

**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 June 30, 2023 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**

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 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 such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

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

As of July 31, 2023, 8,490,681 shares of Common Stock of the issuer were outstanding.

CoreCard Corporation

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Part I FINANCIAL INFORMATION

Item 1. Financial Statements

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

As of	June 30, 2023	December 31, 2022
ASSETS	(unaudited)	(audited)
Current assets:		
Cash and cash equivalents	\$ 31,005	\$ 20,399
Marketable securities	5,099	4,973
Accounts receivable, net	6,110	13,220
Other current assets	3,884	3,729
Total current assets	46,098	42,321
Investments	4,494	5,180
Property and equipment, at cost less accumulated depreciation	12,315	12,006
Other long-term assets	3,055	3,725
Total assets	\$ 65,962	\$ 63,232
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,407	\$ 2,011
Deferred revenue, current portion	1,724	1,094
Accrued payroll	2,003	1,888
Accrued expenses	877	525
Other current liabilities	1,959	2,025
Total current liabilities	7,970	7,543
Commitments and Contingencies (see Note 8)		
Noncurrent liabilities:		
Deferred revenue, net of current portion	363	473
Deferred tax liability	494	472
Long-term lease obligation	1,556	1,981
Total noncurrent liabilities	2,413	2,926
Stockholders' equity:		
Common stock, \$0.01 par value: Authorized shares - 20,000,000;		
Issued shares – 9,016,140 and 9,010,119 at June 30, 2023 and December 31, 2022, respectively;		
Outstanding shares – 8,490,681 and 8,502,735 at June 30, 2023 and December 31, 2022, respectively	90	90
Additional paid-in capital	16,621	16,471
Treasury stock, 525,459 and 507,384 shares at June 30, 2023 and December 31, 2022, respectively, at cost	(17,105)	(16,662)
Accumulated other comprehensive income (loss)	(83)	(61)
Accumulated earnings	56,056	52,925
Total stockholders' equity	55,579	52,763
Total liabilities and stockholders' equity	\$ 65,962	\$ 63,232

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,	
	2023	2022	2023	2022
Revenue				
Services	\$ 13,898	\$ 13,412	\$ 28,654	\$ 25,207
Products	1,794	1,794	1,794	14,283
Total net revenue	15,692	15,206	30,448	39,490
Cost of revenue				
Services	9,296	7,937	19,101	15,393
Products	–	–	–	–
Total cost of revenue	9,296	7,937	19,101	15,393
Expenses				
Marketing	105	85	174	151
General and administrative	1,516	1,255	3,065	2,940
Development	2,092	2,463	3,605	5,787
Income from operations	2,683	3,466	4,503	15,219
Investment income (loss)	(391)	260	(686)	157
Other income, net	201	29	345	66
Income before income taxes	2,493	3,755	4,162	15,442
Income taxes	618	899	1,031	3,916
Net income	\$ 1,875	\$ 2,856	\$ 3,131	\$ 11,526
Earnings per share:				
Basic	\$ 0.22	\$ 0.33	\$ 0.37	\$ 1.34
Diluted	\$ 0.22	\$ 0.33	\$ 0.37	\$ 1.33
Basic weighted average common shares outstanding	8,493,040	8,595,478	8,497,888	8,625,504
Diluted weighted average common shares outstanding	8,516,573	8,616,354	8,524,337	8,651,874

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 1,875	\$ 2,856	\$ 3,131	\$ 11,526
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities	(12)	–	25	–
Foreign currency translation adjustments	6	243	(47)	244
Total comprehensive income	\$ 1,869	\$ 3,099	\$ 3,109	\$ 11,770

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

CoreCard Corporation
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited, in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2021	8,689,815	\$ 90	\$ 16,261	\$ (11,327)	\$ (194)	\$ 39,044	\$ 43,874
Common stock repurchased*	(70,864)			(2,332)			(2,332)
Net income						8,670	8,670
Stock compensation expense			10				10
Foreign currency translation adjustment					1		1
Balance at March 31, 2022	8,618,951	\$ 90	\$ 16,271	\$ (13,659)	\$ (193)	\$ 47,714	\$ 50,223
Common stock repurchased*	(58,447)			(1,347)			(1,347)
Net income						2,856	2,856
Stock compensation expense	6,504		150				150
Foreign currency translation adjustment					243		243
Balance at June 30, 2022	8,567,008	\$ 90	\$ 16,421	\$ (15,006)	\$ 50	\$ 50,570	\$ 52,125
Balance at December 31, 2022	8,502,735	\$ 90	\$ 16,471	\$ (16,662)	\$ (61)	\$ 52,925	\$ 52,763
Net income						1,256	1,256
Unrealized gain (loss) on marketable securities					37		37
Foreign currency translation adjustment					(53)		(53)
Balance at March 31, 2023	8,502,735	\$ 90	\$ 16,471	\$ (16,662)	\$ (77)	\$ 54,181	\$ 54,003
Common stock repurchased, including excise tax*	(18,075)			(443)			(443)
Net income						1,875	1,875
Stock compensation expense	6,021		150				150
Unrealized gain (loss) on marketable securities					(12)		(12)
Foreign currency translation adjustment					6		6
Balance at June 30, 2023	8,490,681	\$ 90	\$ 16,621	\$ (17,105)	\$ (83)	\$ 56,056	\$ 55,579

*At June 30, 2023, approximately \$17.9 million 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)

CASH PROVIDED BY (USED FOR):	Six Months Ended June 30,	
	2023	2022
OPERATING ACTIVITIES:		
Net income	\$ 3,131	\$ 11,526
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,655	2,333
Stock-based compensation expense	150	160
Deferred income taxes	22	72
Equity in loss (gain) of affiliate company	686	(157)
Changes in operating assets and liabilities:		
Accounts receivable, net	7,110	(10,655)
Other current assets	(449)	(688)
Other long-term assets	362	(236)
Accounts payable	(489)	611
Accrued payroll	115	(194)
Deferred revenue, current portion	630	(1,001)
Accrued expenses	352	160
Other current liabilities	(44)	(827)
Deferred revenue, net of current portion	(110)	254
Net cash provided by operating activities	15,121	1,358
INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,013)	(5,760)
Proceeds from payments on notes receivable	110	110
Purchases of marketable securities	(852)	-
Maturities of marketable securities	726	-
Net cash used for investing activities	(4,029)	(5,650)
FINANCING ACTIVITIES:		
Repurchases of common stock	(439)	(3,679)
Net cash used for financing activities	(439)	(3,679)
Effects of exchange rate changes on cash	(47)	243
Net increase (decrease) in cash	10,606	(7,728)
Cash at beginning of period	20,399	29,244
Cash at end of period	\$ 31,005	\$ 21,516
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for income taxes	\$ 920	\$ 5,330
Purchases of property and equipment, accrued but not paid	\$ 110	\$ 1,093

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

CoreCard Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

There have been no material changes in the Company’s significant accounting policies as compared to the significant accounting policies described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

Recent Accounting Pronouncements Adopted

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04, ASU No. 2019-05, ASU 2019-10 and ASU 2019-11 to provide additional guidance on the credit losses standard. The ASUs are effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. We adopted the ASUs on January 1, 2023 which did not have a material impact on our consolidated financial statements.

In March 2022, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2022-02 "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" (ASU 2022-02), which eliminates the accounting guidance for troubled debt restructurings (TDRs) by creditors that have adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and enhances certain disclosure requirements. The ASU is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. We adopted the ASUs on January 1, 2023, which did not have a material impact on our Consolidated Financial Statements.

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 June 30, 2023 and 2022:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
License	\$ 1,794	\$ 1,794	\$ 1,794	\$ 14,283
Professional services	7,354	7,605	15,695	14,167
Processing and maintenance	5,689	4,510	11,119	8,570
Third party	855	1,297	1,840	2,470
Total	\$ 15,692	\$ 15,206	\$ 30,448	\$ 39,490

Foreign revenues are based on the location of the customer. Revenues from customers by geographic areas for the three and six months ended June 30, 2023 and 2022 are as follows:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
United States	\$ 15,190	\$ 14,865	\$ 29,530	\$ 38,861
Middle East	473	316	864	580
European Union	29	25	54	49
Total	\$ 15,692	\$ 15,206	\$ 30,448	\$ 39,490

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 June 30, 2023 and 2022. 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Customer A	70%	71%	70%	79%

3. INVESTMENTS

We hold a 28 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 \$3,494,000 at June 30, 2023, included in investments on the Consolidated Balance Sheets. We account for this investment using the equity method of accounting which resulted in losses of \$391,000 and \$686,000 for the three and six months ended June 30, 2023, respectively, and income of \$260,000 and \$157,000 for the three and six months ended June 30, 2022, 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 June 30, 2023, variations from current expectations could result in future impairment charges.

In the second quarter of 2021, we invested \$1,000,000 in a privately held company that provides supply chain and receivables financing. The carrying amount of \$1,000,000 is accounted for at cost and is included in investments on the Consolidated Balance Sheets.

4. STOCK-BASED COMPENSATION

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

As of June 30, 2023, there is no unrecognized compensation cost related to stock options. There were no options exercised during the three and six months ended June 30, 2023. 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 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 Annual Meeting of Shareholders and vested upon issuance. No options expired unexercised during the quarter. The following table summarizes options as of June 30, 2023:

Options Outstanding and Exercisable:

Range of Exercise Price	Number Outstanding	Wgt. Avg. Contractual Life Remaining (in years)	Wgt. Avg. Exercise Price	Aggregate Intrinsic Value
\$3.50 - \$3.86	13,000	3.7	\$ 3.75	\$ 280,940
\$7.80	8,000	4.9	\$ 7.80	\$ 140,480
\$19.99	30,000	5.6	\$ 19.99	\$ 161,100
\$39.11	8,000	5.9	\$ 39.11	\$ --
\$3.50 - \$39.11	59,000	5.1	\$ 17.35	\$ 582,520

The estimated fair value of options granted is calculated using the Black-Scholes option pricing model with assumptions as previously disclosed in our 2022 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 second quarter of 2023 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 June 30, 2023. The amount of aggregate intrinsic value will change based on the market value of the company's stock.

5. 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 notes receivable. 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.

6. 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:

<i>(In thousands)</i>	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents				
Money market accounts	\$ 27,711	\$ –	\$ –	\$ 27,711
Marketable securities				
Corporate, municipal debt and treasury securities	5,099	–	–	5,099
Total assets	\$ 32,810	\$ –	\$ –	\$ 32,810

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 six months ended June 30, 2023. The Company had no marketable securities as of or during the six-month period ended June 30, 2022.

7. 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:

<i>(In thousands)</i>	June 30, 2023			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Marketable securities				
Corporate, municipal debt and treasury securities	\$ 5,055	\$ 51	\$ (7)	\$ 5,099

The Company had eleven marketable securities in an unrealized loss position as of June 30, 2023, and the Company held no marketable securities as of June 30, 2022. The Company did not identify any marketable securities that were other-than-temporarily impaired as of June 30, 2023 and 2022. The Company does not intend to sell any marketable securities that have an unrealized loss at June 30, 2023 and it is not more likely than not that the Company will be required to sell such securities before any anticipated recovery or maturity of such security.

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

<i>(In thousands)</i>	June 30, 2023		December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 2,202	\$ 2,234	\$ 1,594	\$ 1,602
Due after one year through three years	2,853	2,865	3,356	3,371
Total	\$ 5,055	\$ 5,099	\$ 4,950	\$ 4,973

8. COMMITMENTS AND CONTINGENCIES

Leases

We have noncancelable operating leases for offices and data centers expiring at various dates through February 2027. These operating leases are included in other long-term assets on the Company's June 30, 2023 and December 31, 2022 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 June 30, 2023 and December 31, 2022 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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Right-of-use asset, net and lease liabilities (in thousands)	\$ 2,667	\$ 3,373
Weighted average remaining lease term (years)	3.0	3.2
Weighted average discount rate	3.4%	3.4%

For the six months ended June 30, 2023 and 2022, cash paid for operating leases included in operating cash flows was \$674,000 and \$663,000, respectively.

Maturities of our operating lease liabilities as of June 30, 2023 is as follows:

	<u>Operating Leases</u> <i>(in thousands)</i>
2023	\$ 674
2024	1,015
2025	633
2026	520
2027	68
Total lease liabilities	<u>2,910</u>

Lease expense for the three and six months ended June 30, 2023 and 2022 consisted of the following:

<i>(in thousands)</i>	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cost of Revenue	\$ 187	\$ 194	\$ 370	\$ 412
General and Administrative	115	107	223	158
Development	41	47	81	93
Total	<u>\$ 343</u>	<u>\$ 348</u>	<u>\$ 674</u>	<u>\$ 663</u>

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.

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

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

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

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

For purposes of this discussion and analysis, we are assuming and relying upon the reader’s familiarity with the information contained in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, in the Form 10-K for the year ended December 31, 2022 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”, “us”, “ours”, “we”, “Registrant” and similar words to refer to CoreCard Corporation and subsidiaries. Our executive offices are located in Norcross, Georgia and our website is www.corecard.com.

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

Our results vary in part depending on the size and number of software licenses recognized as well as the value and number of professional services contracts recognized in a particular period. As we continue to grow our Processing Services business, we continue to gain economies of scale on the investments we have made in the infrastructure, resources, processes and software features developed over the past number of years to support this growing side of our business. We are adding new processing customers at a faster pace than we are adding new license customers, resulting in steady growth in the processing revenue stream. However, we also receive license and professional services revenue from our largest customer, Goldman Sachs Group, Inc. (“Goldman”), referred to as “Customer A” in the Notes to Consolidated Financial Statements. In total, this customer represented 70% of our consolidated revenues in the three and six months ended June, 2023, respectively.

On July 20, 2023, we executed an Omnibus Amendment with Goldman covering the following agreements between the Company and Goldman:

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

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

The amount and timing of future revenues from Goldman will be dependent on various factors not in our control such as the number of accounts on file and the level of customization needed by the customer. License revenue from this customer, similar to other license arrangements, is tiered based on the number of active accounts on the system. Once the customer achieves each tier level, they receive a perpetual license up to that number of accounts; inactive accounts do not count toward the license tier. The customer receives an unlimited perpetual license at a maximum tier level that allows them to utilize the software for any number of active accounts. They previously used the software for a single institution. In the first quarter of 2022 they added an additional customer, resulting in additional one-time license fees. Support and maintenance fees are charged based on the tier level achieved and increase at new tier levels.

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

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

- Software license revenue in a given period may consist of a relatively small number of contracts and contract values can vary considerably depending on the software product and scope of the license sold. Consequently, even minor delays in delivery under a software contract (which may be out of our control) could have a significant and unpredictable impact on the consolidated revenue that we recognize in a given quarterly or annual period.
- Customers may decide to postpone or cancel a planned implementation of our software for any number of reasons, which may be unrelated to our software or contract performance, but which may affect the amount, timing and characterization of our deferred and/or recognized revenue.
- Customers typically require our professional services to modify or enhance their CoreCard software implementation based on their specific business strategy and operational requirements, which vary from customer to customer and period to period.
- The timing of new processing customer implementations is often dependent on third party approvals or processes which are typically not under our direct control.

We continue to maintain a strong cash position. We intend to use cash balances to support the domestic and international operations associated with our CoreCard business and to expand our operations in the FinTech industry through financing the growth of CoreCard and, if appropriate opportunities become available, through acquisitions of businesses in this industry. In April 2021, the Board authorized \$10 million for our share repurchase program, all of which has been utilized. We made share repurchases of \$0.4 million for the six months ended June 30, 2023, and made share repurchases of \$3.7 million for the six months ended June 30, 2022. In May 2022, the Board authorized an additional \$20 million for our share repurchase program. We have approximately \$17.9 million of authorized share repurchases remaining at June 30, 2023.

Results of Operations

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

Revenue – Total revenue in the three and six month periods ended June 30, 2023 was \$15,692,000 and \$30,448,000, respectively, which represents an increase of 3 percent and a decrease of 23 percent compared to the respective periods in 2022.

- Revenue from services was \$13,898,000 and \$28,654,000 in the three and six month periods ended June 30, 2023, respectively, which represents increases of 4 percent and 14 percent compared to the respective periods in 2022. Revenue from transaction processing services and software maintenance and support services were greater in the second quarter of 2023 as compared to the second quarter of 2022 due to an increase in the number of customers and accounts on file, partially offset by a decrease in the number and value of professional services contracts completed during the second quarter of 2023 as compared to the second quarter of 2022. Revenue from transaction processing services, software maintenance and support services, and professional services were greater in the first six months of 2023 as compared to the first six months of 2022 due to an increase in the number of customers and accounts on file and an increase in the number and value of professional services contracts completed during the first six months of 2023. 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 \$1,794,000 in the three and six month periods ended June 30, 2023, respectively, compared to \$1,794,000 and \$14,283,000 in the respective comparable periods of 2022. In the first quarter of 2022 our largest customer added a new institution to our platform, resulting in one-time license fees, as discussed above, and multiple new tiers due to the additional active accounts added from a conversion completed in the first quarter of 2022 and account growth from existing customers.

Cost of Revenue – Total cost of revenue was 59 percent and 63 percent of total revenue in the three and six month periods ended June 30, 2023, respectively, compared to 52 percent and 39 percent in the corresponding periods of 2022. For the three month period ended June 30, 2023, the increase in cost of revenue as a percentage of revenue is primarily driven by hiring offshore technical personnel in India and investments made in our processing infrastructure in 2022 and 2023 including hardware and software purchases and additional space in our data centers. For the six month period ended June 30, 2023, the increase as a percentage of revenue is primarily driven by lower license revenue in addition to hiring offshore technical personnel in India and investments in our infrastructure. Cost of revenue includes costs to provide annual maintenance and support services to our installed base of licensed customers, costs to provide professional services, and costs to provide our financial transaction processing services. The cost and gross margins on such revenues can vary considerably from period to period depending on the customer mix, customer requirements and project complexity as well as the mix of our U.S. and offshore employees working on the various aspects of services provided. In addition, we continue to devote the resources necessary to support our growing processing business, including direct costs for regulatory compliance, infrastructure, network certifications, and customer support. Investments in our infrastructure in 2023, 2022 and previous years are in anticipation of adding customers in future periods. As such, we will not experience economies of scale unless we add additional customers, as anticipated. This may be subject to change in the future if new regulations or processing standards are implemented causing us to incur additional costs to comply.

Operating Expenses – In the three and six month periods ended June 30, 2023, total operating expenses from consolidated operations decreased 2 percent and 23 percent compared to the corresponding periods in 2022, respectively. Development expenses were 15 percent and 38 percent lower in three and six month periods in 2023, respectively, as compared to the same periods in 2022. In the three and six month periods ended June 30, 2023, development expenses were lower mainly due to lower bonus accruals partially offset by an increase in headcount. Additionally, we hired onshore and offshore technical personnel to work on the development of an updated platform. General and administrative expenses were 21 percent and 4 percent higher in the three and six month periods ended June 30, 2023. The increase for the three month period primarily relates to higher bonus accruals in 2023. Marketing expenses increased 24 percent and 15 percent for the three and six month periods in 2023, respectively, as compared to the same periods in 2022. 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 three and six months ended June 30, 2023, we recorded \$391,000 and \$686,000 of investment losses, respectively, compared to investment income of \$260,000 and \$157,000 for the three and six months ended June 30, 2022, 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 3). The company has incurred losses as they invest in future growth.

Other Income (Loss) – In the three and six months ended June 30, 2023, we recorded income of \$201,000 and \$345,000, respectively, compared to income of \$29,000 and \$66,000 for the comparable 2022 periods. The increase results from higher interest rates and higher cash and cash equivalents balances in the 2023 period.

Income Taxes – Our effective tax rates for the three and six months ended June 30, 2023 were 24.8 percent compared to effective tax rates of 23.9 percent and 25.4 percent for the respective periods in 2022.

Liquidity and Capital Resources

Our cash and cash equivalents balance at June 30, 2023, was \$31,005,000 compared to \$20,399,000 at December 31, 2022. During the six months ended June 30, 2023, cash provided by operations was \$15,121,000 compared to cash provided by operations of \$1,358,000 for the six months ended June 30, 2022. The increase is primarily due to lower accounts receivable, higher deferred revenue, and higher depreciation, partially offset by lower net income and lower accounts payable balances.

During the six months ended June 30, 2023, we used \$4,013,000 of cash to acquire computer equipment primarily for the technical resources added in our India office and continued investments in our existing processing environment in the U.S.

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, although there can be no assurance that appropriate opportunities will arise. In April 2021, the Board authorized an additional \$10 million for our share repurchase program, all of which has been utilized. In May 2022, the Board authorized an additional \$20 million for share repurchases. We made share repurchases of \$0.4 million for the six months ended 2023, and \$3.7 million of share repurchases in the six month period ended June 30, 2022. We have approximately \$17.9 million of authorized share repurchases remaining at June 30, 2023.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our Consolidated Financial Statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses. We consider certain accounting policies related to revenue recognition and valuation of investments to be critical policies due to the estimation processes involved in each. Management discusses its estimates and judgments with the Audit Committee of the Board of Directors. For a detailed description on the application of these and other accounting policies, see Note 1 to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Reference is also made to the discussion of the application of these critical accounting policies and estimates contained in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for 2022. During the six month period ended June 30, 2023, 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 70% of our consolidated revenues for the six months ended June 30, 2023. 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.
- 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 4. Controls and Procedures

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

Part II. OTHER INFORMATION

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

Repurchases of Securities

In April 2021, the Board authorized \$10 million for our share repurchase program, of which all has been utilized. In May 2022, the Board authorized an additional \$20 million for our share repurchase program. Under this program, which was publicly announced in November 2018, we are authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The repurchase program does not have an expiration date and may be suspended or discontinued at any time. We have approximately \$17.9 million of authorized share repurchases remaining at June 30, 2023.

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

	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, 2023 to April 30, 2023	-	\$ -	-	\$ 18,338,000
May 1, 2023 to May 31, 2023	18,075	\$ 24.28	18,075	\$ 17,899,000
June 1, 2023 to June 30, 2023	-	\$ -	-	\$ 17,899,000
Total	18,075	\$ 24.28	18,075	\$ 17,899,000

¹ This price includes per share commissions paid.

Item 6. Exhibits

The following exhibits are filed or furnished with this report:

- 3.1 [Amended and Restated Articles of Incorporation of the Registrant dated August 3, 2022. \(Incorporated by reference to Exhibit 3.1 of the Registrant's Form 10-Q November 2, 2022.\)](#)
- 3.2 [Amended and Restated Bylaws of the Registrant dated December 15, 2021. \(Incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K dated December 15, 2021.\)](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Chief Executive Officer and Chief Financial Officer furnished as required by Section 906 of the Sarbanes-Oxley Act of 2002.](#)

- 101.INS** Inline XBRL Instance
- 101.SCH** Inline XBRL Taxonomy Extension Schema
- 101.CAL** Inline XBRL Taxonomy Extension Calculation
- 101.DEF** Inline XBRL Taxonomy Extension Definitions
- 101.LAB** Inline XBRL Taxonomy Extension Labels
- 101.PRE** Inline XBRL Taxonomy Extension Presentation
- 104 Cover Page Interactive Data File (formatted as 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.

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 2, 2023

By: /s/ J. Leland Strange
J. Leland Strange
Chief Executive Officer, President

Date: August 2, 2023

By: /s/ Matthew A. White
Matthew A. White
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Descriptions
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31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer furnished as required by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	Inline XBRL Instance
101.SCH**	Inline XBRL Taxonomy Extension Schema
101.CAL**	Inline XBRL Taxonomy Extension Calculations
101.DEF**	Inline XBRL Taxonomy Extension Definitions
101.LAB**	Inline XBRL Taxonomy Extension Labels
101.PRE**	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as 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

**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: August 2, 2023

/s/ J. Leland Strange

J. Leland Strange
Chairman of the Board, President
and Chief Executive Officer

**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: August 2, 2023

/s/ Matthew A. White
Matthew A. White
Chief Financial Officer

**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 June 30, 2023 (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: August 2, 2023

/s/ J. Leland Strange
J. Leland Strange
Chief Executive 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.