To Fellow Shareholders of Intelligent Systems,

Intelligent Systems enjoyed a very good year in 2018 as results were driven by the successes of our wholly owned subsidiary, CoreCard Software. For all practical purposes, Intelligent Systems *IS* CoreCard Software - the only remaining business we have in the parent company are a few minority investments in small FinTech related companies. These investments are immaterial in relation to the current performance of CoreCard.

As I write this letter in early April, I have almost *forgotten* about 2018 as we are well into 2019 and I have a good view of the first quarter that will soon end (results of which are very good in comparison to the 2018 first quarter that was also good). By the time you read this, the results will be ready to be publicly reported. Forgive me for not waxing nostalgically in this letter on the good 2018 year as we focus and work feverishly in the *now* to execute and continue with the progress made during the past year.

Considering this letter should be about 2018, I will travel back in the past to briefly talk about some of last year's achievements realizing that every shareholder may not *follow* the company closely on a quarter-to-quarter basis. However, I would encourage those of you who do not or have not read the transcripts of our past two earnings releases and conference calls to take the time to do so – I suggest you get these from our website www.intelsys.com as some of the automated voice-to-text transcriptions often modify my actual words (I suppose that's from my southern accent). The quarterly conference calls give me the opportunity to explain the business in common vernacular and I think you will learn a lot about what we are really doing (which is easier than reading the 10-Qs and 10-Ks that are long and laboriously filled and vetted with necessary legal jargon).

The big news from 2018 is we began working with a very large corporate customer to help them install a customized version of our software under license that would enable them to become a processor. They are a sophisticated and knowledgeable tech savvy customer but a lot of training was needed, which came with a heavy use of our resources to stand up with a new, hardened, high availability processing environment. Lots of code customizations were required to handle an innovative card program for our large customer *that had its own separate customer*.

As reported in our 10-K, this one customer represented 40% of our revenue in 2018 displacing in the *largest customer* category a different license customer that in 2017 represented 27% of our revenue. I point this out as a reminder that on-going our *largest customer* in any one year can easily move around.

With the growth we had in 2018, it would easy to congratulate ourselves and pat ourselves on the back. Truth be told, we got 'lucky' when a big opportunity arose that CoreCard was uniquely positioned to handle. We did not go seek the customer (still no sales staff onboard). BUT, and this is a big but, you have to be home when opportunity knocks and be ready to deliver to get lucky – it is not just *chance*. Getting *ready* is what we have been doing year after year as we slowly but systematically built, what we believe, is the best real-time platform for financial applications on the planet! We do not believe any other platform can handle complex loans as well as the CoreCard platform.

Over many years, a very loyal, dedicated and talented team of people have worked with our great customer base in a continuous process (it never ends – we are never 'there') to expand and optimize our parameter based software system. The new customer pushed us even further! We have been steadily focused on that goal and would have had a good year in 2018 without getting 'lucky' just based on the hard work of previous years. But getting lucky is pretty darn nice and we are happy that it moved us quicker than if we had just maintained our steady progress.

The newly increased business did create other issues for us as the CoreCard team had to work many extended hours to deliver the extraordinary growth required for our customer and I am personally indebted to the great employees and management group that make up the CoreCard team. I am sure you as a shareholder will say 'amen' to that.

It is reassuring to know that coming out of 2018 and going into 2019 we also have other different and new customers that we feel will also add to our continued growth. We had to slow down working with some of them in 2018 in order to meet tough, time sensitive, goals for the new licensee. In 2019, we will renew focus on some of the new business. This business is not licensed business, so you will not see the same numbers showing up quickly but over the long haul, it will be growing and recurring revenue.

In all candor, CoreCard needs more growth to be where we want to be as a processor. We are good – we are very good – but certainly not perfect and there are areas where we need to strengthen. My goal is to proclaim we are a world class processor by the end of 2019. It is possible that new business may get in the way (I know that sounds crazy but it is accurate) in that we do not have the extra time to focus on certain areas as we are getting too much demand from customer activity.

As a conclusion, business is good and moving forward at *your* company and we appreciate your continued support.

J. Leland Strange
President and Chief Executive Officer