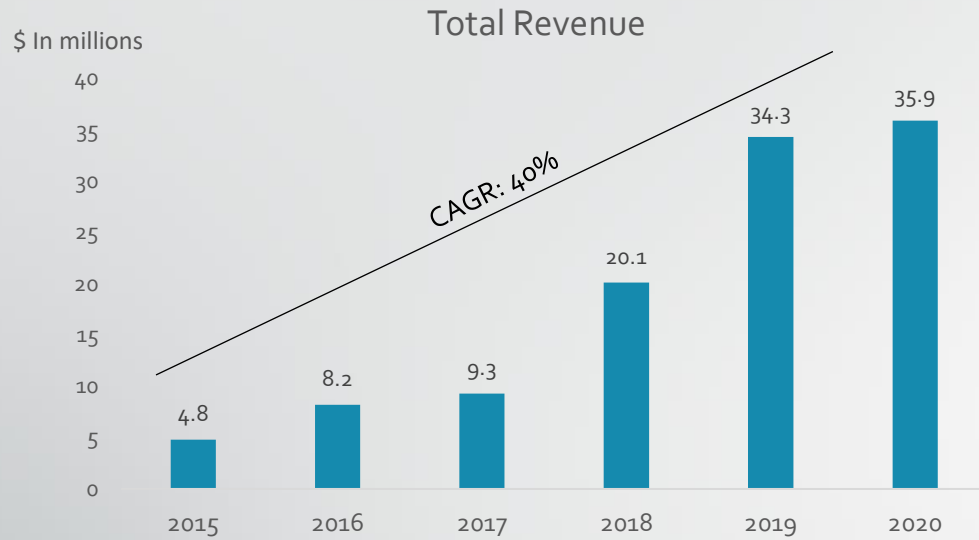


## ***Loyal customers***

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,	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash	\$ 37,956	\$ 26,415
Accounts receivable, net	3,270	8,759
Other current assets	1,263	905
<b>Total current assets</b>	<b>42,489</b>	<b>36,079</b>
Investments	1,921	3,081
Notes and interest receivable	2,681	1,795
Property and equipment, at cost less accumulated depreciation	6,914	2,177
Other long-term assets	3,020	1,108
<b>Total assets</b>	<b>\$ 57,025</b>	<b>\$ 44,240</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 714	\$ 403
Deferred revenue, current portion	1,322	689
Accrued payroll	1,901	2,503
Accrued expenses	321	153
Income tax payable	954	1,100
Other current liabilities	4,850	1,345
<b>Total current liabilities</b>	<b>10,062</b>	<b>6,193</b>
Deferred revenue, net of current portion	-	23
Deferred tax liability	818	275
Long-term lease obligation	1,994	460
<b>Total noncurrent liabilities</b>	<b>2,812</b>	<b>758</b>
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, \$0.01 par value: Authorized shares - 20,000,000;		
Issued shares - 8,929,368 and 8,924,988 at December 31, 2020 and 2019, respectively;		
Outstanding shares - 8,885,797 and 8,924,988 at December 31, 2020 and 2019, respectively		
	89	89
Additional paid-in capital	15,836	15,450
Treasury stock, 43,571 and 0 shares as of December 31, 2020 and 2019, respectively, at cost		
	(1,639)	-
Accumulated other comprehensive loss	(140)	(94)
Accumulated income	30,005	21,844
<b>Total stockholders' equity</b>	<b>44,151</b>	<b>37,289</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 57,025</b>	<b>\$ 44,240</b>

# Income Statement

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

Year Ended December 31,	2020	2019
Revenue		
Services	\$ 32,273	\$ 28,578
Products	3,600	5,725
Total net revenue	35,873	34,303
Cost of revenue		
Services	15,427	11,759
Products	-	-
Total cost of revenue	15,427	11,759
Expenses		
Marketing	132	151
General and administrative	3,866	3,495
Research and development	5,153	5,516
Income from operations	11,295	13,382
Investment income (loss)	(1,044)	34
Other income	378	99
Income before income taxes	10,629	13,515
Income taxes	2,468	2,546
Net income	\$ 8,161	\$ 10,969
Earnings per share:		
Basic	\$ 0.91	\$ 1.24
Diluted	\$ 0.91	\$ 1.22
Basic weighted average common shares outstanding	8,919,602	8,873,071
Diluted weighted average common shares outstanding	9,014,985	8,967,901

# Cash Flow

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

	Year Ended December 31,	
	2020	2019
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 8,161	\$ 10,969
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,138	1,012
Stock-based compensation expense	386	191
Gain on sale of investment	(125)	(34)
Provision for deferred income taxes	543	555
Non-cash investment loss	1,009	-
Non-cash interest income	(131)	(49)
Equity in loss of affiliate company	400	332
Changes in operating assets and liabilities:		
Accounts receivable, net	5,489	(5,028)
Other current assets	(358)	224
Other long-term assets	22	61
Accounts payable	311	131
Accrued payroll	(602)	1,358
Deferred revenue, current portion	633	(92)
Accrued expenses	168	82
Other current liabilities	2,945	961
Deferred revenue, net of current portion	(23)	(88)
<b>Net cash provided by operating activities</b>	<b>20,966</b>	<b>10,585</b>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(6,875)	(1,676)
Advances on note and interest receivable	(1,000)	(2,000)
Proceeds from sale of investments	135	379
<b>Net cash used in investing activities</b>	<b>(7,740)</b>	<b>(3,297)</b>
<b>FINANCING ACTIVITIES:</b>		
Sale of capital stock pursuant to exercise of option	-	210
Repurchases of common stock	(1,639)	-
<b>Net cash (used in) provided by financing activities</b>	<b>(1,639)</b>	<b>210</b>
Effects of exchange rate changes on cash	(46)	(2)
Net increase in cash	11,541	7,496
Cash at beginning of year	26,415	18,919
<b>Cash at end of year</b>	<b>\$ 37,956</b>	<b>\$ 26,415</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ 1,826	\$ 1,159