

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO 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: **(770) 381-2900**

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value per share	CCRD	NYSE

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the registrant's common stock held by non-affiliates on June 30, 2024 was \$84,982,402 (computed using the closing price of the

common stock on June 30, 2024 as reported by the NYSE).

As of February 28, 2025, 7,786,679 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the registrant's Proxy Statement for its 2025 Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission, are incorporated by reference in Part III hereof.

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## PART I

### Forward-Looking Statements

*In addition to historical information, this Form 10-K may contain forward-looking statements relating to CoreCard Corporation (“CoreCard”). 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. A number of the factors that we believe could impact our future operations are discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Form 10-K. CoreCard 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.*

### ITEM 1. BUSINESS

#### 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](http://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 subsidiaries 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 non-U.S. 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, and these subsidiaries perform software development and testing as well as processing operations support.

CoreCard designs, develops and markets a comprehensive suite of software solutions to program managers, accounts receivable businesses, financial institutions, retailers and processors to manage their credit and debit cards, prepaid cards, private label cards, fleet cards, buy now pay later programs, loyalty programs and accounts receivable and loan transactions. CoreCard utilizes the same core software solution in its processing operations as it sells to licensees, although licensees typically request a variety of customizations which may or may not deviate from the core software solution offering.

The CoreCard software solutions are designed to allow companies to offer any type of transacting account or card issuing program as well as installment and revolving loans, to set up and maintain account data, to record advances and payments, to assess fees, interest and other charges, to resolve disputes and chargebacks, to manage collections of accounts receivable, to generate reports and to settle transactions with financial institutions and network schemes.

The CoreCard proprietary software applications are based on CoreCard’s core financial transaction processing platform (CoreENGINE™) and are engineered to address the unique requirements of customers and program managers that issue or process:

- Credit Cards/Loans – revolving or non-revolving credit issued to consumer or business accounts (with or without a physical card) that typically involve interest, fees, settlement, collections, etc. Within this market, CoreCard offers software specifically tailored to handle private label cards, network branded (i.e., MasterCard, VISA, American Express or Discover) bank cards, fleet cards, loans of any type, or any other type of “system of record” accounts receivable.
- Prepaid/Debit Cards – pre-loaded funds drawn down for purchase or cash withdrawal typically involving a variety of fees but no interest. Numerous examples exist including gift cards, loyalty/reward cards, health benefit cards, payroll and benefits disbursement, student aid disbursement, government assistance payments, corporate expense cards, transit cards and any other type of “system of record” stored value accounts.

The CoreCard software solutions are designed to allow customers to optimize their card account management systems, improve customer retention, lower operating costs and create greater market differentiation. The CoreCard solutions are feature-rich, have web interfaces including a standard library of APIs and contain financial transaction processing solutions that should allow customers to automate, streamline and optimize business processes associated with the set-up, administration, management and settlement of credit, prepaid and loan accounts, to process transactions, and to generate reports and statements for these accounts. In addition, because the CoreCard products are designed to run on lower cost, scalable PC-based servers, rather than expensive legacy mainframe computers, customers may benefit from lower overall costs since the solution provides scalability by adding additional servers as card volume grows. The CoreCard product functionality includes embedded multi-lingual, multi-currency support, web-based interface, real-time processing, complex rules-based authorizations, account hierarchies, documented APIs for easy integration to the backend functionality and robust fee libraries. These features support customer-defined pricing and payment terms and we believe that they allow CoreCard's customers to create new and innovative card programs to differentiate themselves in the marketplace and improve customer retention.

We believe CoreCard is unique among software companies because it offers a full array of card and account management software solutions, available either for in-house license or outsourced processing by CoreCard's processing business ("Processing Services") at the customer's option. CoreCard also provides customers with a unique option to license the same CoreCard software that is used in the CoreCard processing environment and transfer it in-house for customer-controlled processing at a later date.

- License – CoreCard sells a software license to a customer who then runs the CoreCard software system, configured for the customer's unique requirements, at a customer-controlled location. It usually requires substantial additional resources from CoreCard to customize or operate the licensed software. CoreCard is de-emphasizing the license option.
- Processing Services – CoreCard offers processing services that allow customers to outsource their card processing requirements to CoreCard. CoreCard manages all aspects of the processing functions using its proprietary software configured for each processing customer.

We continue to add resources to expand upon our infrastructure investment to support CoreCard's Processing Services line of business. CoreCard processes prepaid cards and credit cards (private label and open loop/network) for a number of customers and anticipates steadily growing this business further in 2025 and future years. CoreCard has multiple secure processing data centers at third party locations, is certified as compliant with the Payment Card Industry (PCI) Data Security Standards and has an SOC 1 and SOC 2 independent audit report that can be relied on by its prepaid and credit processing customers. It has obtained certification from American Express, Discover, MasterCard, Visa, Star and Pulse.

CoreCard added Goldman Sachs Group, Inc. as a customer in 2018, referred to as "Customer A" in the Notes to Consolidated Financial Statements, which represented 62% and 67% of our consolidated revenues for the twelve months ended December 31, 2024 and 2023, respectively. We expect future professional services, maintenance, and license revenue from this customer in 2025 and future years, however the amount and timing will be dependent on various factors not in our control such as the number of accounts on file, the level of customization needed by the customer and whether the customer continues its credit card line of business.

CoreCard has relationships with several financial institutions that are important for network certification, referrals for processing or program managers, and sponsoring prospective card programs.

CoreCard has Program Manager capabilities in addition to processing services, which has allowed us to gain additional experience and adding the potential for increased revenue, although we do not expect any significant revenue impact as a Program Manager in the near term.

CoreCard's principal target markets include consumer revolving credit portfolios, accounts receivable businesses, prepaid card issuers, retail and private-label issuers (large and small), small third-party processors, and small, mid-size and large financial institutions in the United States. CoreCard has customers in international markets as well. CoreCard competes with third-party card processors that allow customers to outsource their account transaction processing rather than acquire software to manage their transactions in-house. CoreCard competes with several larger and more established processors. Many of CoreCard's competitors, especially certain processors, have significantly more financial, marketing and development resources than CoreCard and have large, established customer bases often tied to long-term contracts. CoreCard believes it can compete successfully in its selected markets by providing to its licensed software customers and processing customers a robust technology platform, greater system flexibility and more customer-driven marketing options. Additionally, the size and flexibility of CoreCard can help customers get to market more quickly with customized, flexible programs. Under our Processing Services option, customers can contract with CoreCard to provide processing services for their accounts using CoreCard software configured to the customer's preferences, with an option to license the same software and bring it in-house when and if the customer decides to become its own processor in the future. We believe this transition path for customers is unique in the industry.

The CoreCard software platform and modules include CoreCREDIT™, CoreENGINE™, CoreISSUE™, CoreFRAUD™, CoreCOLLECT™, CoreAPP™, CoreMONEY™ and CoreACQUIRE™. Using a proprietary, base transaction processing platform called CoreENGINE, the CoreCard application modules have been further enhanced to meet the specific requirements of different market segments; for instance, CoreISSUE™ is available in different versions tailored to the requirements for issuing prepaid cards, fleet cards, bank cards or private label cards/accounts as well as accounts receivable management. In addition, CoreCard configures and/or customizes its robust base modules with additional or specific functionality to meet each customer's requirements. The Company has developed and licensed such products to customers in the prepaid, fleet, private label, retail and credit markets. As is typical of most software companies, CoreCard expects to continually enhance and upgrade its existing software solutions and to develop additional modules to meet changing customer and market requirements. To date, CoreCard has focused its extensive development and limited sales activities on building a base of customers in each of its target markets, as well as working to put in place the infrastructure and processes to be able to scale its business successfully, particularly for the Processing Services business.

CoreCard has been an innovation-focused company since its inception. We are currently working on the next generation of the CoreCard platform and solutions, which seeks to leverage progress in commercial state-of-the-art distributed technologies alongside now widely adopted agile work methodologies and practices to transform our entire suite of offerings. The new solution set will be designed to be 'cloud native' while being cloud vendor agnostic, with the goal of on-demand infinite scalability. In addition to improvements in technology capabilities, the new platform is expected to improve efficiency in product development, operations, and services functions.

Historically, most of the Company's sales have resulted from prospects contacting CoreCard based on an online search or through industry referrals. CoreCard typically sells its products directly to customers, often in competitive situations, with relatively long sales and implementation cycles.

We have several revenue streams. We receive software license fees that vary depending upon the number of licensed users, number of accounts on the system, and the number of software modules licensed. We also derive service revenue from implementation, customization, and annual maintenance and support contracts for our licensed software. Processing customers pay an implementation and setup fee plus monthly service fees, primarily based on number of accounts, under a contract with a term of generally three or more years. Depending on factors such as contract terms, customer implementation and testing schedule, and extent of customization or configuration required and whether we are licensing or processing, the timing of revenue recognition on contracts may lead to considerable fluctuation in revenue and profitability. There are often delays in implementation cycles, especially for processing customers, due to third party approvals or processes that are outside of CoreCard's control and thus it is difficult to predict with certainty when we will be able to begin recognizing revenue on new contracts.

CoreCard's licensed software products are used by its customers to manage and process various credit, debit and prepaid card programs and there are a number of U.S. and international federal, state and local regulations governing the issuance of and the processing of financial transactions associated with such cards. CoreCard's customers are required to comply with such regulations and, to the extent that customers depend on their licensed CoreCard software to manage and process their card accounts, the CoreCard software features and functionality should allow customers to comply with the various governmental regulations. CoreCard evaluates applicable regulations and regularly upgrades and enhances its software to help its customers meet their obligations to comply with current and anticipated governmental regulations. As part of CoreCard's Processing Services business, CoreCard provides compliance-related services, including data and network security, customer identification screening and regular reporting. These services are designed to enable CoreCard's customers to comply with applicable governmental regulations, including but not limited to the Bank Secrecy Act and Anti-Money Laundering regulations, although final responsibility for compliance rests with the customer. Depending on the extent of changes and new governmental regulations, CoreCard will regularly incur additional costs to modify its software and services to be compliant with those changes and regulations. CoreCard has no material costs related to compliance with environmental laws.

Our business is not considered seasonal although the use of certain of our products may grow with the summer travel season for our Middle East customers and higher end-of-year spending patterns and possibly cause a small revenue increase during these periods.

For additional information about trends and risks likely to impact our business, please refer to Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Form 10-K.

### **Development Costs**

We spent \$8.9 million and \$8.5 million in the years ended December 31, 2024 and 2023, respectively, on software development. We maintain a workforce of approximately 1,000 employees in our offshore operations in India, Romania, the United Arab Emirates and Colombia for software development and testing, as well as operations support for Processing Services. We regularly work to improve our financial technology software in response to market requirements and trends, and to changes in and new government regulations, and expect to continue to do so. Additionally, we have invested, and will continue to invest, in development costs relating to the development of next generation platform and solutions.

### **Patents, Trademarks and Trade Secrets**

We have one U.S. patent covering aspects of CoreCard’s core software platform. It may be possible for competitors to duplicate certain aspects of our products and processes even though we regard such aspects as proprietary. We have registered with the U.S. Patent and Trademark Office and several foreign jurisdictions various trademarks and service marks for our products. We believe that an active trade secret, trade name, trademark, and copyright protection program is one element in developing and maintaining brand recognition and protecting our intellectual property. We presently market our products under trademarks and service marks such as CoreCard, CoreENGINE™, CoreISSUE™, CoreCOLLECT™, CoreMONEY™ and others.

### **Personnel**

As of February 28, 2025, we had approximately 1,000 full-time equivalent employees (including our subsidiaries in the United States and foreign countries). Of these, the majority are involved in CoreCard’s software development, testing and operations, and 6 in corporate functions. Our employees are not represented by a labor union, we have not had any work stoppages or strikes, and we believe our employee relations are good.

### **Financial Information About Geographic Areas**

See Note 12 to the Consolidated Financial Statements. Except for the risk associated with fluctuations in currency, we do not believe there are any specific risks attendant to our foreign operations that are materially different than the general business risks discussed above, in Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Form 10-K, or elsewhere in this Form 10-K.

## **ITEM 1A. RISK FACTORS**

Not required for smaller reporting companies.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 1C. CYBERSECURITY**

We recognize the importance of assessing, identifying, and managing material risks from cybersecurity threats to our business and operations and developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems. CoreCard’s information technology network, infrastructure, and software systems, including integration points to third parties related to the FinTech services the Company offers, are critical to the Company’s business and operations. The Company holds confidential, proprietary, and personal information about its customers, its customers’ customers, employed or contracted personnel, and third-party vendors. In addition, the Company’s business in the FinTech industry requires it to be compliant with Payment Card Industry (PCI) Data Security Standards and U.S. and foreign data and information security mandates specific to its operations and services. To address these items, CoreCard has developed a robust cybersecurity risk management program focused on identifying, assessing and managing cybersecurity risk. The program involves a dedicated team responsible for operational cybersecurity, and includes an internal IT Security Team, PCI Compliance Force, and Emergency Management Team, which together are responsible for developing and executing the Company’s cybersecurity strategy and identifying and mitigating related risks.

The IT Security Team consists of five members, led by the VP of IT of the Company's CoreCard Software subsidiary, and focuses on the Company's overall data and cybersecurity. The PCI Compliance Force consists of six members, is led by the subsidiary's Chief Technology Officer, and focuses on the Company's compliance with PCI standards. Both teams hold regular meetings to discuss and report on, as applicable, meaningful cybersecurity risks, threats, incidents, and vulnerabilities, and changes in and compliance with industry data and cybersecurity standards. The teams also develop and oversee mitigation and remediation activities within their areas of responsibility. The teams, in conjunction with senior management, work to ensure that the Company is meeting requirements of applicable regulations and that the Company's third-party vendors are also meeting compliance requirements. The teams are also tasked with the development and maintenance of business continuity plans, security policies and procedures. The Company's Emergency Management Team, which consists of seven members and is led by the Company's Chief Executive Officer, has developed business incident response runbooks designed to guide operational staff with a set framework for response and mitigation to cybersecurity incidents and threats.

The Company has also designed its information technology systems and infrastructure to protect its and its customers' data with industry standard security, and the Company must pass an annual PCI audit with rules specific to the Company's operation of cardholder data environments. The Company's cybersecurity defensive protections are focused on detecting and mitigating cybersecurity threats before they can cause harm. The Company performs periodic penetration and vulnerability scan testing on both its internal and external facing infrastructure and systems. All Company employees are required to take cybersecurity training on an annual basis and must pass an examination designed to ensure knowledge transfer. CoreCard also utilizes a third-party security auditor for PCI audits, security training, and cybersecurity risk consulting. This partnership enables us to leverage specialized knowledge and insights, with the goal of ensuring our cybersecurity strategies and processes remain current.

Our business is managed under the direction of our Board of Directors (the "Board"), which guides our long-term strategy and represents the highest level of oversight at the Company. Our full Board oversees our enterprise risk management, which includes oversight of risks from cybersecurity threats. Our Board views the identification and effective management of cybersecurity threats as a critical component of its overall risk management and oversight responsibilities. Our management team provides regular updates to the Board on cybersecurity risks and threats. These updates cover, among other things, our cyber risks and threats, the status of projects to strengthen our information security systems, and the emerging threat landscape. In turn, the Board reviews and discusses these cyber risks and threats and provides advice and guidance on the adequacy of our initiatives on cybersecurity risk management.

The Company faces a number of cybersecurity risks in connection with its business. Based on the information the Company has as of the date of this Form 10-K, the Company does not believe that any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company's business strategy, results of operations or financial position. However, cybersecurity threats are constantly evolving, and many of the security measures that the Company has implemented must also evolve over time. While CoreCard seeks to utilize industry standard measures and tools to monitor and address these evolving threats, the Company may not be able to anticipate, prevent or mitigate its cybersecurity risks, the occurrence of which could result in significant legal and financial exposure, theft, damage to the Company's reputation, interruption of the Company's business operations, the loss of confidence in the Company's security measures, and harm to the Company's business.

## **ITEM 2. PROPERTIES**

As of December 31, 2024, we had a lease covering approximately 27,000 square feet in Norcross, Georgia to house our product development, sales, service and administration operations for our U.S. operations. Our Norcross lease was renewed March 1, 2022 for a five-year term. Our Bogota, Colombia lease was signed in November 2021 for a five-year term covering approximately 4,300 square feet of office space. We lease approximately 2,900 square feet of office space in Dubai, United Arab Emirates. We also lease a small office in Timisoara, Romania. We own a 6,350 square foot office facility in Bhopal, India, to house the software development and testing activities of our non-U.S. subsidiaries. We lease approximately 12,000 square feet of additional office space in the same facility in Bhopal, India; and in June 2022 we leased an additional facility in Bhopal of approximately 12,500 square feet. We also lease approximately 5,500 square feet in Mumbai, India to house additional staff for our offshore software development activities. We believe our facilities are adequate for the foreseeable future.

## **ITEM 3. LEGAL PROCEEDINGS**

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

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.



## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our common stock is listed and traded on the New York Stock Exchange (NYSE) under the symbol "CCRD". We had 137 shareholders of record as of February 28, 2025. This number does not include beneficial owners of our common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries. The Company has not paid regular dividends in the past and does not intend to pay dividends in the foreseeable future.

#### Repurchases of Securities

In April 2021, our Board authorized \$10 million for our share repurchase program, all of which has been utilized. In May 2022, the Board authorized an additional \$20 million for our share repurchase program. Under this publicly announced program, 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 \$7.1 million of authorized share repurchases remaining at December 31, 2024.

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

	Total Number of Shares Purchased	Average Price Paid per Share <sup>1</sup>	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
October 1, 2024 to October 31, 2024	-	\$ -	-	\$ 9,266,000
November 1, 2024 to November 30, 2024	100,176	18.31	100,176	\$ 7,432,000
December 1, 2024 to December 31, 2024	14,293	22.18	14,293	\$ 7,115,000
Total	114,469		114,469	

<sup>1</sup> This price includes per share commissions paid.

#### Equity Compensation Plan Information

See Item 12 of Part III of this Form 10-K for information regarding securities authorized for issuance under equity compensation plans, which is incorporated herein by reference.

#### Recent Sales of Unregistered Securities

There have been no sales of unregistered securities by the Company during the period covered by this Form 10-K.

### ITEM 6. RESERVED

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Executive Summary

Our consolidated operations include our CoreCard Software, Inc. subsidiary and its subsidiary companies in Romania, India, the United Arab Emirates and Colombia as well as a corporate office in Atlanta, Georgia which provides significant administrative, human resources and executive management support.

We provide technology solutions and processing services to the financial services market, commonly referred to as the FinTech industry. We derive our product revenue from licensing our comprehensive suite of financial transaction management software to financial institutions, retailers, processors and accounts receivable businesses to manage their credit and debit cards, prepaid cards, private label cards, fleet cards, buy now pay later programs, loyalty programs, and accounts receivable and loan transactions. Our service revenue consists of fees for software maintenance and support for licensed software products, fees for processing services that we provide to companies that outsource their financial transaction processing functions to us, and professional services primarily for software customizations provided to both license and processing customers.

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 grow our Processing Services business, we continue to gain economies of scale on the investments we have made in the infrastructure, resources, processes and software features developed over the past number of years to support this growing side of our business. We are adding new processing customers at a faster pace than we are adding new license customers, resulting in steady growth in the processing revenue stream.

We receive license revenue and professional services revenue from Goldman Sachs Group, Inc. ("Goldman"), which was added as a customer in 2018 and is referred to as "Customer A" in the Notes to Consolidated Financial Statements. In total, this customer represented 62% and 67% of our consolidated revenues in 2024 and 2023, respectively. On October 23, 2024, 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 Omnibus Amendment, which is effective as of October 23, 2024, extends the Support Services term of the SLSA through December 31, 2030, and extends the term of the SOWs through December 31, 2030. Among other things, the Amendment also (i) provides for increased monthly fees under SOW 2 starting January 2025, and (ii) allows Goldman to terminate the agreements no earlier than January 1, 2027, with termination payments due if terminated prior to December 31, 2030. 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 and whether the customer continues the credit card line of business. License revenue from this customer, similar to other license arrangements, is tiered based on the number of active accounts on the system. Once the customer achieves each tier level, they receive a perpetual license up to that number of accounts; inactive accounts do not count toward the license tier. The customer receives an unlimited perpetual license at a maximum tier level that allows them to utilize the software for any number of active accounts. Support and maintenance fees are charged based on the tier level achieved and increase at new tier levels.

Goldman recently announced the transition of its General Motors co-branded credit card to a new issuer, which is processed under our agreement with Goldman, with an expected close in 2025. Sale of the loans by Goldman will not affect the maintenance revenue that we receive under the agreement, which is set based on the most recently achieved license tier. However, the removal of active accounts following a sale of the loans will proportionately increase the number of accounts that will need to be added to earn the license fees attributable to the next license tier under the agreement. Additionally, selling one of their two portfolios could make it more likely that Goldman will exit the credit card business.

The infrastructure of our multi-customer environment is designed to be scalable for the future. A significant portion of our expense is related to personnel, including approximately 1,000 employees located in India, Romania, the United Arab Emirates and Colombia. In 2017, we opened a second office in India, located near Mumbai, to enable us to attract the level of talent required for our software development and testing. In October 2020, we opened an 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, results of operations and financial performance 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 and financial performance on a quarterly basis for various reasons in addition to those noted above, 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, that may affect the amount, timing and characterization of our deferred and/or recognized revenue.
- Customers typically require our professional services to modify or enhance their CoreCard software implementation based on their specific business strategy and operational requirements, which vary from customer to customer and period to period.
- The timing of new processing customer implementations is often dependent on third party approvals or processes which are typically not under our direct control.

We continue to believe that we have a strong cash position. We intend to use our cash balances to support the domestic and international operations associated with our CoreCard business and to expand our operations in the FinTech industry through financing the growth of CoreCard and, if appropriate opportunities become available, through acquisitions of businesses in this industry. In May 2022, the Board authorized a new \$20 million share repurchase program, and we had approximately \$7.1 million of authorized share repurchases remaining at December 31, 2024.

## **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 Annual Report.

**Revenue** – Total revenue for the year ended December 31, 2024 was \$57,399,000 which represents a 2 percent increase over 2023.

- Revenue from services was \$54,559,000 in 2024, which represents a one percent increase from 2023 revenue of \$54,210,000. Revenue from transaction processing services and software maintenance and support services were greater in 2024 as compared to 2023 due to an increase in the number of customers and accounts on file. This increase was partially offset by a decrease in the number and value of professional services contracts completed in 2024, primarily related to lower professional services revenue from our largest customer, Goldman Sachs Group, Inc. We expect that processing services will continue to grow as our customer base increases; however, the time required to implement new customer programs could be delayed due to third party integration and approval processes and other factors. 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 includes software license fees, was \$2,840,000 in 2024, an increase of 58 percent from 2023 revenue of \$1,794,000. Two new license tiers were achieved in 2024 and only one tier was achieved in 2023.

**Cost of Revenue** – Total cost of revenue was 62 percent and 65 percent of total revenue for the twelve months ended December 31, 2024 and 2023, respectively. The decrease as a percentage of revenue is primarily driven by higher license revenue. 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 recent 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** – For the twelve months ended December 31, 2024, total operating expenses from consolidated operations were higher as compared to the corresponding period in 2023 primarily due to higher development expenses and higher general and administrative expenses. Development expenses were higher mainly due to stock-based compensation awards in 2024 and higher development costs for U.S. and non-U.S. technical personnel working on the development of an updated platform, a portion of which is capitalized; however amounts not eligible for capitalization result in higher development expenses. General and administrative expenses increased due to increased stock-based compensation awards. Marketing expenses increased 31 percent in 2024. Our client base increased in 2024 and 2023 with minimal marketing efforts as we continue to have prospects contact us via online searches and industry referrals; however, we will continue to re-evaluate our marketing expenditures as needed to competitively position the Processing Services business.

**Investment Income (Loss)** – Investment Income (Loss) was a loss of \$427,000 in 2024 and loss of \$1,579,000 in 2023. The 2024 investment losses primarily relate to equity method losses of \$684,000. The 2023 investment losses primarily relate to the \$1,000,000 impairment charge on a cost method investment in the third quarter of 2023 and equity method losses of \$773,000. Our investments are discussed further in Note 4.

**Other Income, net** – Other Income, net was \$792,000 in 2024 and \$765,000 in 2023. The increase results from higher interest rates in the 2024 period.

**Income Taxes** – We recorded income tax expense of \$1,456,000 and \$1,102,000 in 2024 and 2023, respectively, an effective tax rate of 21.1% and 24.5% in 2024 and 2023, respectively. The decrease in our effective tax rate was primarily due to higher income in lower tax foreign locations. We expect our future effective tax rate to be within the range of 24-26%.

#### **Liquidity and Capital Resources**

Our cash balance at December 31, 2024 was \$19,481,000 compared to \$26,918,000 at December 31, 2023. During the year ended December 31, 2024, cash provided by operations was \$5,801,000 compared to cash provided by operations of \$16,810,000 for the year ended December 31, 2023. The decrease is primarily due to a higher accounts receivable balance, lower depreciation and amortization, lower deferred revenue and other current liabilities, partially offset by higher net income and higher deferred tax asset balances. There are no material disputes related to outstanding accounts receivable balances, some of which is past due at December 31, 2024, however we have concluded the entire net balance is collectible.

During the year ended December 31, 2024, we invested \$2,186,000 in publicly traded multi sector corporate, municipal debt and treasury securities, offset by related maturities of \$2,021,000. During the year ended December 31, 2023, we invested \$2,521,000 in publicly traded multi sector corporate, municipal debt and treasury securities, offset by related maturities of \$2,264,000, which is described in more detail in Note 6 of the Notes to Consolidated Financial Statements.

During the year ended December 31, 2024, we used \$4,908,000 of cash to acquire computer equipment and related software and for personnel and contractor development costs for the development of a new processing platform, to enhance our existing processing environment in the U.S. and a new data center in India for international operations.

We do not expect to pay any regular or special dividends in the foreseeable future. We expect to have sufficient liquidity from cash on hand as well as projected customer payments to support our operations and capital equipment purchases in the foreseeable future. Currently we expect to use cash in excess of what is required for our current operations for opportunities we believe will expand our FinTech business, as exemplified in transactions described in Note 3 and 4, although there can be no assurance that appropriate opportunities will arise. In April 2021, the Board authorized \$10 million for our share repurchase program, all of which has been utilized. In May 2022, the Board authorized an additional \$20 million for share repurchases. We made share repurchases of \$7.6 million in 2024, and \$3.7 million in share repurchases in 2023. We have approximately \$7.1 million of authorized share repurchases remaining at December 31, 2024.

### **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. For a detailed description on the application of these and other accounting policies, see Note 1 to the Consolidated Financial Statements.

**Revenue Recognition** – Product revenue consists of fees from software licenses. Service revenue consists of fees for processing services; professional services for software customization, consulting, and training; reimbursable expenses; and software maintenance and customer support.

Our software license arrangements generally fall into one of the following four categories:

- an initial contract with the customer to license certain software modules, to provide services to get the customer live on the software (such as training and customization) and to provide post contract support (“PCS”) for a specified period of time thereafter,
- purchase of additional licenses for new modules or for tier upgrades for a higher volume of licensed accounts after the initial contract,
- other optional standalone contracts, usually performed after the customer is live on the software, for services such as new interfaces or custom features requested by the customer, additional training and problem resolution not covered in annual maintenance contracts, or
- contracts for certain licensed software products that involve an initial fee plus recurring monthly fees during the contract life.

At contract inception, we assess the products and services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a product or service (or bundle of products or services) that is distinct. A performance obligation is distinct if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. To identify our performance obligations, we consider all of the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. We recognize revenue when or as we satisfy a performance obligation by transferring control of a product or service to a customer. Our revenue recognition policies for each of the situations described above are discussed below.

Our software licenses generally have significant stand-alone functionality to the customer upon delivery and are considered to be functional intellectual property. Additionally, the purpose in granting these software licenses to a customer is typically to provide the customer a right to use our intellectual property. Our software licenses are generally considered distinct performance obligations, and revenue allocated to the software license is typically recognized at a point in time upon delivery of the license. Initial implementation fees do not meet the criteria for separate accounting because the software usually requires significant modification or customization that is essential to its functionality. We recognize revenue related to implementations over the life of the customer once the implementation is complete.

We account for the PCS element contained in the initial contract based on relative standalone selling price, which is annual renewal fees for such services, and PCS is recognized ratably on a straight-line basis over the period specified in the contract as we generally satisfy these performance obligations evenly using a time-elapsed output method over the contract term given there is no discernible pattern of performance. Upon renewal of the PCS contract by the customer, we recognize revenues ratably on a straight-line basis over the period specified in the PCS contract. All of our software customers purchase software maintenance and support contracts and renew such contracts annually.

Certain initial software contracts contain specified future service elements for scheduled completion following the implementation, and related recognition, of the initial license. In these instances, after the initial license recognition, where distinct future performance obligations are identified in the contract, and we could reliably measure the completion of each identified performance obligation, we have recognized revenue at the time the individual performance obligation was completed.

Purchases of additional licenses for tier upgrades or additional modules are generally recognized as license revenue in the period in which the purchase is made for perpetual licenses.

Services provided under standalone contracts that are optional to the customer and are outside of the scope of the initial contract are single element services contracts. These standalone services contracts are not essential to the functionality of the software contained in the initial contract and generally do not include acceptance clauses or refund rights as may be included in the initial software contracts, as described above. Revenues from these services contracts, which are generally performed within a relatively short period of time, are recognized when the services are complete, or in some cases, as the services are provided. These revenues generally re-occur as contracts are renewed. Payment terms for professional services may be based on an upfront fixed fee with the remainder due upon completion or on a time and materials basis.

For contracts for licensed software which include an initial fee plus recurring monthly fees for software usage, maintenance and support, we recognize the total fees ratably on a straight-line basis over the estimated life of the contract as services revenue.

Revenues from processing services are typically volume- or activity-based depending on factors such as the number of accounts processed, number of accounts on the system, number of hours of services or computer resources used. For processing services which include an initial fee plus recurring monthly fees for services, we recognize the initial fees ratably on a straight-line basis over the estimated life of the contract as services revenue. The payment terms may include tiered pricing structures with the base tier representing a minimum monthly usage fee. For processing services revenues, we stand ready to provide continuous access to our processing platforms and perform an unspecified quantity of outsourced and transaction-processing services for a specified term or terms. Accordingly, processing services are generally viewed as a stand-ready performance obligation comprised of a series of distinct daily services. We typically satisfy our processing services performance obligations over time as the services are provided.

Technology or service components from third parties are frequently embedded in or combined with our products or service offerings. We are often responsible for billing the client in these arrangements and transmitting the applicable fees to the third party. We determine whether we are responsible for providing the actual product or service as a principal, or for arranging for the solution or service to be provided by the third party as an agent. Judgment is applied to determine whether we are the principal or the agent by evaluating whether we have control of the product or service prior to it being transferred to the customer. The principal versus agent assessment is performed at the performance obligation level. Indicators that we consider in determining if we have control include whether we are primarily responsible for fulfilling the promise to provide the specified product or service to the customer, whether we have inventory risk and discretion in establishing the price the customer ultimately pays for the product or service. Depending upon the level of our contractual responsibilities and obligations for delivering solutions to end customers, we have arrangements where we are the principal and recognize the gross amount billed to the customer and other arrangements where we are the agent and recognize the net amount retained.

Revenue is recorded net of applicable sales tax.

Deferred revenue consists of advance payments by software customers for annual or quarterly PCS, advance payments from customers for software licenses and professional services not yet delivered, and initial implementation payments for processing services or bundled license and support services in multi-year contracts. Deferred revenue is classified as long-term until such time that it becomes likely that the services or products will be provided within 12 months of the balance sheet date.

**Valuation of Investments** – We hold minority interests in non-publicly traded companies whose values are not readily determinable and are based on management's estimate of realizability of the value of the investment. Future adverse changes in market conditions, poor operating results, lack of progress of the investee company or its inability to raise capital to support its business plan could result in investment losses or an inability to recover the current carrying value of the investment. Our policy with respect to minority interests is to record an impairment charge when we conclude an investment has experienced a decline in value that is other than temporary. At least quarterly, we review our investments to determine any impairment in their carrying value and we write-down any impaired asset at quarter-end to our best estimate of its current realizable value.

We hold a 26.5% ownership interest in a privately held identity and professional services company with ties to the FinTech industry. The investee company raised additional funds in the fourth quarter of 2024 and 2023. CoreCard participated in the new investments and contributed an additional \$300,000 in 2024 and \$500,000 in 2023, bringing the carrying value of our investment to \$3,523,000 at December 31, 2024, included in investments on the Consolidated Balance Sheets. We account for this investment using the equity method of accounting which resulted in losses of \$684,000 and income of \$773,000 for the twelve months ended December 31, 2024 and 2023, respectively, included in investment income (loss) on the Consolidated Statement of Operations.

In the second quarter of 2021, we also invested \$1,000,000 in a privately held company that provides supply chain and receivables financing. During the third quarter of 2023, due to the failure of the business to successfully monetize its product offerings, we recorded an impairment charge of \$1,000,000 included in investment income (loss) on the Consolidated Statement of Operations, to reduce the carrying value of the investee company to \$0 as of December 31, 2023. In the third quarter of 2024, after the investee company signed its first revenue contracts, we invested an additional \$98,000 as part of a Series A-2 financing.

We also hold an investment in a privately held technology company and program manager in the FinTech industry. The initial investment of \$1 million was funded in 2017. In 2018, we recorded an impairment charge of \$250,000 to reduce the carrying value due to the investee company's limited funding to support its operation and sales and marketing efforts. In 2020, due to the uncertainty from the economic downturn resulting from the COVID-19 pandemic, we determined that the fair value of our investment was \$0 and therefore we recorded an impairment charge of \$750,000, included in investment loss on the Consolidated Statement of Operations for the quarter ended March 31, 2020. The investee company has been able to raise money to fund and grow its operations, and, in August 2023, we invested an additional \$155,000 to bring our ownership to 3.4 percent of the investee company.

We evaluate on a continuing basis whether any impairment indicators are present that would require additional analysis or write-downs of our remaining investments. While we have not recorded an impairment related to these remaining investments during 2024, variations from current expectations could impact future assessments resulting in future impairment charges.

### **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 adverse effect on our financial condition, liquidity or results of operations.

### **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 62% of our consolidated revenues for the twelve months ended December 31, 2024. In the event of material failures to meet contract obligations related to the services provided, there is risk of breach of contract and loss of the customer and related future revenues. Additionally, loss of the customer and related future revenues or a reduction in revenues could result if they or their customers choose an alternative service provider, build an in-house solution, or decide to exit the business or service line that falls under the services that we provide for them. Goldman Sachs Group, Inc. recently announced the transition of its General Motors co-branded credit card to a new issuer, with an expected close in 2025, which could make it more likely that they exit the credit card business. The General Motors program was added to their portfolio in the first quarter of 2022.
- Weakness or instability in the global financial markets could have a negative impact due to potential customers (most of whom perform some type of financial services) delaying decisions to purchase software or initiate processing services.
- Increased federal and state regulations and reluctance by financial institutions to act as sponsor banks for prospective customers could result in losses and additional cash requirements.
- Delays in software development projects could cause our customers to postpone implementations or delay payments, which would increase our costs and reduce our revenue and cash.
- We could fail to deliver software products which meet the business and technology requirements of our target markets within a reasonable time frame and at a price point that supports a profitable, sustainable business model.

- Our processing business is impacted, directly or indirectly, by more regulations than our licensed software business. If we fail to provide services that comply with (or allow our customers to comply with) applicable regulations or processing standards, we could be subject to financial or other penalties that could negatively impact our business.
- A security breach in our platform could expose confidential information of our customers' account holders, hackers could seize our digital infrastructure and hold it for ransom or other cyber risk events could occur and create material losses in excess of our insurance coverage and have an adverse effect on our business, reputation, or results of operations.
- 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.

**Recent Accounting Pronouncements** – Refer to Note 1 of the Notes to Consolidated Financial Statements.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required for smaller reporting companies.

#### **ITEM 8. FINANCIAL STATEMENTS**

The following Consolidated Financial Statements and related report of independent registered public accounting firm are included in this report and are incorporated by reference in Part II, Item 8 hereof. See Index to Financial Statements on page F-1 hereof.

Report of Independent Registered Public Accounting Firm – Nichols, Cauley & Associates, LLC (PCAOB ID 281)  
 Consolidated Balance Sheets at December 31, 2024 and 2023  
 Consolidated Statements of Operations for the years ended December 31, 2024 and 2023  
 Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2024 and 2023  
 Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024 and 2023  
 Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023  
 Notes to Consolidated Financial Statements

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

As previously disclosed, on October 30, 2024, in consideration of the firm's resources for providing audit services to publicly traded companies, Nichols, Cauley and Associates, LLC ("Nichols, Cauley"), informed the audit committee of the board of directors of the Company that it declines to stand for re-appointment as independent registered public accounting firm of the Company after completion of the current year audit.

The audit reports of Nichols, Cauley on the Company's financial statements as of and for the years ended December 31, 2023 and 2024 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainties, audit scope or accounting principles.

During the fiscal years ended December 31, 2024 and December 31, 2023, (i) there were no disagreements within the meaning of Item 304(a)(1)(iv) of Regulation S-K, between the Company and Nichols, Cauley on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, any of which that, if not resolved to Nichols, Cauley's satisfaction, would have caused Nichols, Cauley to make reference to the subject matter of any such disagreement in connection with its reports for such years and interim period, and (ii) there were no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K.



## ITEM 9A. CONTROLS AND PROCEDURES

### *(a) Evaluation of disclosure controls and procedures*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. As of the end of the period covered by this Annual Report, we 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 at that reasonable assurance level.

### *(b) Changes in internal control over financial reporting*

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment.

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 has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### *(c) Management's report on internal control over financial reporting*

The management of CoreCard Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a – 15(f) under the Securities Exchange Act of 1934. The Company maintains accounting and internal control systems which are intended to provide reasonable assurance that the assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization, and accounting records are reliable for preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, risk.

The Company's management evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on our evaluation management believes that, as of December 31, 2024, the Company's internal control over financial reporting is effective based on those criteria.

## ITEM 9B. OTHER INFORMATION

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

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Please refer to the subsection entitled “Proposal 1 - The Election of Two Directors - Nominees” and “Proposal 1 – The Election of Two Directors – Executive Officers” in our Proxy Statement for the 2025 Annual Meeting of Shareholders (the “Proxy Statement”) for information about the individuals nominated as director and about the directors and executive officers of the Company. This information is incorporated into this Item 10 by reference. Information regarding compliance by directors and executive officers of the Company and owners of more than 10 percent of our common stock with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, is contained under the caption “Delinquent Section 16(a) Reports” in the Proxy Statement, if applicable. This information is incorporated into this Item 10 by reference. Information regarding the Company’s Audit Committee and its composition is contained under the caption “Proposal 1 – The Election of Two Directors - Nominees” and “Proposal 1 – The Election of Two Directors – Meetings and Committees of the Board of Directors” in the Proxy Statement. This information is incorporated into this Item 10 by reference. The Proxy Statement will also contain information relating to the Company’s Insider Trading Policy, which information is incorporated herein by reference. A copy of the Company’s Insider Trading Policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

There have been no material changes to the procedures by which shareholders may recommend nominees to the Company’s Board of Directors.

We have a Code of Ethics that applies to all directors, officers, and employees. The Code of Ethics is posted on our website at [www.corecard.com](http://www.corecard.com). We also disclose on our website, within the time required by the rules of the SEC, any waivers of, or amendments to, the Code of Ethics for the benefit of an executive officer.

### ITEM 11. EXECUTIVE COMPENSATION

Please refer to the subsection entitled “Proposal 1 - The Election of Two Directors - Executive Compensation” in the Proxy Statement for information about management compensation. This information is incorporated into this Item 11 by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans” in our 2025 Proxy Statement is incorporated herein by reference.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The lease on our headquarters and primary facility at One Meca Way, Norcross, Georgia is held by ISC Properties, LLC, an entity controlled by J. Leland Strange, our Chairman and Chief Executive Officer. Mr. Strange holds a 100% ownership interest in ISC Properties, LLC. We paid ISC Properties, LLC \$380,000 and \$357,000 in the years ended December 31, 2024 and 2023, respectively.

Please refer to the subsection entitled “Proposal 1 - The Election of Two Directors - Nominees” in the Proxy Statement referred to in Item 10 for information regarding the independence of the Company’s directors. This information is incorporated into this Item 13 by reference.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Please refer to the subsection entitled “Independent Registered Public Accountants” in the Proxy Statement for information about the fees paid to and services performed by our independent public accountants. This information is incorporated into this Item 14 by reference.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

We are filing the following exhibits with this report or incorporating them by reference to earlier filings. Shareholders may request a copy of any exhibit by contacting Matthew A. White, Secretary, CoreCard Corporation, One Meca Way, Norcross, Georgia 30093; telephone (770) 381-2900. There is a charge of \$.50 per page to cover expenses of copying and mailing.

- 3.1 [Amended and Restated Articles of Incorporation of the Registrant dated August 3, 2022. \(Incorporated by reference to Exhibit 3.1 of the Registrant's Form 10-Q filed with the Securities and Exchange Commission on November 2, 2022.\)](#)
- 3.2 [Amended and Restated Bylaws of the Registrant dated December 15, 2021. \(Incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on December 15, 2021.\)](#)
- 4.1 [Description of the Company's Securities Registered under Section 12 of the Securities Exchange Act of 1934. \(Incorporated by reference to Item 1 of the Registrant's Form 8-A filed with the Securities and Exchange Commission on May 26, 2021.\)](#)
- 10.1 [Lease Agreement dated March 1, 2022, between the Registrant and ISC Properties, LLC. \(Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on March 3, 2022.\)](#)
- 10.2 Management Compensation Plans and Arrangements:
  - (a) [2015 Employee Stock Incentive Plan](#)
  - (b) [2011 Non-Employee Directors Stock Option Plan](#)
  - (c) [2020 Non-Employee Directors' Stock Incentive Plan](#)
  - (d) [2022 Employee Stock Incentive Plan](#)

Exhibit 10.2(a) is incorporated by reference to the Registrant's 2015 Definitive Proxy Statement on Schedule 14A.  
Exhibit 10.2(b) is incorporated by reference to the Registrant's 2011 Definitive Proxy Statement on Schedule 14A.  
Exhibit 10.2(c) is incorporated by reference to the Registrant's 2020 Definitive Proxy Statement on Schedule 14A.  
Exhibit 10.2(d) is incorporated by reference to the Registrant's 2022 Definitive Proxy Statement on Schedule 14A.
- 10.3 [Omnibus Amendment to GS-CoreCard Agreements \(Incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q filed with the Securities and Exchange Commission on November 1, 2023.\)](#)
- 10.4 [Omnibus Amendment No.2 to GS-CoreCard Agreements \(Incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q filed with the Securities and Exchange Commission on October 31, 2024.\)](#)
- 19 [Insider Trading Policy](#)
- 21.1 [List of subsidiaries of Registrant.](#)
- 23.1 [Consent of Nichols, Cauley & Associates, LLC.](#)
- 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 Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 97.1 [Clawback Policy and Procedures, Recovery of Erroneously Awarded Compensation \(Incorporated by reference to Exhibit 97.1 of the Registrant's Form 10-K filed with the Securities and Exchange Commission on March 1, 2024.\)](#)
- 101.INS Inline XBRL Instance Document \*\*\*
- 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.

**ITEM 16. FORM 10-K SUMMARY**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORECARD CORPORATION  
Registrant

Date: February 28, 2025

By: /s/ J. Leland Strange  
J. Leland Strange  
Chairman of the Board, President  
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<b>Signature</b>	<b>Capacity</b>	<b>Date</b>
<u>/s/ J. Leland Strange</u> J. Leland Strange	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2025
<u>/s/ Matthew A. White</u> Matthew A. White	Chief Financial Officer (Principal Accounting and Financial Officer)	February 28, 2025
<u>/s/ A. Russell Chandler III</u> A. Russell Chandler III	Director	February 28, 2025
<u>/s/ Philip H. Moise</u> Philip H. Moise	Director	February 28, 2025
<u>/s/ Kathryn Petralia</u> Kathryn Petralia	Director	February 28, 2025

**CORECARD CORPORATION**  
**INDEX TO FINANCIAL STATEMENTS**

The following consolidated financial statements of the Registrant and its subsidiaries are submitted herewith in response to Item 8:

**Financial Statements:**

Report of Independent Registered Public Accounting Firm – Nichols, Cauley & Associates, LLC	F-2
Consolidated Balance Sheets at December 31, 2024 and 2023	F-4
Consolidated Statements of Operations for the years ended December 31, 2024 and 2023	F-5
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2024 and 2023	F-5
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024 and 2023	F-6
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Notes to Consolidated Financial Statements	F-8



## NICHOLS, CAULEY & ASSOCIATES, LLC

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atlanta@nicholscauley.com

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CoreCard Corporation

#### *Opinion on the Financial Statements*

We have audited the accompanying consolidated balance sheets of CoreCard Corporation and Subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Critical Audit Matter – Revenue Recognition – Refer to Note 1 of the Financial Statements.*



*Critical Audit Matter Description*

The Company recognizes revenue when or as the Company satisfies a customer agreement performance obligation by transferring control of a product or service to a customer, in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

In determining revenue recognition for these customer agreements, judgment may need to be exercised by the Company, and will include the following:

- An assessment of the products and services promised in contracts or customer agreements, and the identification of a performance obligation for each promise to transfer to the customer a product or service that is distinct.
- Determination of relative standalone selling price for distinct performance obligations.
- The timing of product or service delivery for performance obligations.

Given these factors, the related audit effort in evaluating management's judgments in determining revenue recognition for these customer agreements was extensive.

*How the Critical Audit Matter Was Addressed in the Audit*

Our principal audit procedures related to the Company's revenue recognition for these customer agreements included the following:

- We evaluated the internal controls related to the identification of distinct performance obligations and the determination of the timing of revenue recognition.
- We evaluated management's significant accounting policies related to these customer agreements.
- We selected customer agreements and performed the following procedures:
  - o Obtained and read customer agreements or contracts for each selected agreement.
  - o Evaluated and tested management's identification of significant terms for completeness, including the identification of distinct performance obligations.
  - o From the terms in the customer agreement, evaluated the appropriateness of management's application of their accounting principles, in their determination of revenue recognition conclusions.
- We tested the mathematical accuracy of management's calculations of revenue and the associated timing of revenue recognized in the financial statements.

*Critical Audit Matter – Valuation of Investments - Refer to Note 1 and Note 4 to the Financial statements*

*Critical Audit Matter Description*

The Company evaluates equity method investments for impairment when events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Should the evaluation indicate impairment of the investment, and the circumstances indicate that the impairment is other than temporary impairment, the impairment is recognized through a reduction of the carrying amount of the investment.

Concluding on identifying events or circumstances regarding the recoverability of an investment carrying amount, measuring impairment, and determining if impairment is other than temporary, involve significant and complex management judgment, specific to a particular investment.

*How the Critical Audit Matter Was Addressed in the Audit*

Our principal audit procedures related to the Company's process for equity method investment other than temporary impairment evaluation included:

- We evaluated Company activities related to the identification of events or changes in circumstances indicating that the carrying amount of an investment might not be recoverable.
- We evaluated the information obtained by the Company to assess investee financial activities and business operations.
- We reviewed with the Company the process for evaluating investee documentation for consideration of events or changes in circumstances.
- We evaluated the Company process for assessing events or changes in circumstances.

/s/ Nichols, Cauley and Associates, LLC

We have served as the Company's auditor since 2015.

Atlanta, Georgia

February 28, 2025

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

As of December 31,	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 19,481	\$ 26,918
Marketable securities	5,410	5,230
Accounts receivable, net	10,235	7,536
Other current assets	5,048	4,805
Total current assets	40,174	44,489
Investments	3,776	4,062
Property and equipment, at cost less accumulated depreciation	12,282	11,319
Other long-term assets	6,106	3,956
Total assets	\$ 62,338	\$ 63,826
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 823	\$ 1,557
Deferred revenue, current portion	2,033	2,310
Accrued payroll	2,856	2,172
Accrued expenses	723	971
Other current liabilities	2,017	2,530
Total current liabilities	8,452	9,540
Deferred revenue, net of current portion	118	265
Long-term lease obligation	1,816	1,121
Other long-term liabilities	255	196
Total noncurrent liabilities	2,189	1,582
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, \$0.01 par value: Authorized shares - 20,000,000;		
Issued shares – 9,026,940 and 9,016,140 at December 31, 2024 and 2023, respectively;		
Outstanding shares – 7,786,679 and 8,295,408 at December 31, 2024 and 2023, respectively		
	91	90
Additional paid-in capital	17,928	16,621
Treasury stock, 1,240,261 and 720,732 shares as of December 31, 2024 and 2023, respectively, at cost	(27,997)	(20,359)
Accumulated other comprehensive loss	(93)	32
Accumulated income	61,768	56,320
Total stockholders' equity	51,697	52,704
Total liabilities and stockholders' equity	\$ 62,338	\$ 63,826

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

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

Year Ended December 31,	2024	2023
Revenue		
Services	\$ 54,559	\$ 54,210
Products	2,840	1,794
Total net revenue	57,399	56,004
Cost of revenue		
Services	35,770	36,571
Products	-	-
Total cost of revenue	35,770	36,571
Expenses		
Marketing	407	310
General and administrative	5,769	5,334
Development	8,914	8,478
Income from operations	6,539	5,311
Investment loss	(427)	(1,579)
Other income, net	792	765
Income before income taxes	6,904	4,497
Income tax expense	1,456	1,102
Net income	\$ 5,448	\$ 3,395
Earnings per share:		
Basic	\$ 0.68	\$ 0.40
Diluted	\$ 0.67	\$ 0.40
Basic weighted average common shares outstanding	8,027,077	8,457,714
Diluted weighted average common shares outstanding	8,146,394	8,474,123

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
*(in thousands)*

Year Ended December 31,	2024	2023
Net income	\$ 5,448	\$ 3,395
Other comprehensive income (loss):		
Unrealized gain on marketable securities	7	126
Foreign currency translation adjustments	(132)	(33)
Total comprehensive income	\$ 5,323	\$ 3,488

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

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

<i>(in thousands, except share amounts)</i>	Common Stock		Additional Paid- In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Earnings	Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2022	8,502,735	\$ 90	\$ 16,471	\$ (16,662)	\$ (61)	\$ 52,925	\$ 52,763
Common stock repurchased, including excise tax*	(213,348)			(3,697)			(3,697)
Net income						3,395	3,395
Stock compensation expense	6,021		150				150
Unrealized gain on marketable securities					126		126
Foreign currency translation adjustment					(33)		(33)
Balance at December 31, 2023	8,295,408	\$ 90	\$ 16,621	\$ (20,359)	\$ 32	\$ 56,320	\$ 52,704
Common stock repurchased, including excise tax*	(519,529)			(7,638)			(7,638)
Net income						5,448	5,448
Stock compensation expense	10,800	1	1,307				1,308
Unrealized gain on marketable securities					7		7
Foreign currency translation adjustment					(132)		(132)
Balance at December 31, 2024	7,786,679	\$ 91	\$ 17,928	\$ (27,997)	\$ (93)	\$ 61,768	\$ 51,697

\*At December 31, 2024, approximately \$7,115,000 was authorized for future repurchases of our common stock.

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

**CoreCard Corporation**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(in thousands)*

	<b>Year Ended December 31,</b>	
<b>CASH PROVIDED BY (USED IN):</b>	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 5,448	\$ 3,395
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,566	6,256
Stock-based compensation expense	1,308	150
Benefit for deferred income taxes	(974)	(1,573)
Non-cash investment loss	-	1,000
Equity in loss of affiliate company	684	773
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,699)	5,684
Other current assets	(243)	(983)
Other long-term assets	(418)	254
Accounts payable	(355)	(690)
Accrued payroll	684	284
Deferred revenue, current portion	(277)	1,216
Accrued expenses	(248)	446
Other current liabilities	(528)	806
Deferred revenue, net of current portion	(147)	(208)
Net cash provided by operating activities	5,801	16,810
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(4,908)	(5,245)
Advances on note and interest receivable	(200)	(650)
Purchase of long-term investment	(398)	(655)
Proceeds from payments on notes receivable	203	202
Purchases of marketable securities	(2,186)	(2,521)
Maturities of marketable securities	2,021	2,264
Net cash used in investing activities	(5,468)	(6,605)
<b>FINANCING ACTIVITIES:</b>		
Repurchases of common stock	(7,638)	(3,653)
Net cash used in financing activities	(7,638)	(3,653)
Effects of exchange rate changes on cash	(132)	(33)
Net (decrease) increase in cash	(7,437)	6,519
Cash at beginning of year	26,918	20,399
Cash at end of year	\$ 19,481	\$ 26,918
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for income taxes	\$ 1,978	\$ 1,347
Purchases of property and equipment, accrued but not paid	\$ 82	\$ 461

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

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization* – In this document, terms such as the “Company”, “we”, “us”, “our” and “CoreCard” refer to CoreCard Corporation, a Georgia corporation, and its consolidated subsidiaries.

*Consolidation* – The financial statements include the accounts of our majority owned and controlled non-U.S. subsidiary companies after elimination of material inter-company accounts and transactions.

*Nature of Operations* – Our operations are conducted through our affiliate companies in Romania, India, Dubai and Colombia, as well as the corporate office in Norcross, Georgia, which provides significant administrative, human resources and executive management support. CoreCard provides technology solutions and processing services to the financial technology and services market, commonly referred to as the FinTech industry.

*Use of Estimates* – In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also affect amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. Areas where we use estimates and make assumptions are to determine our allowance for doubtful accounts, valuation of our investments, depreciation and amortization expense, accrued expenses and deferred income taxes.

*Translation of Foreign Currencies* – We consider that the respective local currencies are the functional currencies for our foreign operations. We translate assets and liabilities to U.S. dollars at period-end exchange rates. We translate income and expense items at average rates of exchange prevailing during the period. Translation adjustments are recorded as accumulated other comprehensive gain or loss as a separate component of stockholders’ equity. Upon sale of an investment in a foreign operation, the currency translation adjustment component attributable to that operation is removed from accumulated other comprehensive loss and is reported as part of gain or loss on sale of discontinued operations.

*Cash and cash equivalents* – Cash and cash equivalents include cash and money market accounts with an original maturity of three months or less. Carrying value approximates fair value due to the short-term maturity of the balances.

*Accounts Receivable and Allowance for Doubtful Accounts* – Accounts receivable are customer obligations due under normal trade terms. They are stated at the amount management expects to collect. We sell our software products and transaction processing services to companies involved in a variety of industries that provide some form of credit or prepaid financing options or perform financial services. We perform continuing credit evaluations of our customers’ financial condition, and we do not require collateral. The amount of accounting loss for which we are at risk in these unsecured receivables is limited to their carrying value.

Senior management reviews accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. We include any accounts receivable balances that are estimated to be uncollectible in our overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available to us, we believe our allowance for doubtful accounts as of December 31, 2024 and 2023 is adequate. However, actual write-offs might exceed the recorded allowance. Refer to Note 5 for additional information.

*Property and Equipment* – Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to income. Repairs and maintenance costs are expensed as incurred. We continually evaluate whether events and circumstances have occurred that indicate the remaining estimated useful life of property and equipment may warrant revision, or that the remaining balance of these assets may not be recoverable. An asset is considered to be impaired when its carrying amount exceeds the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss, if any, which is equal to the amount by which the carrying value exceeds its fair value, is charged to current operations.

Internal-use software and system development costs incurred to develop or obtain software, which is intended for internal use, are not capitalized until the preliminary project stage is completed and management, with the relevant authority, authorizes and commits to funding a software project and it is probable that the project will be completed, and the software will be used to perform the function intended. Costs incurred during a software development project's preliminary stage and post-implementation stage are expensed as incurred. Application development activities that are eligible for capitalization include software design and configuration, development of interfaces, coding, testing, and installation. Capitalized internal-use software and systems costs are subsequently amortized on a straight-line basis over a three to seven-year period after project completion and when the related software or system is ready for its intended use. There was no material amortization expense related to internal-use software in the periods ended December 31, 2024 or 2023. The cost of each major class of property and equipment at December 31, 2024 and 2023 is as follows:

<i>(in thousands)</i>	Useful life in years	2024		2023	
Property and equipment	3 - 5	\$	26,278	\$	25,382
Internal-use software	3 - 7		8,620		5,015
Furniture and fixtures	5 - 7		1,068		1,044
Building	39		328		324
Property and equipment, gross			36,294		31,765
Accumulated depreciation			(24,012)		(20,446)
Property and equipment, net		\$	12,282	\$	11,319

Depreciation expense was \$3,566,000 and \$6,256,000 in 2024 and 2023, respectively. These expenses are included in general and administrative expenses or, for assets associated with our processing data centers, are included in cost of services.

*Intangible Assets* – The Company has intangible assets that consist of customer relationships that are recorded in connection with acquisitions at their fair value based on the purchase price of the asset. Customer relationships are amortized over the life of the related contract. Intangible assets with finite lives are reviewed for impairment following the same approach as long-lived assets. Amortization expense related to intangible assets was \$34,000 in 2024 and \$133,000 in 2023. At December 31, 2024 and 2023, respectively, the carrying amount of intangible assets net of accumulated amortization was \$0 and \$34,000, included in other long-term assets on the Consolidated Balance Sheets.

*Marketable Securities* – The Company's marketable securities include corporate, municipal debt and treasury securities. The Company's marketable securities are accounted for as securities available-for-sale and are classified within current assets in the consolidated balance sheets as the Company may sell these securities at any time for use in its operations, even prior to maturity. The Company carries these marketable securities at fair value, and records any unrealized gain and loss, net of taxes, in accumulated other comprehensive income (loss), a component of stockholders' equity. The Company records any realized gains or losses on the sale of marketable securities in investment income (loss) on its Consolidated Statement of Operations.

Management regularly reviews whether marketable securities are other-than-temporarily impaired. If any impairment is considered other-than-temporary, the Company writes down the investment to its then fair value and records the corresponding charge through investment income (loss) on its Consolidated Statement of Operations.

*Investments* – For entities in which we have a 20 to 50 percent ownership interest and over which we exercise significant influence, but do not have control, we account for investments in privately-held companies under the equity method, whereby we record our proportional share of the investee's net income or net loss as an adjustment to the carrying value of the investment. We account for investments of less than 20 percent in non-marketable equity securities of corporations at the lower of cost or market. Our policy with respect to investments is to record an impairment charge when we conclude that an investment has experienced a decline in value. We have elected to use the measurement alternative for our non-marketable equity securities, defined as cost adjusted for changes from observable transactions for identical or similar investments of the same issuer, less impairment. At least quarterly, we review our investments to determine any impairment in their carrying value and we write-down any impaired asset at quarter-end to our best estimate of its current realizable value. Any such charges could have a material adverse impact on our financial condition or results of operations and are generally not predictable in advance.

At December 31, 2024 and 2023, the aggregate value of investments was \$3,776,000 and \$4,062,000, respectively.

*Fair Value of Financial Instruments* – The carrying value of cash, marketable securities, accounts receivable, notes receivable, accounts payable and certain other financial instruments (such as accrued expenses and other current assets and 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, 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.

A concentration of credit risk may exist with respect to trade receivables, as a substantial portion of our customers are concentrated in the financial services industry.

We perform ongoing credit evaluations of customers worldwide and do not require collateral from our customers. Historically, we have not experienced significant losses related to receivables from individual customers or groups of customers in any particular industry or geographic area.

*Fair Value Measurements* – In determining fair value, we use quoted market prices in active markets. Generally accepted accounting principles (“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 the Company has 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 is 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>	<b>December 31, 2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
<b>Cash equivalents</b>				
Money market accounts	\$ 13,464	\$ –	\$ –	\$ 13,464
<b>Marketable securities</b>				
Corporate, municipal debt and treasury securities	5,410	–	–	5,410
<b>Total assets</b>	<b>\$ 18,874</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 18,874</b>
	<b>December 31, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
<b>Cash equivalents</b>				
Money market accounts	\$ 23,048	\$ –	\$ –	\$ 23,048
<b>Marketable securities</b>				
Corporate, municipal debt and treasury securities	5,230	–	–	5,230
<b>Total assets</b>	<b>\$ 28,278</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 28,278</b>



*Revenue Recognition* – Product revenue consists of fees from software licenses. Service revenue consists of fees for processing services; professional services for software customization, consulting, training; reimbursable expenses; and software maintenance and customer support.

Our software license arrangements generally fall into one of the following four categories:

- an initial contract with the customer to license certain software modules, to provide services to get the customer live on the software (such as training and customization) and to provide post contract support (“PCS”) for a specified period of time thereafter,
- purchase of additional licenses for new modules or for tier upgrades for a higher volume of licensed accounts,
- other optional standalone contracts, usually performed after the customer is live on the software, for services such as new interfaces or custom features requested by the customer, additional training and problem resolution not covered in annual maintenance contracts, or
- contracts for certain licensed software products that involve an initial fee plus recurring monthly fees during the contract life.

At contract inception, we assess the products and services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a product or service (or bundle of products or services) that is distinct. A performance obligation is distinct if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. To identify our performance obligations, we consider all of the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. We recognize revenue when or as we satisfy a performance obligation by transferring control of a product or service to a customer. Our revenue recognition policies for each of the situations described above are discussed below.

Our software licenses generally have significant stand-alone functionality to the customer upon delivery and are considered to be functional intellectual property. Additionally, the purpose in granting these software licenses to a customer is typically to provide the customer a right to use our intellectual property. Our software licenses are generally considered distinct performance obligations, and revenue allocated to the software license is typically recognized at a point in time upon delivery of the license. Initial implementation fees do not meet the criteria for separate accounting because the software usually requires significant modification or customization that is essential to its functionality. We recognize revenue related to implementations over the life of the customer once the implementation is complete.

We account for the PCS element contained in the initial contract based on relative standalone selling price, which is annual renewal fees for such services, and PCS is recognized ratably on a straight-line basis over the period specified in the contract as we generally satisfy these performance obligations evenly using a time-elapsed output method over the contract term given there is no discernible pattern of performance. Upon renewal of the PCS contract by the customer, we recognize revenues ratably on a straight-line basis over the period specified in the PCS contract. All of our software customers purchase software maintenance and support contracts and renew such contracts annually.

Certain initial software contracts contain specified future service elements for scheduled completion following the implementation, and related recognition, of the initial license. In these instances, after the initial license recognition, where distinct future performance obligations are identified in the contract and we could reliably measure the completion of each identified performance obligation, we have recognized revenue at the time the individual performance obligation was completed.

Purchases of additional licenses for tier upgrades or additional modules are generally recognized as license revenue in the period in which the purchase is made for perpetual licenses.

Services provided under standalone contracts that are optional to the customer and are outside of the scope of the initial contract are single element services contracts. These standalone services contracts are not essential to the functionality of the software contained in the initial contract and generally do not include acceptance clauses or refund rights as may be included in the initial software contracts, as described above. Revenues from these services contracts, which are generally performed within a relatively short period of time, are recognized when the services are complete or in some cases as the services are provided. These revenues generally re-occur as contracts are renewed. Payment terms for professional services may be based on an upfront fixed fee with the remainder due upon completion or on a time and materials basis.

For contracts for licensed software which include an initial fee plus recurring monthly fees for software usage, maintenance and support, we recognize the total fees ratably on a straight-line basis over the estimated life of the contract as services revenue.

Revenues from processing services are typically volume- or activity-based depending on factors such as the number of accounts processed, number of accounts on the system, number of hours of services or computer resources used. For processing services which include an initial fee plus recurring monthly fees for services, we recognize the initial fees ratably on a straight-line basis over the estimated life of the contract as services revenue. The payment terms may include tiered pricing structures with the base tier representing a minimum monthly usage fee. For processing services revenues, we stand ready to provide continuous access to our processing platforms and perform an unspecified quantity of outsourced and transaction-processing services for a specified term or terms. Accordingly, processing services are generally viewed as a stand-ready performance obligation comprised of a series of distinct daily services. We typically satisfy our processing services performance obligations over time as the services are provided.

Technology or service components from third parties are frequently embedded in or combined with our products or service offerings. We are often responsible for billing the client in these arrangements and transmitting the applicable fees to the third party. We determine whether we are responsible for providing the actual product or service as a principal, or for arranging for the solution or service to be provided by the third party as an agent. Judgment is applied to determine whether we are the principal or the agent by evaluating whether we have control of the product or service prior to it being transferred to the customer. The principal versus agent assessment is performed at the performance obligation level. Indicators that we consider in determining if we have control include whether we are primarily responsible for fulfilling the promise to provide the specified product or service to the customer, whether we have inventory risk and discretion in establishing the price the customer ultimately pays for the product or service. Depending upon the level of our contractual responsibilities and obligations for delivering solutions to end customers, we have arrangements where we are the principal and recognize the gross amount billed to the customer and other arrangements where we are the agent and recognize the net amount retained.

Revenue is recorded net of applicable sales tax.

*Deferred Revenue* – Deferred revenue consists of advance payments by software customers for annual or quarterly PCS, advance payments from customers for software licenses and professional services not yet delivered, and initial implementation payments for processing services or bundled license and support services in multi-year contracts. We do not anticipate any loss under these arrangements. Deferred revenue is classified as long-term until such time that it becomes likely that the services or products will be provided within 12 months of the balance sheet date.

*Cost of Revenue* – For cost of revenue for software contracts, we capitalize the contract specific direct costs, which are included in other current assets and other long-term assets on the Consolidated Balance Sheets and recognize the costs when the associated revenue is recognized. Cost of revenue for services includes direct cost of services rendered, including reimbursed expenses, pass-through third-party costs, and data center, network association and compliance costs for processing services. We also capitalize the initial implementation fees for processing services contracts and recognize the costs over the life of the contract when the corresponding revenue is recognized.

*Software Development Expense* – Development costs are expensed in the period in which they are incurred. Contract specific software development costs are capitalized and recognized when the related contract revenue is recognized.

*Warranty Costs* – The warranty related to software license contracts consists of a defined number of months (usually three) of PCS after the go-live date, which is accrued as of the go-live date and recognized over the warranty period.

*Legal Expense* – Legal expenses for continuing operations are recorded as a component of general and administrative expense in the period in which such expenses are incurred.

*Stock Based Compensation* – We record compensation cost related to unvested stock-based 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 years ended December 31, 2024 and 2023, has been recognized as a component of general and administrative expenses in the accompanying Consolidated Financial Statements. We recorded \$1,308,000 and \$150,000 of stock-based compensation expense for the years ended December 31, 2024 and 2023, respectively.

Pursuant to the 2020 Non-employee Directors' Stock Incentive Plan, there were 10,800 shares granted in the year ended December 31, 2024, and a total of 6,021 shares were granted in the year ended December 31, 2023. Pursuant to the 2022 Employee Stock Incentive Plan, 486,846 restricted share units ("RSUs") were granted in 2024 that vest at the end of a 3-year vesting period. No options were granted in 2024 or 2023.

The fair value of the grants are being amortized over the vesting period for the options and RSUs. All of the Company's stock-based compensation expense relates to stock options and stock grants. All stock options were vested and compensation cost recognized as of December 31, 2024. There was approximately \$4,508,000 of stock compensation expense remaining as of December 31, 2024 related to RSUs.

*Income Taxes* – We account for income taxes under the liability method. We record deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities. We assess whether it is more likely than not that we will generate sufficient taxable income to realize our deferred tax assets. We record a valuation allowance, as necessary, to reduce our deferred tax assets to the amount of future tax benefit that we estimate is more likely than not to be realized.

We record tax benefits for positions that we believe are more likely than not of being sustained under audit examinations. We assess the potential outcome of such examinations to determine the adequacy of our income tax accruals. We recognize interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes on our Consolidated Statements of Operations. We adjust our income tax provision during the period in which we determine that the actual results of the examinations may differ from our estimates or when statutory terms expire. Changes in tax laws and rates are reflected in our income tax provision in the period in which they occur.

*Comprehensive Income (Loss)* – Comprehensive income (loss) represents net income adjusted for the results of certain stockholders’ equity changes not reflected in the Consolidated Statements of Operations. These items are accumulated over time as “accumulated other comprehensive loss” on the Consolidated Balance Sheets and consist primarily of net earnings/loss, unrealized gains/losses on available for sale securities and foreign currency translation adjustments associated with foreign operations that use the local currency as their functional currency.

*Recent Accounting Pronouncements Not Yet Adopted*

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This standard was issued to enhance the transparency and decision usefulness of income tax disclosures to provide information to better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this ASU address transparency about income tax information through disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this ASU are effective for annual periods beginning after December 15, 2024. The ASU should be applied on a prospective basis. Retrospective application is permitted. We will adopt the updated accounting guidance in our Annual Report on Form 10-K for the year ended December 31, 2025. We are currently evaluating the impact the adoption of the new accounting guidance will have on our income tax disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, requiring public entities to disclose additional information about specific expense categories in the notes to the financial statements on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

*Recent Accounting Pronouncements Adopted*

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, requiring public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See Note 12 *Segment and Geographic Information* in the accompanying notes to the consolidated financial statements for further detail.

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 years ended December 31, 2024 and 2023:

<b>Year ended December 31, (in thousands)</b>	<b>2024</b>		<b>2023</b>	
License	\$	2,840	\$	1,794
Professional services		26,015		28,237
Processing and maintenance		24,034		22,439
Third party		4,510		3,534
<b>Total</b>	\$	<b>57,399</b>	\$	<b>56,004</b>

Foreign revenues are based on the location of the customer. Revenues from customers by geographic areas for the years ended December 31, 2024 and 2023 are as follows:

Year ended December 31, (in thousands)	2024		2023	
United States	\$	54,892	\$	53,915
Europe		110		116
Middle East		2,397		1,973
Total	\$	57,399	\$	56,004

### 3. NOTES RECEIVABLE

In February 2021, we entered into and advanced a \$550,000 Promissory Note with a privately held technology company and program manager in the FinTech industry. The note had an interest rate of 4.6 percent annually and was paid in full in August 2023. In 2023, we entered into and advanced a \$650,000 Promissory Note with a maturity date of December 2028 and an annual interest rate of 5.25 percent. In 2024, we entered into and advanced a \$200,000 Promissory Note with a maturity date of December 2028 and an annual interest rate of 5.25 percent. The carrying value of the current portion of our notes receivable of \$240,000 at December 31, 2024 and 2023 is included in other current assets on the Consolidated Balance Sheets. The carrying value of the noncurrent portion of our note receivable of \$352,000 and \$364,000 at December 31, 2024 and 2023, respectively, is included in other long-term assets on the Consolidated Balance Sheets.

### 4. INVESTMENTS

We hold a 26.5 percent ownership interest in a privately held identity and professional services company with ties to the FinTech industry. The investee raised an additional \$2.7 million in the fourth quarter of 2023. CoreCard participated in the new investment and contributed an additional \$500,000. We also participated in a fourth quarter 2024 fundraise, contributing an additional \$300,000. The carrying value of our investment was \$3,523,000 at December 31, 2024 and \$3,907,000 at December 31, 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 \$684,000 and \$773,000 for the twelve months ended December 31, 2024 and 2023, respectively, included in investment income (loss) on the Consolidated Statement of Operations. At December 31, 2024, the carrying value of this investment exceeded our share of the investee's net asset assets by approximately \$2.8 million. Substantially all of this difference is comprised of goodwill and other intangible assets.

On December 30, 2016 we signed an agreement to invest \$1,000,000 in a privately held technology company and program manager in the FinTech industry. The investment was funded on January 4, 2017. In 2018, we recorded an impairment charge of \$250,000 to reduce the carrying value due to the investee's limited funding to support its operation and sales and marketing efforts. In 2020, due to the uncertainty from the economic downturn resulting from the COVID-19 pandemic, we determined that the fair value of our investment was \$0 and therefore we recorded an impairment charge of \$750,000, included in investment loss on the Consolidated Statement of Operations for the quarter ended March 31, 2020. We invested an additional \$155,000 in August 2023 to bring our ownership to 3.4 percent of the investee. CoreCard remains in an ongoing business relationship with the company pursuant to a Processing Agreement and a Program Management Services Agreement. CoreCard is positioned to assume the program management aspects of the investee company if the need should arise to ensure their program(s) ongoing viability and the completion of the Processing Agreement with CoreCard. As program manager for this company, we receive cash periodically to fund the customer's various programs. We held \$582,000 and \$1,005,000 at December 31, 2024 and 2023, respectively, in cash on behalf of this customer which is included in other current liabilities on the Consolidated Balance Sheet. There are no legal restrictions on these funds, we therefore present the funds as cash on the Consolidated Balance Sheets.

In the second quarter of 2021, we invested \$1,000,000 in a privately held company that provides supply chain and receivables financing. During the third quarter of 2023, due to the failure of the business to successfully monetize its product offerings, we recorded an impairment charge of \$1,000,000 included in investment income (loss) on the Consolidated Statement of Operations, to reduce the carrying value of the investee company to \$0 as of December 31, 2023. In the third quarter of 2024, after the investee company signed its first revenue contracts, we invested an additional \$98,000 as part of a Series A-2 financing.

We evaluate on a continuing basis whether any impairment indicators are present that would require additional analysis or write-downs of our remaining investments. While we have not recorded any impairment related to these remaining investments during 2024, variations from current expectations could impact future assessments resulting in future impairment charges.

## 5. ACCOUNTS RECEIVABLE AND CUSTOMER CONCENTRATIONS

At December 31, 2024 our allowance for doubtful accounts was \$400,000 compared to \$200,000 at December 31, 2023. There were \$128,000 of charges against the allowance for doubtful accounts in 2024 and no charges against the allowance for doubtful accounts in 2023.

The following table indicates the percentage of consolidated revenue from continuing operations and year-end accounts receivable represented by each customer that represented more than 10 percent of consolidated revenue from continuing operations or year-end accounts receivable.

	Revenue		Accounts Receivable	
	2024	2023	2024	2023
Customer A	62%	67%	56%	57%
Customer B	*	*	*	12%

\* Less than 10%

## 6. 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:

	December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
<i>(in thousands)</i>				
<b>Marketable securities</b>				
Corporate, municipal debt and treasury securities	\$ 5,254	\$ 157	\$ (1)	\$ 5,410

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

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

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(in thousands)</i>				
Due within one year	\$ 1,565	\$ 1,630	\$ 1,506	\$ 1,556
Due after one year through three years	3,689	3,780	3,607	3,674
<b>Total</b>	<b>\$ 5,254</b>	<b>\$ 5,410</b>	<b>\$ 5,113</b>	<b>\$ 5,230</b>

## 7. INCOME TAXES

The income tax provision from operations consists of the following:

Year ended December 31, <i>(in thousands)</i>	2024	2023
Current	\$ 2,430	\$ 2,675
Deferred	(974)	(1,573)
<b>Total</b>	<b>\$ 1,456</b>	<b>\$ 1,102</b>

The following is a reconciliation of estimated income taxes at the statutory rate from operations to estimated tax expense (benefit) as reported:

<b>Year ended December 31,</b>	<b>2024</b>	<b>2023</b>
Statutory rate	21%	21%
State and local taxes, net of federal benefit	4.7	4.7
State tax settlement	--	7.0
Research and development credit	(4.5)	(10.4)
Foreign tax credit	(6.1)	(17.6)
GILTI income inclusion	6.3	22
Other	(0.3)	(2.2)
Effective rate	21.1%	24.5%

Net deferred tax assets (liabilities) consist of the following at December 31:

<i>(in thousands)</i>	<b>2024</b>	<b>2023</b>
Deferred tax (liabilities) assets:		
Unrealized loss on investments	\$ 1,045	\$ 1,045
IRC section 174 costs	2,173	1,566
Fixed assets	(1,178)	(1,111)
Other	552	118
Total deferred tax asset	2,592	1,618
Less valuation allowance	(517)	(517)
Net deferred tax asset	\$ 2,075	\$ 1,101

We had a net deferred tax asset of approximately \$2.1 million at December 31, 2024 and a net deferred tax asset of approximately \$1.1 million at December 31, 2023, included in Other long-term assets on the Consolidated Balance Sheets. The gross deferred tax asset/liability has been offset by a valuation allowance of \$0.5 million in 2024 and 2023, because the Company believes that it is more likely than not that the amount will not be realized. We have maintained a valuation allowance on deferred tax assets resulting from unrealized capital losses as we are not able to conclude that it is more likely than not that these will be realized due to the unpredictability of future capital gains. No deferred taxes have been provided on temporary differences related to investments in foreign subsidiaries because these investments are considered to be permanent.

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.

We have recognized tax benefits from all tax positions we have taken, and there has been no adjustment to any carry forwards (research and development credits) in the past two years. There were no unrecognized tax benefits as of December 31, 2024 and 2023. Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. There were no accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized during the periods presented. We have determined we have no uncertain tax positions.

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

## 8. COMMITMENTS AND CONTINGENCIES

### Leases

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

<b>Year Ended December 31,</b>		<b>2024</b>		<b>2023</b>
Right-of-use asset, net and lease liabilities (in thousands)	\$	2,747	\$	2,003
Cash paid for operating lease liabilities (in thousands)	\$	1,384	\$	1,339
Weighted average remaining lease term (years)		3.5		2.8
Weighted average discount rate		6.6%		3.4%

Maturities of our operating lease liabilities as of December 31, 2024 is as follows:

	<b>Operating Leases</b>	
	<b>(In thousands)</b>	
2025	\$	1,125
2026		1,037
2027		520
2028		440
2029		111
Total lease liabilities	\$	<u>3,233</u>

Lease expense for the years ended December 31, 2024 and 2023 consisted of the following:

<b>Year Ended December 31, (in thousands)</b>		<b>2024</b>		<b>2023</b>
Cost of revenue	\$	803	\$	744
General and administrative		481		458
Development		100		137
Total	\$	<u>1,384</u>	\$	<u>1,339</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. DEFINED CONTRIBUTION PLANS

We maintain a 401(k) defined contribution plan covering all U.S. employees. Our matching contributions, net of forfeitures, under the plan, which are optional and based on the level of individual participant's contributions, amounted to \$78,000 and \$79,000 in 2024 and 2023, respectively.

## 10. RELATED PARTY TRANSACTION

The lease on our headquarters and primary facility in Norcross, Georgia is held by ISC Properties, LLC, an entity controlled by our Chairman and Chief Executive Officer, J. Leland Strange. Mr. Strange holds a 100% ownership interest in ISC Properties, LLC. We paid rent of \$380,000 and \$357,000 to ISC Properties, LLC in the years ended December 31, 2024 and 2023, respectively. We have determined that ISC Properties, LLC is not a variable interest entity.

## 11. STOCK COMPENSATION PLANS

A summary of all stock incentive plans for the years ended December 31, 2024 and 2023 was as follows:

	Stock Incentives Granted		Stock Incentives Exercised		Stock Incentives Expired		Stock Incentives Cancelled	
	2024	2023	2024	2023	2024	2023	2024	2023
2003 Incentive Stock Plan <sup>1</sup> §	N/A	N/A	-	-	-	-	-	-
2015 Incentive Stock Plan <sup>2</sup> §	-	-	-	-	-	-	-	-
Non-Employee Directors' Stock Option Plan <sup>3</sup> §	N/A	N/A	-	-	-	-	-	-
2011 Non-Employee Directors Stock Plan <sup>4</sup> §	N/A	N/A	-	-	-	-	-	-
2020 Non-Employee Directors' Stock Incentive Plan <sup>5</sup> † §	10,800	6,021	N/A	N/A	N/A	N/A	N/A	N/A
2022 Employee Stock Incentive Plan <sup>6</sup> † §	486,846	-	-	-	-	-	6,848	-

Stock options under all plans are granted at an exercise price equal to fair value on the date of grant and vest over 2-3 years. The following is a summary of all plans as of December 31, 2024:

	Total of All Plans	Fully Vested and Exercisable	Not Vested
Stock Incentives Granted	1,877,798	59,000	-
Stock Incentives Exercised	1,014,820	N/A	N/A
Stock Incentives Cancelled	289,528	N/A	N/A

### Stock Options

As of December 31, 2024 and 2023, there was no unrecognized compensation cost related to stock options granted under the plans.

<sup>1</sup> The 2003 Stock Incentive Plan (the "2003 Plan") was instituted in March 2003. The 2003 Plan authorized the issuance of up to 450,000 options to purchase shares of common stock to officers and key employees, with vesting of such options occurring equally over a 3-year time period. In 2013, the 2003 Plan expired with 197,500 options ungranted.

<sup>2</sup> The 2015 Incentive Stock Plan (the "2015 Plan") was approved by shareholders in June 2015, which authorizes the issuance of up to 750,000 options to purchase shares of common stock to employees and key consultants and advisors.

<sup>3</sup> The Non-Employee Directors' Stock Option Plan (the "Directors Plan") was instituted in August 2000 that authorized the issuance of up to 200,000 options to purchase shares of common stock to non-employee directors. Upon adoption of the Directors Plan, each non-employee director was granted an option to acquire 5,000 shares. At each Annual Meeting, each director received a grant of 4,000 options, which vest in 50% increments on the first and second anniversary. The Directors Plan expired in 2011, with 60,000 options ungranted.

<sup>4</sup> The 2011 Non-Employee Directors Stock Plan (the "2011 Directors Plan") was approved by shareholders in May 2011 with essentially the same terms and conditions as the Directors Plan.

<sup>5</sup> The 2020 Non-Employee Directors' Stock Incentive Plan (the "2020 Plan") was approved by shareholders in August 2020, which replaces the 2011 Director Plan and authorizes the issuance of 200,000 shares of common stock to non-employee directors. We expect to grant each independent director \$50,000 of stock on the date of each subsequent Annual Meeting.

<sup>6</sup> In May 2022, shareholders approved the 2022 Employee Stock Incentive Plan (the "2022 Plan"), which replaces the 2015 Plan and authorizes the issuance of 750,000 shares of common stock to employees. 486,846 shares have been granted under the plan as of December 31, 2024.

§ Indicates plans with stock options.

† Indicates plans with stock grants.



Stock option activity during the years ended December 31, 2024 and 2023 was as follows:

	2024	2023
Stock Options outstanding at January 1	59,000	59,000
Stock Options cancelled	-	-
Stock Options exercised	-	-
Stock Options granted	-	-
Stock Options outstanding at December 31	59,000	59,000
Stock Options available for grant at December 31	428,702	926,348
Stock Options exercisable at December 31	59,000	59,000
Exercise price ranges per share:		
Granted	N/A	N/A
Exercised	N/A	N/A
	\$	\$
Outstanding	\$ 3.50 - 39.11	\$ 3.50 - 39.11
Weighted average exercise price per share:		
Granted	-	-
Exercised	-	-
Outstanding at December 31	\$ 17.35	\$ 17.35
Exercisable at December 31	\$ 17.35	\$ 17.35

The following tables summarize information about the stock options outstanding under the Company's option plans as of December 31, 2024.

**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	2.2	\$ 3.75	\$ 233,100
\$7.80	8,000	3.4	\$ 7.80	\$ 11,040
\$19.99	30,000	4.1	\$ 19.99	\$ 50,700
\$39.11	8,000	4.4	\$ 39.11	-
\$3.50 - \$39.11	59,000	3.6	\$ 17.35	\$ 394,840

Aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the year ended December 31, 2024, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2024. The amount of aggregate intrinsic value will change based on the fair value of the Company's common stock.

*Restricted Stock Units*

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

	Number of Restricted Stock Units	Weighted-average grant date fair value per share
Balance as of December 31, 2023	-	\$ -
Granted	486,846	12.58
Vested	-	-
Canceled and forfeited	(6,848)	12.34
Balance as of December 31, 2024	479,998	\$ 12.59

Stock compensation expense related to RSUs and the annual grant to the Board of Directors was as follows for the year ended December 31, 2024 and 2023:

Year ended December 31, (in thousands)	2024	2023
General and administrative expense	\$ 385	\$ 150
Development expense	923	--
Total	\$ 1,308	\$ 150

As of December 31, 2024, unrecognized compensation costs related to unvested RSUs was \$4.5 million, which we expect to recognize over a weighted-average period of 2.4 years. There were no RSUs granted during the year ended December 31, 2023.

## 12. SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated operating margin and net income to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions, such as the determination of the rate at which the Company seeks to grow its operating margin and the allocation of resources between cost of revenues, marketing, development, and general and administrative expenses.

The following table presents selected financial information with respect to the Company's single operating segment for the years ended December 31, 2024 and 2023:

Year ended December 31, (in thousands, except per share data):	2024	2023
Revenue	\$ 57,399	\$ 56,004
Less:		
Cost of revenue	35,770	36,571
Marketing	407	310
General and administrative	5,769	5,334
Development	8,914	8,478
Operating Income	6,539	5,311
Operating Margin	11.4%	9.5%
Other income (expense)		
Investment loss	(427)	(1,579)
Other income	792	765
Income before income taxes	6,904	4,497
Provision for income taxes	(1,456)	(1,102)
Net income	\$ 5,448	\$ 3,395

In 2003, we established a subsidiary of CoreCard Software in Romania for software development and testing activities. In 2006, we established a subsidiary in India for additional software development and testing activities as well as support for processing operations. In October 2020, we opened an office in Dubai, United Arab Emirates to support CoreCard's expansion of processing services into new markets in the Asia Pacific, Middle East, Africa and European regions. In October 2021, we opened a new location in Bogotá, Colombia where we have technical personnel to support existing customers and continued growth.

At December 31, 2024 and 2023, continuing operations of foreign subsidiaries had assets of \$8,201,000 and \$7,301,000, respectively, and total liabilities of \$1,720,000 and \$1,838,000, respectively. The majority of these assets and liabilities are in India. There are no currency exchange restrictions related to our foreign subsidiaries that would affect our financial position or results of operations. Refer to Note 1 for a discussion regarding how we account for translation of non-U.S. currency amounts.

## 13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income (numerator) by the weighted average number of common shares outstanding (denominator) during the period and excludes the dilutive effect of stock-based awards. Diluted earnings per share gives effect to all dilutive potential common shares outstanding during a period. In computing diluted income per share, the average stock price for the period is used in determining the number of shares assumed to be reacquired under the treasury stock method for the hypothetical exercise of stock options and vesting of time-based restricted stock units.

The following tables represent required disclosure of the reconciliation of the income (loss) and the shares used in the basic and diluted income (loss) per share computation:

Year ended December 31, (in thousands, except per share data):	2024	2023
Numerator:		
Net Income	\$ 5,448	\$ 3,395
Denominator:		
Weighted-average basic shares outstanding	8,027	8,458
Effect of dilutive securities	119	16
Weighted-average diluted shares	8,146	8,474
Basic earnings per share	\$ 0.68	\$ 0.40
Diluted earnings per share	\$ 0.67	\$ 0.40

At December 31, 2024 and 2023, there were 119,000 and 16,000 dilutive stock awards, respectively.





# INSIDER TRADING POLICY

February 11, 2025

## Purpose

This Insider Trading Policy (the “*Policy*”) establishes rules with respect to transactions in the securities of CoreCard Corporation (the “*Company*”) and the handling of material nonpublic information about the Company and the companies with which the Company does business. The Company’s Board of Directors has adopted this Policy to promote compliance with laws that prohibit certain persons who are aware of material nonpublic information about a company from (1) trading in securities of that company or (2) providing material nonpublic information to other persons who may trade on the basis of that information.

## Persons Subject to the Policy

This Policy applies to all employees, officers and members of the Board of Directors of the Company and its subsidiaries. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person’s household and entities controlled by a person covered by this Policy, as described below.

## Transactions Subject to the Policy

This Policy applies to transactions in the Company’s securities (collectively referred to in this Policy as “*Company Securities*”), including the Company’s common stock, options to purchase common stock, bonds/debt securities or any other type of securities that the Company may issue, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s Securities.

## Statement of Policy

It is the policy of the Company that no employee, officer or director of the Company or its subsidiaries (or any other person designated by this Policy or by the Compliance Officer as subject to this Policy) who is aware of material nonpublic information relating to the Company may, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings “**Transactions Under Company Plans**” and “**Rule 10b5-1 Plans**”;
2. Recommend the purchase or sale of any Company Securities;
3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with the Company’s policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. Assist anyone engaged in the above activities.

In addition, it is the policy of the Company that no person covered by this Policy who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities or the securities of another publicly traded company whose price may be affected by such information, until the information becomes public or is no longer material.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

### Definition of Material Nonpublic Information

**Material Information.** Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold, sell or vote securities, or if the information would affect the "total mix" of information about the Company available to the public. Any information that could be expected to affect a company's stock price, *whether it is positive or negative*, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material if nonpublic are:

- Historical financial results;
- Projections of future earnings or losses, or other earnings guidance;
- Changes to previously announced earnings guidance, or the decision to suspend earnings guidance;
- Changes in the Company's executive leadership team;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of significant assets (for example, a manufacturing property);
- A pending or proposed significant joint venture;
- Significant related party transactions;
- A change in dividend policy, the declaration of a stock split, or an offering of securities;
- Bank borrowings or other financing transactions out of the ordinary course;
- The establishment, termination or significant amendment of a repurchase program for Company Securities;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Pending or threatened significant litigation or government investigations, or the resolution of such matters;
- A significant Company restructuring or asset impairment, impending bankruptcy or the existence of severe liquidity problems;
- The gain or loss of a significant customer or supplier;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure; or
- The imposition of an event-specific restriction on trading in Company Securities or the securities of another company or the extension or termination of such restriction.

**When Information is Considered Public.** Information that has not been widely disseminated to the public is generally considered to be nonpublic information. Information generally would be considered widely disseminated if it has been disclosed through newswire services, a quarterly Company webcast earnings conference call, a broadcast on widely available radio or television programs, publication in a widely available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available on the SEC's website.

By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors. Information that is merely published on the Company's website or its social medial platforms should not be considered widely disseminated.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. For purposes of this Policy, information should not be considered fully absorbed by the marketplace until 12:00 noon, U.S. Eastern time, of the second trading day after the day on which the information is released. In the event information is released in the morning prior to the markets opening, the day of release will be considered the first trading day and the next trading day will be the second. Stock markets in the U.S. generally open at 9:30 a.m., U.S. Eastern time.

If, for example, the Company were to make an announcement prior to market open on a Monday, you should not trade in Company Securities until 12:00 noon, U.S. Eastern time, Tuesday (assuming both are trading days).

Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

#### **"Blackout Periods"**

This portion of the policy applies to the following persons (the "**Blackout Group**"):

- Members of the Board of Directors of the Company;
- Officers of the Company;
- Financial reporting and accounting personnel, unless otherwise determined by the Compliance Officer;
- Persons who receive copies of financial "flash reports" in the final month of a fiscal quarter, unless otherwise determined by the Compliance Officer; and
- Other persons or groups who may be designated from time to time by the Compliance Officer.

The Blackout Group, including their Family Members or Controlled Entities (each as defined below), may not conduct any transactions involving the Company's Securities (other than as specified by this Policy), during a "**Blackout Period**" beginning on the 15th of each March, June, September and December and ending at 9:30 am, U.S. Eastern time, on the second trading day following the date of the public release of the Company's earnings results for the fiscal quarter ending after such start date. In the event earnings are released in the morning prior to the markets opening, the day of release will be considered the first trading day and the next trading day will be the second.

In other words, these persons may only conduct transactions in Company Securities during the “open window period” beginning at 9:30 am, U.S. Eastern time, on the second trading day following the public release of the Company’s quarterly earnings and ending on the 15th of the last month of the then current fiscal quarter.

The Blackout Group is subject to these restrictions even if they are not aware of any material nonpublic information during the Blackout Period.

Trading in the Company’s securities during the open window period should not be considered a “safe harbor” — as a reminder, trading is prohibited *any time* any associate, officer or director (whether in the Blackout Group or not) is aware of material nonpublic information.

### **Event-Specific Blackouts**

From time to time, an event may occur that is material to the Company and is known by only a few personnel. An example may be a pending merger or acquisition. So long as the event remains material and nonpublic, the persons designated by the Compliance Officer may not trade Company Securities. The existence of an event-specific trading restriction period will not be announced to the Company as a whole and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information.

### **Preclearance Procedures**

The officers and members of the Board of Directors subject to Section 16 of the Securities Exchange Act of 1934 as well as other persons designated by the Compliance Officer as being subject to these procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining preclearance of the transaction from the Compliance Officer. The Compliance Officer is under no obligation to approve a transaction submitted for preclearance and may determine not to permit the transaction. If a person seeks preclearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company Securities.

When a request for preclearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company and should describe fully those circumstances to the Compliance Officer. The requestor should also indicate whether he or she has effected any non-exempt “opposite-way” transactions within the past six months and should be prepared to report the proposed transaction in order to permit the Company to timely file a Form 4 on the requestor’s behalf (due within two business days of the trade date). The requestor should also be prepared to comply with SEC Rule 144 and arrange for Form 144 to be filed, if necessary, at the time of any sale.

### **Exceptions to Blackouts and Preclearance**

The quarterly and event-specific blackouts do not apply to those transactions described under the heading “**Transactions Under Company Plans**” below. Further, the requirement for preclearance and quarterly or event-specific blackouts do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading “**Rule 10b5-1 Plans**” below.

## Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while aware of material nonpublic information. Persons subject to this policy must not engage in illegal trading and should avoid the appearance of improper trading. Each individual is responsible for making sure that he or she complies with this Policy, and that any Family Member or Controlled Entity, as discussed below, also comply with this Policy. In all cases, the responsibility for determining whether an individual is aware of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading “**Consequences of Violations**” below.

## Transactions by Family Members and Others

This Policy applies to your family members who reside with you (including a spouse or domestic partner, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities (collectively referred to as “**Family Members**”). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company Securities, and you should treat all such transactions for the purposes of this Policy and applicable laws as if the transactions were for your own account.

## Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as “**Controlled Entities**”), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable laws as if they were for your own account.

## Transactions Under Company Plans

This Policy does *not* apply in the case of the following transactions, except as specifically noted:

**Stock Option Exercises.** This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company’s plans, or to the Company’s withholding of shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

**Restricted Stock or Performance Share Awards.** This Policy does not apply to the vesting of restricted stock or performance share awards, or the withholding by the Company of shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock or performance share awards. The Policy does apply, however, to any market sale of vested stock.

## Other Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if certain persons subject to this Policy engage in certain types of transactions. It therefore is the Company’s policy that the persons specified below may not engage in the following transactions, or should otherwise consider the Company’s preferences as described below:



***Prohibitions Applicable to All Persons Covered by this Policy:***

*Short Sales.* Short sales of Company Securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, all associates, officers and directors are prohibited from engaging in short sales of Company Securities. In addition, Section 16(c) of the Securities Exchange Act prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "**Hedging Transactions.**")

*Publicly Traded Options.* Given the relatively short term of publicly traded options, transactions in options may create the appearance that the option holder is trading based on material nonpublic information and focus that person's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, all associates, officers and directors are prohibited from engaging in transactions in put options, call options or other derivative securities, on an exchange or in any other organized market. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

*Hedging Transactions.* Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit an associate, officer or director to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company's other shareholders. Therefore, all associates, officers and directors are prohibited from engaging in any such transactions.

***Prohibition Applicable to Officers and Directors:***

*Pledged Securities.* Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, officers and directors are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "**Hedging Transactions.**")

***All Persons Discouraged from the Following Transactions:***

*Standing and Limit Orders.* Standing and limit orders (except standing and limit orders that comply with Exchange Act Rule 10b5-1, described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when an associate, officer or director is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company Securities.

## Rule 10b5-1 Plans

Rule 10b5-1 under the Securities Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in the Rule (a “*Rule 10b5-1 Plan*”). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions.

To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The plan must include a cooling-off period before trading can commence that, for directors or officers, ends on the later of 90 days after the adoption of the Rule 10b5-1 Plan or two business days following the disclosure of the Company’s financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or officers, 30 days following the adoption or modification of a Rule 10b5-1 Plan. A person may not enter into overlapping Rule 10b5-1 Plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 Plan during any 12-month period (subject to certain exceptions). Directors and officers must include a representation in their Rule 10b5-1 Plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 Plan must act in good faith with respect to that plan.

Any Rule 10b5-1 Plan must be submitted for approval to the Compliance Officer prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to an approved Rule 10b5-1 Plan will be required.

## Post-Termination Transactions

This Policy continues to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material.

## Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company’s Securities, is prohibited by law. Insider trading violations are pursued vigorously by the U.S. Securities and Exchange Commission (SEC) and U.S. Department of Justice. Punishment for insider trading violations is severe and could include significant fines and imprisonment.

While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual’s failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee’s failure to comply results in a violation of law.

**Administration of the Policy | Questions**

The Company's Chief Financial Officer, Matthew White, is the Compliance Officer for the purposes of this Policy. The Compliance Officer has the authority to interpret this Policy, including to grant exceptions where applicable. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

Any person who has a question about this Policy or its application to any proposed transaction may obtain guidance from the Compliance Officer, who can be reached by email at [matt@corecard.com](mailto:matt@corecard.com) or by telephone at +1 (770) 564-5504.

**Certification | Training**

All persons subject to this Policy must certify their understanding of, and intent to comply with, this Policy, at such intervals as determined by the Compliance Officer. Persons subject to this Policy may also be required to undergo training to comply with the Policy and law.

**CERTIFICATION**

I certify that:

1. I have read and understand the Company’s Insider Trading Policy (the “Policy”). I understand that the Compliance Officer is available to answer any questions I have regarding the Policy.
2. Since I have been a member of the Board of Directors of, employee of, or other service provider to the Company, I have complied with the Policy.
3. I will continue to comply with the Policy for as long as I am subject to the Policy.

Signature: \_\_\_\_\_

Print name: \_\_\_\_\_

Date: \_\_\_\_\_

## CORECARD CORPORATION

## LIST OF PRINCIPAL SUBSIDIARY COMPANIES AS OF FEBRUARY 28, 2025

Subsidiary NameState / Country of Organization

CoreCard Software, Inc.	Delaware
CoreCard SRL	Romania
CoreCard Software India Pvt. Ltd.	India
CoreCard Software DMCC	United Arab Emirates
CoreCard Colombia SAS	Colombia

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

CoreCard Corporation  
Norcross, GA

We hereby consent to the incorporation by reference in the registration statements Form S-8 No. 333-242084, No. 333-211304 and No. 333-265254 of our report dated February 28, 2025, relating to the consolidated financial statements of CoreCard Corporation and Subsidiaries (the “Company”) appearing in the Company’s annual report on Form 10-K for the year ended December 31, 2024.

/s/ Nichols, Cauley & Associates, LLC

Nichols, Cauley & Associates, LLC  
Atlanta, Georgia  
February 28, 2025

**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 Annual Report on Form 10-K 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 15(d)-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; and
  - 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; and
  - 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.
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 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: February 28, 2025

/s/ J. Leland Strange  
J. Leland Strange  
Chief Executive Officer and President

**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 Annual Report on Form 10-K 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 15(d)-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; and
  - 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; and
  - 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.
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 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: February 28, 2025

*/s/ Matthew A. White*

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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 Annual Report on Form 10-K for the period ended December 31, 2024 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2025

*/s/ J. Leland Strange*

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J. Leland Strange  
Chief Executive Officer

*/s/ Matthew A. White*

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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.