

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

**Form 10-Q**

**(Mark One)**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934  
For the Quarterly Period Ended June 30, 2025**

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: 001-37584**

**CPI Card Group Inc.**

(Exact name of the registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**26-0344657**  
(I.R.S. employer identification no.)

**10368 W. Centennial Road**  
**Littleton, CO**  
(Address of principal executive offices)

**80127**  
(Zip Code)

**(720) 681-6304**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	PMTS	Nasdaq Global Market

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

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 (§232.405 of this chapter) 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 checked="" type="checkbox"/>
Non-accelerated filer	<input 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

Number of shares of Common Stock, \$0.001 par value, outstanding as of July 31, 2025: 11,337,367

[Table of Contents](#)

**Table of Contents**

	<b>Page</b>
<b><u>Part I — Financial Information</u></b>	
<a href="#">Item 1 — Condensed Consolidated Financial Statements (Unaudited)</a>	3
<a href="#">Item 2 — Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	20
<a href="#">Item 3 — Quantitative and Qualitative Disclosures About Market Risk</a>	28
<a href="#">Item 4 — Controls and Procedures</a>	28
<b><u>Part II — Other Information</u></b>	
<a href="#">Item 1 — Legal Proceedings</a>	28
<a href="#">Item 1A — Risk Factors</a>	28
<a href="#">Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds</a>	28
<a href="#">Item 3 — Defaults Upon Senior Securities</a>	29
<a href="#">Item 4 — Mine Safety Disclosures</a>	29
<a href="#">Item 5 — Other Information</a>	29
<a href="#">Item 6 — Exhibits</a>	30
<b><u>Signatures</u></b>	31

**PART I - Financial Information**

**Item 1. Financial Statements**

**CPI Card Group Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share and per share amounts)  
(Unaudited)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,124	\$ 33,544
Accounts receivable, net	87,495	85,491
Inventories, net	83,872	72,660
Prepaid expenses and other current assets	15,850	11,347
Total current assets	204,341	203,042
Plant, equipment, leasehold improvements and operating lease right-of-use assets, net	104,774	68,648
Intangible assets, net of accumulated amortization of \$57,340 and \$55,393, respectively	20,945	10,492
Goodwill	48,211	47,150
Other assets	21,524	20,325
Total assets	<u>\$ 399,795</u>	<u>\$ 349,657</u>
<b>Liabilities and stockholders' deficit</b>		
Current liabilities:		
Accounts payable	\$ 24,564	\$ 16,123
Accrued expenses	52,933	57,979
Deferred revenue and customer deposits	1,535	1,485
Total current liabilities	79,032	75,587
Long-term debt	310,911	280,405
Deferred income taxes	—	3,318
Other long-term liabilities	38,878	25,968
Total liabilities	428,821	385,278
Commitments and contingencies (Note 12)		
Stockholders' deficit:		
Series A Preferred Stock; \$0.001 par value—100,000 shares authorized; 0 shares issued and outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock; \$0.001 par value—100,000,000 shares authorized; 11,334,910 and 11,240,507 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	11	11
Capital deficit	(104,126)	(105,429)
Accumulated earnings	75,089	69,797
Total stockholders' deficit	(29,026)	(35,621)
Total liabilities and stockholders' deficit	<u>\$ 399,795</u>	<u>\$ 349,657</u>

*See accompanying notes to condensed consolidated financial statements*

**CPI Card Group Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
(in thousands, except share and per share amounts)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Net sales:</b>				
Products	\$ 80,950	\$ 63,844	\$ 150,125	\$ 122,002
Services	48,803	54,974	102,389	108,752
Total net sales	<u>129,753</u>	<u>118,818</u>	<u>252,514</u>	<u>230,754</u>
<b>Cost of sales:</b>				
Products (exclusive of depreciation and amortization shown below)	54,978	41,893	101,263	79,695
Services (exclusive of depreciation and amortization shown below)	30,546	31,743	63,176	61,672
Depreciation and amortization	4,109	2,794	7,259	5,481
Total cost of sales	<u>89,633</u>	<u>76,430</u>	<u>171,698</u>	<u>146,848</u>
Gross profit	40,120	42,388	80,816	83,906
<b>Operating expenses:</b>				
Selling, general and administrative (exclusive of depreciation and amortization shown below)	29,291	26,225	54,786	52,268
Depreciation and amortization	1,406	1,254	2,503	2,584
Total operating expenses	<u>30,697</u>	<u>27,479</u>	<u>57,289</u>	<u>54,852</u>
Income from operations	9,423	14,909	23,527	29,054
<b>Other expense, net:</b>				
Interest, net	(8,069)	(6,530)	(15,754)	(12,955)
Other (expense) income, net	(13)	(78)	5	(143)
Total other expense, net	<u>(8,082)</u>	<u>(6,608)</u>	<u>(15,749)</u>	<u>(13,098)</u>
Income before income taxes	1,341	8,301	7,778	15,956
Income tax expense	(823)	(2,300)	(2,486)	(4,500)
Net income	<u>\$ 518</u>	<u>\$ 6,001</u>	<u>\$ 5,292</u>	<u>\$ 11,456</u>
<b>Basic and diluted earnings per share:</b>				
Basic earnings per share	\$ 0.05	\$ 0.54	\$ 0.47	\$ 1.03
Diluted earnings per share	\$ 0.04	\$ 0.51	\$ 0.44	\$ 0.97
Basic weighted-average shares outstanding	11,297,785	11,049,968	11,271,815	11,158,334
Diluted weighted-average shares outstanding	11,927,943	11,776,894	11,969,909	11,817,584
<b>Comprehensive income:</b>				
Net income	\$ 518	\$ 6,001	\$ 5,292	\$ 11,456
Total comprehensive income	<u>\$ 518</u>	<u>\$ 6,001</u>	<u>\$ 5,292</u>	<u>\$ 11,456</u>

*See accompanying notes to condensed consolidated financial statements*

**CPI Card Group Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Stockholders' Deficit**  
**(in thousands, except share amounts)**  
**(Unaudited)**

	Common stock		Capital deficit	Accumulated earnings	Stockholders deficit
	Shares	Amount			
March 31, 2025	11,281,489	\$ 11	\$ (104,299)	\$ 74,571	\$ (29,717)
Shares issued under stock-based compensation plans	53,421	—	(536)	—	(536)
Stock-based compensation	—	—	709	—	709
Components of comprehensive income:					
Net income	—	—	—	518	518
June 30, 2025	11,334,910	\$ 11	\$ (104,126)	\$ 75,089	\$ (29,026)

	Common stock		Capital deficit	Accumulated earnings	Stockholders deficit
	Shares	Amount			
December 31, 2024	11,240,507	\$ 11	\$ (105,429)	\$ 69,797	\$ (35,621)
Shares issued under stock-based compensation plans	94,403	—	(1,077)	—	(1,077)
Stock-based compensation	—	—	2,380	—	2,380
Components of comprehensive income:					
Net income	—	—	—	5,292	5,292
June 30, 2025	11,334,910	\$ 11	\$ (104,126)	\$ 75,089	\$ (29,026)

	Common stock		Capital deficit	Accumulated earnings	Stockholders deficit
	Shares	Amount			
March 31, 2024	11,391,476	\$ 11	\$ (104,193)	\$ 55,731	\$ (48,451)
Shares issued under stock-based compensation plans	79,612	—	(1,177)	—	(1,177)
Stock-based compensation	—	—	2,094	—	2,094
Repurchase and retirement of common shares	(284,492)	—	(3,024)	—	(3,024)
Components of comprehensive income:					
Net income	—	—	—	6,001	6,001
June 30, 2024	11,186,596	\$ 11	\$ (106,300)	\$ 61,732	\$ (44,557)

	Common stock		Capital deficit	Accumulated earnings	Stockholders deficit
	Shares	Amount			
December 31, 2023	11,446,155	\$ 11	\$ (102,223)	\$ 50,276	\$ (51,936)
Shares issued under stock-based compensation plans	93,191	—	(1,286)	—	(1,286)
Stock-based compensation	—	—	5,154	—	5,154
Repurchase and retirement of common shares	(352,750)	—	(7,945)	—	(7,945)
Components of comprehensive income:					
Net income	—	—	—	11,456	11,456
June 30, 2024	11,186,596	\$ 11	\$ (106,300)	\$ 61,732	\$ (44,557)

*See accompanying notes to condensed consolidated financial statements*

**CPI Card Group Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(Unaudited)

	<u>Six Months Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<b>Operating activities</b>		
Net income	\$ 5,292	\$ 11,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	7,815	6,188
Amortization expense	1,947	1,877
Stock-based compensation expense	3,038	5,154
Amortization of debt issuance costs	658	917
Deferred income taxes and other, net	850	(1,879)
Changes in operating assets and liabilities:		
Accounts receivable, net	7,451	(2,720)
Inventories	(7,769)	(15,584)
Prepaid expenses and other assets	2,253	(20,316)
Income taxes, net	(3,154)	1,598
Accounts payable	4,977	7,079
Accrued expenses and other liabilities	(13,471)	9,858
Deferred revenue and customer deposits	50	480
Cash provided by operating activities	<u>9,937</u>	<u>4,108</u>
<b>Investing activities</b>		
Capital expenditures for plant, equipment and leasehold improvements, net	(9,112)	(2,744)
Cash paid for acquisition, net of cash acquired	(42,442)	—
Other	50	—
Cash used in investing activities	<u>(51,504)</u>	<u>(2,744)</u>
<b>Financing activities</b>		
Proceeds from borrowings on debt	35,000	4,000
Payments on debt	(5,000)	—
Payments on finance leases and other obligations	(3,776)	(2,413)
Common stock repurchased	—	(6,481)
Debt issuance costs	—	(118)
Taxes withheld and paid on stock-based compensation awards	(1,077)	(1,286)
Cash provided by (used in) financing activities	<u>25,147</u>	<u>(6,298)</u>
Net decrease in cash and cash equivalents	(16,420)	(4,934)
Cash and cash equivalents, beginning of period	33,544	12,413
Cash and cash equivalents, end of period	<u>\$ 17,124</u>	<u>\$ 7,479</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid (refunded) during the period for:		
Interest	\$ 15,453	\$ 12,332
Income taxes paid	\$ 6,381	\$ 6,481
Income taxes refunded	\$ (60)	\$ (272)
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 10,844	\$ 1,292
Financing leases	\$ 8,761	\$ 983
Accounts payable and accrued expenses for capital expenditures for plant, equipment and leasehold improvements	\$ 1,815	\$ 500
Unsettled share repurchases included in accrued expenses	\$ —	\$ 2,197

*See accompanying notes to condensed consolidated financial statements*

**CPI Card Group Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**  
**(dollars in thousands, except share and per share amounts or as otherwise indicated)**  
**(Unaudited)**

**1. Business Overview and Summary of Significant Accounting Policies**

**Business Overview**

CPI Card Group Inc. (which, together with its subsidiary companies, is referred to herein as “CPI” or the “Company”) is a payments technology company providing a comprehensive range of payment cards and related digital solutions. CPI is a leader in several areas of the U.S. payment card solutions market, including debit and credit card production, personalization, and Software-as-a-Service-based (“SaaS-based”) instant issuance services. CPI is also a market leader in the production of “Prepaid Debit Cards,” defined as debit cards issued on the networks of the “Payment Card Brands” (Visa, Mastercard®, American Express® and Discover®) but not linked to a traditional bank account, and related secure packaging solutions.

CPI’s revenues are primarily generated from the production of and services related to secure debit and credit cards that are issued on the networks of the Payment Card Brands, including Prepaid Debit Cards. The Company’s business consists of the following reportable segments:

- Debit and Credit: primarily produces secure debit and credit cards and provides card services for U.S. card-issuing financial institutions. Services include personalization; instant issuance, which provides customers the ability to issue an instant personalized debit or credit card on-demand within a customer location; and other payment solutions such as digital push provisioning for mobile wallets;
- Prepaid Debit: primarily provides secure packaging solutions, Prepaid Debit Cards, and other integrated prepaid card services to prepaid program managers in the U.S.; and
- Other: primarily corporate expenses.

**Basis of Presentation**

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to Form 10-Q and Article 8 of Regulation S-X. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for the fair statement of the results of the interim periods presented. The condensed consolidated balance sheet as of December 31, 2024 is derived from the audited financial statements as of that date. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

**Use of Estimates**

Management uses estimates and assumptions relating to the reporting of assets and liabilities as of the date of the financial statements, the reported revenues and expenses recognized during the reporting period, and certain financial statement disclosures in the preparation of the condensed consolidated financial statements. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, goodwill and intangible assets, leases, valuation allowances for inventories and deferred taxes, revenue recognized for work performed but not completed, recognition of amounts and timing of contract costs, and uncertain tax positions. Actual results could differ from those estimates.

## **Business Combinations**

The Company accounts for business combinations using the acquisition method of accounting, which requires that most assets (both tangible and intangible) and liabilities are recognized at fair value at the date of acquisition. The excess of the purchase price over the fair value of net assets is recognized as goodwill. Certain adjustments to the assessed fair values of the assets and liabilities made subsequent to the acquisition date, but within the measurement period, which is one year or less, are recorded as adjustments to goodwill. Results of operations of the acquired company are included in the Company's results from the date of the acquisition. Acquisition-related costs are expensed as incurred and included in "Selling, general, and administrative expenses" in the Company's condensed consolidated statement of operations and comprehensive income.

## **Net Sales**

### *Products Net Sales*

The Company reassessed certain aspects of its revenue recognition practices under ASC 606, *Revenue from Contracts with Customers*, and the legal enforceability of certain contract terms based on evolving business practices where the Company and a customer deviate from contract terms after an order is placed but before it is shipped. This assessment highlights the Company's approach relating to goods that are in production but not yet shipped, reflecting its emphasis on maintaining long-term customer relationships.

Such deviations may impact the legal enforceability of payment terms for goods that are in the process of being produced but not shipped. As a result, the Company concluded that certain contracts no longer meet the criteria for over-time revenue recognition under ASC 606. Effective prospectively beginning in the second quarter of 2025, the Company now recognizes revenue for these contracts at a point in time, typically upon shipment or customer acceptance. Additionally, in connection with the acquisition and integration of Arroweye Solutions, Inc. ("Arroweye") during the second quarter of 2025, the Company assessed Arroweye's customer contracts and determined that Arroweye revenue should also be recognized at point-in-time.

### *Services Net Sales*

Net sales for "Services" are recognized as the services are performed. Items included in "Services" net sales include the personalization and fulfillment of payment cards, including SaaS-based personalization of instant issuance solutions, and the providing of tamper-evident secure packaging and fulfillment services to prepaid program managers. As applicable, for work performed but not billed, the Company estimates revenue by taking actual costs incurred and applying historical margins for similar types of contracts.

### *Customer Contracts*

The Company often enters into Master Services Agreements ("MSAs") with its customers. Generally, enforceable rights and obligations for goods and services occur only when a customer places a purchase order or statement of work to obtain goods or services under an MSA. The contract term as defined by ASC 606 is the length of time it takes to deliver the goods or services promised under the purchase order or statement of work. As such, the Company's contracts are generally short term in nature.

### *Costs to Obtain a Contract with a Customer*

Costs to obtain a contract ("contract costs") include only costs that the Company would not have incurred if the contract had not been obtained. For contracts in which the term is greater than one year, these costs are recorded as an asset and amortized consistent with the timing of the related revenue over the life of the contract. The current portion of the asset is included in "Prepaid expenses and other current assets" and the noncurrent portion is included in "Other assets" on the Company's condensed consolidated balance sheets. Contract costs incurred but unpaid are included in "Accrued expenses" on the Company's condensed consolidated balance sheets. Contract costs are expensed as incurred when the amortization period is one year or less.

## Recent Accounting Pronouncements

### Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which will require a disaggregated rate reconciliation disclosure as well as additional information regarding taxes paid on an annual basis. Adoption of this accounting standard is effective for the Company for fiscal years beginning after December 15, 2024. The Company has elected not to early adopt this accounting standard. The adoption of this standard will result in additional income tax disclosures for the year ended December 31, 2025; however, the Company does not anticipate that it will have a material impact on the Company's consolidated financial position and results of operations.

In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which will require disclosure of disaggregated information about certain expense captions presented in the income statement. Adoption of this accounting standard is effective for the Company for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The requirements should be applied on a prospective basis while retrospective application is permitted. The Company is evaluating the impact of adoption of this standard and does not anticipate that it will have a material impact on the Company's consolidated financial position and results of operations.

## 2. Accounts Receivable

Accounts receivable consisted of the following:

	June 30, 2025	December 31, 2024
Trade accounts receivable	\$ 87,885	\$ 78,464
Unbilled accounts receivable	—	7,213
	87,885	85,677
Less allowance for credit losses	(390)	(186)
Total accounts receivable, net	<u>\$ 87,495</u>	<u>\$ 85,491</u>

## 3. Inventories

Inventories consisted of the following:

	June 30, 2025	December 31, 2024
Raw materials	\$ 72,208	\$ 63,863
Work in process	4,850	955
Finished goods	6,814	7,842
Total inventories, net	<u>\$ 83,872</u>	<u>\$ 72,660</u>

#### 4. Acquisition

##### *Arroweye Acquisition*

On May 6, 2025, the Company acquired Arroweye, a leading provider of digitally-driven on-demand payment card solutions for the U.S. market, based in Las Vegas, Nevada, for a purchase price of \$45.6 million, subject to customary post-closing working capital adjustments. As of June 30, 2025, the estimated adjusted purchase price was \$46.0 million. The acquisition was funded through a combination of cash on hand and the Company's available capacity under the ABL Revolver (defined in Note 8, "Long-Term Debt"), with \$1.5 million of the purchase price held in escrow. The Company incurred \$2.3 million of acquisition-related costs during the six months ended June 30, 2025, which are presented in "Selling, general and administrative" expenses in the Company's condensed consolidated statement of operations and comprehensive income. The final consideration and the final purchase price allocation are subject to an additional working capital adjustment, further analysis of tax balances, final valuation of identifiable intangible assets, and other items.

The Arroweye financial results are included in the Company's Debit and Credit segment from the date of acquisition.

All assets and liabilities have been recorded at fair value, excluding deferred tax liabilities. The following table summarizes the preliminary allocations of purchase price:

	June 30, 2025
Cash and cash equivalents	\$ 1,603
Accounts receivable	9,427
Inventories	4,071
Prepaid expenses and other current assets	1,683
Plant, equipment, leasehold improvements and operating lease right-of-use assets	18,275
Intangible assets	12,400
Goodwill	1,061
Deferred income taxes	6,256
Other assets	298
Total assets	55,074
Accounts payable	2,837
Accrued expenses	3,849
Accrued long-term operating leases	2,371
Total purchase price	\$ 46,017

The goodwill recognized for Arroweye is primarily attributable to the assembled workforce and is recorded in the Debit and Credit segment. The amount attributed to goodwill is not tax deductible.

The preliminary estimated fair values of the identifiable intangible assets acquired at the date of acquisition are as follows:

	Weighted Average Life (Years)	June 30, 2025
Trademark	2.5	\$ 600
Acquired technology	7.0	4,400
Customer relationships	15.0	7,400
Total identifiable intangible assets acquired		\$ 12,400

The fair values of the trademark and customer relationships were determined using, in respective order, the relief from royalty and excess earnings methodologies of the income approach. The fair value of acquired technology was determined using the cost to replace methodology of the cost approach. The valuations of the intangible assets were derived using Level 3 inputs and require significant judgment and estimates, including the amount and timing of future cash flows and the determination of royalty and discount rates.

## 5. Plant, Equipment, Leasehold Improvements and Operating Lease Right-of-Use Assets

Plant, equipment, leasehold improvements and operating lease right-of-use assets consisted of the following:

	June 30, 2025	December 31, 2024
Machinery and equipment	\$ 82,362	\$ 71,781
Machinery and equipment under financing leases	41,030	32,272
Furniture, fixtures and computer equipment	4,451	1,123
Leasehold improvements	23,549	18,875
Construction in progress	10,618	5,141
Operating lease right-of-use assets	27,459	15,090
	<u>189,469</u>	<u>144,282</u>
Less accumulated depreciation and amortization	(84,695)	(75,634)
Total plant, equipment, leasehold improvements and operating lease right-of-use assets, net	<u>\$ 104,774</u>	<u>\$ 68,648</u>

## 6. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In determining fair value, the Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term for the assets or liabilities.
- Level 3—Valuations based on unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's financial assets and liabilities that are not required to be re-measured at fair value in the condensed consolidated balance sheets were as follows:

	Carrying Value as of June 30, 2025	Estimated Fair Value as of June 30, 2025	Fair Value Measurement at June 30, 2025 (Using Fair Value Hierarchy)		
			Level 1	Level 2	Level 3
<b>Liabilities:</b>					
Senior Notes	\$ 285,000	\$ 302,456	\$ —	\$ 302,456	\$ —
ABL Revolver	\$ 30,000	\$ 30,000	\$ —	\$ 30,000	\$ —

	Carrying Value as of December 31, 2024	Estimated Fair Value as of December 31, 2024	Fair Value Measurement at December 31, 2024 (Using Fair Value Hierarchy)		
			Level 1	Level 2	Level 3
<b>Liabilities:</b>					
Senior Notes	\$ 285,000	\$ 304,571	\$ —	\$ 304,571	\$ —

The aggregate fair value of the Company's Senior Notes (defined in Note 8, "Long-Term Debt") was based on quoted prices for identical or similar liabilities in markets that are not active and, as a result, they are classified as Level 2 inputs. The fair value measurement associated with the ABL Revolver approximates its carrying value as of June 30, 2025, given the applicable variable interest rates.

[Table of Contents](#)

The carrying amounts for cash and cash equivalents, accounts receivable and accounts payable each approximate fair value due to their short-term nature.

## 7. Accrued Expenses

Accrued expenses consisted of the following:

	June 30, 2025	December 31, 2024
Accrued payroll and related employee expenses	\$ 10,304	\$ 9,493
Accrued employee performance-based incentive compensation	2,220	4,664
Employer payroll taxes	400	868
Accrued rebates	3,520	3,956
Capitalized contract costs payable	—	8,000
Accrued interest	13,446	13,506
Current operating and financing lease liabilities	11,630	9,065
Income taxes payable	309	881
Other	11,104	7,546
Total accrued expenses	<u>\$ 52,933</u>	<u>\$ 57,979</u>

Other accrued expenses as of June 30, 2025, and December 31, 2024, consisted primarily of miscellaneous accruals for invoices not yet received, self-insurance claims incurred but yet to be reported, and accrued restructuring and severance.

## 8. Long-Term Debt

As of June 30, 2025, and December 31, 2024, long-term debt consisted of the following:

	June 30, 2025	December 31, 2024
Senior Notes	\$ 285,000	\$ 285,000
ABL Revolver	30,000	—
Unamortized deferred financing costs	(4,089)	(4,595)
Total long-term debt	310,911	280,405
Less current maturities	—	—
Long-term debt, net of current maturities	<u>\$ 310,911</u>	<u>\$ 280,405</u>

### *Senior Notes*

On July 11, 2024 (the “Closing Date”), the Company completed a private offering by its wholly-owned subsidiary, CPI CG Inc., of \$285.0 million aggregate principal amount of 10.000% Senior Secured Notes due 2029 (the “Senior Notes”) and related guarantees at an issue price of 100%. The Senior Notes mature on July 15, 2029 and interest is payable on January 15 and July 15 of each year.

The Company has obligations to make an offer to repay the Senior Notes requiring prepayment in advance of the maturity date upon the occurrence of certain events, including a change of control and certain asset sales.

### *ABL Revolver*

On the Closing Date, the Company and CPI CG Inc. as borrower (the “Borrower”), entered into a credit agreement with JPMorgan Chase Bank, N.A., as lender, administrative agent and collateral agent, providing for an asset-based, senior secured revolving credit facility (the “ABL Revolver”) of up to \$75.0 million. The ABL Revolver matures on the earliest to occur of July 11, 2029, and the date that is 91 days prior to the maturity of the Senior Notes.

## [Table of Contents](#)

Borrowings under the ABL Revolver bear interest at a rate per annum that ranges based on the applicable term secured overnight financing rate as administered by the Federal Reserve Bank of New York plus 1.50% to 1.75% (subject, in each case, to a credit spread adjustment of 0.10%), based on the average daily borrowing capacity under the ABL Revolver over the most recently completed month. The unused portion of the ABL Revolver commitment accrues a commitment fee, which ranges from 0.375% to 0.50% per annum, based on the average daily excess availability under the ABL Revolver over the immediately preceding month.

As of June 30, 2025, the Company had \$30.0 million of outstanding borrowings on the ABL Revolver.

### *Deferred Financing Costs*

Certain costs incurred with borrowings are reflected as a reduction to the long-term debt balance. These costs are amortized as an adjustment to interest expense over the life of the borrowing. As of June 30, 2025, the remaining unamortized debt issuance costs recorded on the Senior Notes were \$4.1 million and were reported as a reduction to the long-term debt balance. The remaining unamortized debt issuance costs on the ABL Revolver were \$1.4 million and were recorded as other assets on the condensed consolidated balance sheet as of June 30, 2025.

## **9. Income Taxes**

The Company's effective tax rates on pre-tax income were 61.4% and 27.7% for the three months ended June 30, 2025 and 2024, respectively, and 32.0% and 28.2% for the six months ended June 30, 2025 and 2024, respectively. The increase in the Company's effective tax rate for the three months and six months ended June 30, 2025, compared to the prior year related to limitations on deductibility of executive compensation and non-deductible acquisition-related costs and increased state tax expenses related to the acquisition of Arroweye.

For the six months ended June 30, 2025 and 2024, the effective tax rates differ from the U.S. federal statutory income tax rate as follows:

	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
Tax at federal statutory rate	21.0 %	21.0 %
State taxes, net	9.0	6.2
Permanent items <sup>(1)</sup>	3.6	1.9
Tax credits	(1.6)	(0.9)
Effective income tax rate	<u>32.0 %</u>	<u>28.2 %</u>

(1) Includes the deductibility limitations on excess compensation.

As part of the acquisition of Arroweye completed on May 6, 2025, the Company acquired operating loss (NOL) carryforwards of over \$85.8 million. The utilization of these NOLs will be subject to applicable limitations and include both NOLs with a 20-year carryover period (\$72.1 million), as well as NOLs with no expiration period (\$13.7 million). Due to the likelihood of expiration, a gross valuation allowance was calculated of \$46.5 million and a net deferred tax asset (DTA) value of \$8.6 million was recorded, specifically related to the NOLs.

During the three and six months ended June 30, 2025, the Company utilized \$2.2 million of these NOL carryforwards to offset a portion of its taxable income for the period. This resulted in the utilization of approximately \$0.5 million of the DTA and a corresponding reduction of the current income tax liability.

The remaining unutilized DTA, net of valuation allowance, specifically related to acquired NOLs is \$8.1 million, which the Company expects to use in future periods, subject to applicable limitations.

## **10. Stockholders' Deficit**

### *Share Repurchases*

On November 2, 2023, the Company's board of directors approved a share repurchase plan authorizing the Company to repurchase up to \$20.0 million of the Company's common stock, par value \$0.001 per share. This authorization expired on December 31, 2024 with a remaining unused authorized amount of \$11.2 million.

[Table of Contents](#)

During the six months ended June 30, 2024, the Company repurchased 352,750 shares of its common stock at an average price of \$18.14 per share, excluding commissions, or \$6.4 million in aggregate, on a trade date basis. As a result of certain of these share repurchases, the Company was obligated to purchase 120,534 shares from one of the Company's significant stockholders at an average price of \$18.23 per share in the subsequent quarter, in accordance with the stock repurchase agreements entered into with Tricor Pacific Capital Partners (Fund IV) US, LP.

## 11. Earnings per Share

Basic and diluted earnings per share are computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if outstanding stock options at the presented dates are exercised and shares of restricted stock have vested. For the three months ended June 30, 2025 and 2024, 9,363 and 15,185 potentially dilutive securities, respectively, and for the six months ended June 30, 2025 and 2024, 10,693 and 24,298, respectively, were excluded from the calculation of diluted earnings per share. The effect of these shares was anti-dilutive under the treasury stock method, as the assumed proceeds of the options and restricted stock per unit were above our average share price during the periods.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income	\$ 518	\$ 6,001	\$ 5,292	\$ 11,456
Denominator:				
Basic weighted-average common shares outstanding	11,297,785	11,049,968	11,271,815	11,158,334
Dilutive shares	630,158	726,926	698,094	659,250
Diluted weighted-average common shares outstanding	<u>11,927,943</u>	<u>11,776,894</u>	<u>11,969,909</u>	<u>11,817,584</u>
Basic earnings per share	\$ 0.05	\$ 0.54	\$ 0.47	\$ 1.03
Diluted earnings per share	\$ 0.04	\$ 0.51	\$ 0.44	\$ 0.97

## 12. Commitments and Contingencies

### *Contingencies*

In accordance with applicable accounting guidance, the Company establishes an accrued expense when loss contingencies are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. As a matter develops, the Company, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. Once the loss contingency is deemed to be both probable and estimable, the Company will establish an accrued expense and record a corresponding amount of expense. The Company expenses professional fees associated with litigation claims and assessments as incurred. The Company is subject to routine legal proceedings in the ordinary course of business. The Company believes that the ultimate resolution of any such matters will not have a material adverse effect on its business, financial condition or results of operations.

### *Voluntary Disclosure Program*

The Company is subject to unclaimed or abandoned property (escheat) laws which require it to turn over to state governmental authorities the property of others held by the Company that has been unclaimed for specified periods of time. Property subject to escheat laws generally relates to uncashed checks, trade accounts receivable credits and unpaid payable balances. During the second quarter of 2022, the Company received a letter from the Delaware Secretary of State inviting the Company to participate in the Delaware Secretary of State's Abandoned or Unclaimed Property Voluntary Disclosure Agreement Program to avoid being sent an audit notice by the Delaware Department of Finance. On August 31, 2022, the Company entered into Delaware's Voluntary Disclosure Agreement Program in order to voluntarily comply with Delaware's abandoned property law in exchange for certain protections and benefits. The Company continues to work in good faith to complete a review of its books and records related to unclaimed or abandoned property during the periods required under the program. Any potential loss, or range of loss, that may result from this matter is not currently reasonably estimable.

### **13. Stock-Based Compensation**

In October 2015, the Company adopted the CPI Card Group Inc. Omnibus Incentive Plan (as amended and supplemented, the "Omnibus Plan") pursuant to which cash and equity-based incentives may be granted to participating employees, advisors, and directors. Effective January 30, 2024, the Company's stockholders approved an amendment to the Omnibus Plan to increase the total number of shares of the Company's common stock reserved and available for issuance thereunder by 1,000,000 shares, resulting in a total of 3,200,000 shares issuable under the Omnibus Plan. As of June 30, 2025, there were 780,053 shares of common stock available for grant under the Omnibus Plan.

In January 2024, the Company granted 60,000 performance stock units (PSU) in connection with the appointment of its Chief Executive Officer ("CEO"), with a grant date fair value of \$0.9 million using a Monte Carlo simulation model. The PSU award will vest, subject to continuous employment, in equal one-third increments upon the attainment of the rolling weighted average closing price of the Company's common stock equaling or exceeding each of \$35.00, \$50.00, and \$65.00, in each case, for at least 90 consecutive trading days during the five-year performance period commencing on the grant date.

In February 2025, the Company granted executives a performance cash award (PCA) with a grant date fair value of \$2.0 million using a Monte Carlo simulation model. The PCA will vest on December 31, 2025, subject to continuous employment and the achievement of certain Company performance goals including the Company's relative total shareholder return of stock against the Russell 2000 index. Because the award is liability-classified, the award is remeasured at fair value at each reporting date and at settlement, which changes recognized as stock-based compensation expense.

During the six months ended June 30, 2025, the Company granted 112,828 restricted stock units at a weighted average grant date fair value of \$24.95, and as of June 30, 2025, there were 545,360 outstanding restricted stock units at a weighted average grant date fair value of \$22.23.

As of June 30, 2025, there were 747,937 options outstanding at a weighted average exercise price of \$21.46. No options were granted during the six months ended June 30, 2025. Options have seven-year terms and are issued with exercise prices equal to the fair market value of the Company's common stock on the grant date.

All equity awards are contingent and issued only upon approval by the compensation committee of the Company's board of directors, or as otherwise permitted under the Omnibus Plan. The Company accounts for stock-based compensation pursuant to ASC 718, *Share-Based Payments*. All stock-based compensation is required to be measured at fair value and expensed over the requisite service period, generally defined as the applicable vesting period. The Company accounts for forfeitures as they occur and reverses previously recognized expenses for the unvested portion of the forfeited shares. Upon the exercise of stock options, shares of common stock are issued from authorized common shares.

## 14. Segment Reporting

The Company's chief operating decision maker is its CEO, who is charged with the management of the Company and is responsible for the evaluation of operating performance and decision-making about the allocation of resources to operating segments based on the measures of net sales and EBITDA.

As the Company uses the term, "EBITDA" is defined as income before interest expense, income taxes, depreciation and amortization. The Company's chief operating decision maker believes EBITDA is a meaningful measure and is useful as a supplement to GAAP measures as it represents a transparent view of the Company's operating performance that is unaffected by fluctuations in property, equipment and leasehold improvement additions. The Company's chief operating decision maker uses EBITDA to perform periodic reviews and comparison of operating trends and to identify strategies to improve the allocation of resources amongst segments.

As of June 30, 2025, the Company's reportable segments were as follows:

- Debit and Credit;
- Prepaid Debit; and
- Other.

### *Debit and Credit Segment*

The Debit and Credit segment primarily produces secure debit and credit cards and provides card services, including digital services, for U.S. card-issuing financial institutions. Products produced by this segment primarily include payment cards, including contact, contactless, eco-focused, and magnetic stripe cards. This segment also provides personalization services; instant issuance solutions, which provide customers the ability to issue an instant personalized debit or credit card on-demand within a customer location; and other payment solutions such as digital push provisioning for mobile wallets.

### *Prepaid Debit Segment*

The Prepaid Debit segment primarily provides integrated prepaid card services to prepaid program managers primarily in the U.S., including payment cards issued on the networks of the Payment Card Brands and related tamper-evident secure packaging.

### *Other*

The Other segment includes corporate expenses.



[Table of Contents](#)

	Three Months Ended June 30, 2024				
	Debit and Credit	Prepaid Debit	Other	Intersegment Eliminations	Total
<b>Net sales</b>					
Products	\$ 64,461	\$ —	\$ —	\$ (617)	\$ 63,844
Services	31,159	23,815	—	—	54,974
Total net sales	<u>95,620</u>	<u>23,815</u>	<u>—</u>	<u>(617)</u>	<u>118,818</u>
<b>Cost of sales</b>					
Products <sup>(1)</sup>	42,510	—	—	(617)	41,893
Services <sup>(1)</sup>	16,988	14,755	—	—	31,743
Depreciation and amortization	1,958	836	—	—	2,794
Total cost of sales	<u>61,456</u>	<u>15,591</u>	<u>—</u>	<u>(617)</u>	<u>76,430</u>
Gross profit	34,164	8,224	—	—	42,388
Operating expenses	8,775	1,315	17,389	—	27,479
Income (loss) from operations	<u>\$ 25,389</u>	<u>\$ 6,909</u>	<u>\$ (17,389)</u>	<u>\$ —</u>	<u>\$ 14,909</u>
<b>EBITDA by segment:</b>					
Income (loss) from operations	\$ 25,389	\$ 6,909	\$ (17,389)	\$ —	\$ 14,909
Depreciation and amortization	2,237	895	916	—	4,048
Other income (expense)	(1)	(1)	(76)	—	(78)
EBITDA	<u>\$ 27,625</u>	<u>\$ 7,803</u>	<u>\$ (16,549)</u>	<u>\$ —</u>	<u>\$ 18,879</u>
Gross profit margin	35.7%	34.5%	*	*	35.7%
EBITDA margin	28.9%	32.8%	*	*	15.9%

	Six Months Ended June 30, 2024				
	Debit and Credit	Prepaid Debit	Other	Intersegment Eliminations	Total
<b>Net sales</b>					
Products	\$ 122,832	\$ —	\$ —	\$ (830)	\$ 122,002
Services	60,761	48,013	—	(22)	108,752
Total net sales	<u>183,593</u>	<u>48,013</u>	<u>—</u>	<u>(852)</u>	<u>230,754</u>
<b>Cost of sales</b>					
Products <sup>(1)</sup>	80,525	—	—	(830)	79,695
Services <sup>(1)</sup>	33,580	28,114	—	(22)	61,672
Depreciation and amortization	3,829	1,652	—	—	5,481
Total cost of sales	<u>117,934</u>	<u>29,766</u>	<u>—</u>	<u>(852)</u>	<u>146,848</u>
Gross profit	65,659	18,247	—	—	83,906
Operating expenses	17,516	2,593	34,743	—	54,852
Income (loss) from operations	<u>\$ 48,143</u>	<u>\$ 15,654</u>	<u>\$ (34,743)</u>	<u>\$ —</u>	<u>\$ 29,054</u>
<b>EBITDA by segment:</b>					
Income (loss) from operations	\$ 48,143	\$ 15,654	\$ (34,743)	\$ —	\$ 29,054
Depreciation and amortization	4,387	1,766	1,912	—	8,065
Other income (expense)	(63)	(2)	(78)	—	(143)
EBITDA	<u>\$ 52,467</u>	<u>\$ 17,418</u>	<u>\$ (32,909)</u>	<u>\$ —</u>	<u>\$ 36,976</u>
Gross profit margin	35.8%	38.0%	*	*	36.4%
EBITDA margin	28.6%	36.3%	*	*	16.0%

\* Calculation not meaningful.

(1) Exclusive of depreciation and amortization.

[Table of Contents](#)

*Reconciliation of Net Income to EBITDA*

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net income	\$ 518	\$ 6,001	\$ 5,292	\$ 11,456
Interest, net	8,069	6,530	15,754	12,955
Income tax expense	823	2,300	2,486	4,500
Depreciation and amortization	5,515	4,048	9,762	8,065
EBITDA	<u>\$ 14,925</u>	<u>\$ 18,879</u>	<u>\$ 33,294</u>	<u>\$ 36,976</u>

*Balance Sheet Data of Reportable Segments*

Total assets of the Company's reportable segments as of June 30, 2025, and December 31, 2024, were as follows:

	<u>June 30,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>
Debit and Credit	\$ 330,132	\$ 248,970
Prepaid Debit	48,323	60,621
Other	21,340	40,066
Total assets	<u>\$ 399,795</u>	<u>\$ 349,657</u>

*Capital Expenditures of Reportable Segments*

Total capital expenditures of the Company's reportable segments as of June 30, 2025 and 2024, were as follows:

	<u>Six Months Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Debit and Credit	\$ 7,516	\$ 1,371
Prepaid Debit	1,341	1,373
Other	255	—
Total capital expenditures	<u>\$ 9,112</u>	<u>\$ 2,744</u>

**15. Subsequent Events**

On July 2, 2025, the Company and the Borrower entered into Amendment No. 1 to Credit Agreement (the "Amendment"), which amends the ABL Revolver to, among other things, increase the available borrowing capacity to \$100.0 million from \$75.0 million. The amendment did not modify the maturity date of the agreement nor the interest rate.

On July 15, 2025, the Company redeemed \$20.0 million of its outstanding \$285.0 million aggregate principal amount Senior Notes. The redemption was made pursuant to the terms of the indenture governing the terms of the Senior Notes, at a redemption price of 103.000% of par plus accrued and unpaid interest to the date of redemption.

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

References to the “Company,” “our,” “us” or “we” refer to CPI Card Group Inc. and its subsidiaries. For an understanding of the significant factors that influenced our results, the following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2025. Management’s Discussion and Analysis should also be read in conjunction with the management’s discussion and analysis and consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (“SEC”).

### **Cautionary Statement Regarding Forward-Looking Information**

Certain statements and information in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (as well as information included in other written or oral statements we make from time to time) may contain or constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The words “believe,” “estimate,” “project,” “expect,” “anticipate,” “affirm,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “continue,” “committed,” “attempt,” “aim,” “target,” “objective,” “guides,” “seek,” “focus,” “provides guidance,” “provides outlook” or other similar expressions are intended to identify forward-looking statements, which are not historical in nature. These forward-looking statements, including statements about our strategic initiatives and market opportunities, are based on our current expectations and beliefs concerning future developments and their potential effect on us and other information currently available. Such forward-looking statements, because they relate to future events, are by their very nature subject to many important risks and uncertainties that could cause actual results or other events to differ materially from those contemplated.

These risks and uncertainties include, but are not limited to: (i) risks relating to our business and industry, such as a deterioration in general economic conditions, including due to inflationary conditions, resulting in reduced consumer confidence and business spending, and a decline in consumer credit worthiness impacting demand for our products; the unpredictability of our operating results, including an inability to anticipate changes in customer inventory management practices and its impact on our business; our failure to retain our existing key customers or identify and attract new customers; the highly competitive, saturated and consolidated nature of our marketplace; our inability to develop, introduce and commercialize new products and services, including due to our inability to undertake research and development activities; new and developing technologies that make our existing technology solutions and products obsolete or less relevant or our failure to introduce new products and services in a timely manner or at all; system security risks, data protection breaches and cyber-attacks; the usage, or lack thereof, of artificial intelligence technologies; disruptions, delays or other failures in our supply chain, including as a result of inflationary pressures, single-source suppliers, failure or inability of suppliers to comply with our code of conduct or contractual requirements, trade restrictions, tariffs, foreign conflicts or political unrest in countries in which our suppliers operate, and our inability to pass related costs on to our customers or difficulty meeting customers’ delivery expectations due to extended lead times; changes in U.S. trade policy and the impact of tariffs on our business and results of operations; interruptions in our operations, including our information technology systems, or in the operations of the third parties that operate computing infrastructure on which we rely; defects in our software and computing systems; disruptions in production at one or more of our facilities due to weather conditions, climate change, political instability, or social unrest; problems in production quality, materials and process and costs relating to product defects and any related product liability and/or warranty claims and damage to our reputation; our inability to recruit, retain and develop qualified personnel, including key personnel, and implement effective succession processes; our substantial indebtedness, including the restrictive terms of our indebtedness and covenants of future agreements governing indebtedness and the resulting restraints on our ability to pursue our business strategies; our inability to make debt service payments or refinance such indebtedness; our inability to successfully execute on, integrate, or achieve the anticipated benefits of acquisitions, including the acquisition of Arroweye, or execute on divestitures or strategic relationships; our status as an accelerated filer and complying with the Sarbanes-Oxley Act of 2002 and the costs associated with such compliance and implementation of procedures thereunder; our failure to maintain effective internal control over financial reporting and risks relating to investor confidence in our financial reporting; environmental, social and governance (“ESG”) preferences and demands of various stakeholders and the related impact on our ability to access capital, produce our products in conformity with stakeholder preferences, comply with stakeholder demands and comply with any related legal or regulatory requirements or restrictions; negative perceptions of our products due to the impact of our products and production processes on the environment and other ESG-related risks; damage to our reputation or brand image; the effects of climate change on our business; our inability to adequately protect our trade secrets and intellectual property rights from misappropriation,

## [Table of Contents](#)

infringement claims brought against us and risks related to open source software; our inability to renew licenses with key technology licensors; our limited ability to raise capital, which may lead to delays in innovation or the abandonment of our strategic initiatives; costs and impacts related to additional tax collection efforts by states, unclaimed property laws, or future increases in U.S. federal or state income taxes, resulting in additional expenses which we may be unable to pass along to our customers; our inability to realize the full value of our long-lived assets; costs and potential liabilities associated with compliance or failure to comply with laws and regulations, customer contractual requirements and evolving industry standards regarding consumer privacy and data use and security; our failure to operate our business in accordance with the Payment Card Industry Security Standards Council security standards or other industry standards; the effects of trade restrictions, delays or interruptions in our ability to source raw materials and components used in our products from foreign countries; the effects of ongoing foreign conflicts on the global economy; adverse conditions in the banking system and financial markets, including the failure of banks and financial institutions; our failure to comply with environmental, health and safety laws and regulations that apply to our products and the raw materials we use in our production processes; (ii) risks relating to ownership of our common stock, such as those associated with concentrated ownership of our stock by our significant stockholders and potential conflicts of interests with other stockholders; the impact of concentrated ownership of our common stock and the sale or perceived sale of a substantial amount of common stock on the trading volume and market price of our common stock; potential conflicts of interest that may arise due to our board of directors being comprised in part of directors who are principals of or were nominated by our significant stockholders; the influence of securities analysts over the trading market for and price of our common stock, particularly due to the lack of substantial research coverage of our common stock; the impact of stockholder activism or securities litigation on the trading price and volatility of our common stock; certain provisions of our organizational documents and other contractual provisions that may delay or prevent a change in control and make it difficult for stockholders other than our significant stockholders to change the composition of our board of directors; and (iii) general risks, such as relating to our ability to comply with a wide variety of complex evolving laws and regulations and the exposure to liability for any failure to comply; the effect of legal and regulatory proceedings and the adequacy of our insurance policies; and other risks that are described in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 4, 2025, in Part II, Item 1A, Risk Factors of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 filed with the SEC on May 7, 2025, and our other reports filed from time to time with the SEC.

We caution and advise readers not to place undue reliance on forward-looking statements, which speak only as of the date hereof. These statements are based on assumptions that may not be realized and involve risks and uncertainties that could cause actual results or other events to differ materially from the expectations and beliefs contained herein. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

### **Company Overview**

CPI is a payments technology company providing a comprehensive range of payment cards and related digital solutions. We are a leader in several areas of the U.S. payment card solutions market, including debit and credit card production, personalization, and Software-as-a-Service-based (“SaaS-based”) instant issuance services. We are also a market leader in the production of “Prepaid Debit Cards,” defined as debit cards issued on the networks of the “Payment Card Brands” (Visa, Mastercard®, American Express® and Discover®) but not linked to a traditional bank account, and related secure packaging solutions. We serve thousands of customers through direct and indirect sales channels and have maintained long-standing relationships with our top customers.

Our revenues are primarily generated from the production of and services related to secure debit and credit cards that are issued on the networks of the Payment Card Brands, including Prepaid Debit Cards.

On May 6, 2025, we acquired Arroweye Solutions, Inc. (“Arroweye”), a leading provider of digitally-driven on-demand payment card solutions for the U.S. market, based in Las Vegas, Nevada for a purchase price of \$45.6 million, subject to customary post-closing working capital adjustments.

## **Segment Overview**

Our business consists of the following reportable segments: Debit and Credit, Prepaid Debit, and Other.

### *Debit and Credit Segment*

Our Debit and Credit segment primarily produces secure debit and credit cards and provides card services, including digital services, for U.S. card-issuing financial institutions. Products produced by this segment primarily include payment cards, including contact, contactless, eco-focused, and magnetic stripe cards. Services include personalization; instant issuance, which provides customers the ability to issue an instant personalized debit or credit card on-demand within a customer location; and other payment solutions such as digital push provisioning for mobile wallets.

### *Prepaid Debit Segment*

Our Prepaid Debit segment primarily provides integrated prepaid card services to prepaid program managers primarily in the U.S., including payment cards issued on the networks of the Payment Card Brands and related tamper-evident secure packaging.

### *Other*

Our Other segment includes corporate expenses.

## **Trends and Uncertainties That May Affect our Financial Performance**

### *Macroeconomic Trends and Uncertainty*

We continue to monitor macroeconomic trends and uncertainties such as the effects of recently implemented tariffs, and the potential imposition of modified or additional tariffs, which have had and may have adverse effects on net sales and profitability. As a result of the tariffs announced by the U.S. presidential administration in the first half of 2025, and potential tariff modifications or the imposition of tariffs or export controls by other countries, we have experienced and anticipate further increased supply chain challenges and fluctuations in the costs of raw materials and components used in our products. In addition, tariffs or other trade restrictions caused and may lead to continuing economic uncertainty, which has and may continue to reduce demand for our products and services, and negatively affect our net sales and profitability. We are continuing to evaluate these factors and their possible effects as well as our ability to potentially offset all or a portion of the impacts through pricing actions and cost savings efforts for the rest of fiscal year 2025 and in the future.

## Results of Operations

The following table presents the components of our condensed consolidated statements of operations and comprehensive income for each of the periods presented:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
(dollars in thousands)								
Net sales: <sup>(1)</sup>								
Products	\$ 80,950	\$ 63,844	\$ 17,106	26.8 %	\$ 150,125	\$ 122,002	\$ 28,123	23.1 %
Services	48,803	54,974	(6,171)	(11.2)%	102,389	108,752	(6,363)	(5.9)%
Total net sales	129,753	118,818	10,935	9.2 %	252,514	230,754	21,760	9.4 %
Cost of sales <sup>(1)</sup>	89,633	76,430	13,203	17.3 %	171,698	146,848	24,850	16.9 %
Gross profit	40,120	42,388	(2,268)	(5.4)%	80,816	83,906	(3,090)	(3.7)%
Operating expenses	30,697	27,479	3,218	11.7 %	57,289	54,852	2,437	4.4 %
Income from operations	9,423	14,909	(5,486)	(36.8)%	23,527	29,054	(5,527)	(19.0)%
Other expense, net:								
Interest, net	(8,069)	(6,530)	(1,539)	23.6 %	(15,754)	(12,955)	(2,799)	21.6 %
Other income (expense), net	(13)	(78)	65	* %	5	(143)	148	* %
Income before taxes	1,341	8,301	(6,960)	(83.8)%	7,778	15,956	(8,178)	(51.3)%
Income tax expense	(823)	(2,300)	1,477	(64.2)%	(2,486)	(4,500)	2,014	(44.8)%
Net income	\$ 518	\$ 6,001	\$ (5,483)	(91.4)%	\$ 5,292	\$ 11,456	\$ (6,164)	(53.8)%
Gross profit margin	30.9%	35.7%			32.0%	36.4%		

\* Calculation not meaningful.

(1) For the three months ended June 30, 2025 and 2024, net sales and cost of sales each include \$0.2 million and \$0.6 million of intersegment eliminations, respectively. For the six months ended June 30, 2025 and 2024, net sales and cost of sales each include \$0.7 million and \$0.9 million of intersegment eliminations, respectively.

The following discussion of our consolidated results of operations and segment results refers to the three and six months ended June 30, 2025, compared to the corresponding prior year period. The results of operations should be read in conjunction with the discussion of our segment results of operations, which provide more detailed discussions concerning certain components of the condensed consolidated statements of operations and comprehensive income.

### Net Sales:

Net sales increased for the three and six months ended June 30, 2025, primarily due to increased Products net sales in our Debit and Credit segment, which included contributions from the acquisition of Arroweye, partially offset by decreased Services net sales in our Debit and Credit and Prepaid Debit segments. The decrease in Services net sales in the Prepaid Debit segment was attributable to a change in accounting resulting in reduced revenue recognition related to work-in-process orders as discussed in Note 1, "Business Overview and Summary of Significant Accounting Policies" of the condensed consolidated financial statements in this report.

### Gross Profit and Gross Profit Margin:

Gross profit decreased for the three and six months ended June 30, 2025, primarily due to negative impacts from a change in accounting resulting in reduced revenue recognition related to work-in-process orders, primarily in our Prepaid Debit segment.

Gross profit margin decreased for the three and six months ended June 30, 2025, as negative sales mix and increases in production costs, including increased tariffs, were partially offset by increases in net sales.

[Table of Contents](#)

*Operating Expenses:*

Operating expenses increased for the three and six months ended June 30, 2025, primarily due to increased professional service fees related to acquisition and integration costs associated with the acquisition of Arroweye.

*Interest, net:*

Interest expense increased for the three and six months ended June 30, 2025, primarily due to impacts from higher interest rates and higher average borrowing on the 10.000% Senior Secured Notes due 2029 (defined below) entered into on July 11, 2024, compared to the 8.625% Senior Secured Notes due 2026 outstanding in the prior year period.

*Other Income (Expense), net:*

Other income (expense), net, was relatively consistent for the three and six months ended June 30, 2025.

*Income Tax Expense:*

Our effective tax rates on pre-tax income were 61.4% and 27.7% for the three months ended June 30, 2025 and 2024, respectively, and 32.0% and 28.2% for the six months ended June 30, 2025 and 2024, respectively. The increase in the Company's effective tax rate for the three months and six months ended June 30, 2025, compared to the prior year related to limitations on deductibility of executive compensation and non-deductible acquisition-related costs and increased state tax expenses related to the acquisition of Arroweye.

**Segment Discussion**

*Debit and Credit:*

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	(dollars in thousands)							
Net sales	\$ 110,757	\$ 95,620	\$ 15,137	15.8 %	\$ 207,277	\$ 183,593	\$ 23,684	12.9 %
Gross profit	\$ 34,649	\$ 34,164	\$ 485	1.4 %	\$ 65,903	\$ 65,659	\$ 244	0.4 %
Income from operations	\$ 23,053	\$ 25,389	\$ (2,336)	(9.2)%	\$ 44,756	\$ 48,143	\$ (3,387)	(7.0)%
Gross profit margin	31.3%	35.7%			31.8%	35.8%		

*Net Sales:*

Net sales for Debit and Credit increased for the three and six months ended June 30, 2025, primarily due to increased Products net sales, including contributions from the Arroweye acquisition, partially offset by decreased Services net sales. The increase in Products net sales was driven by higher volumes of contactless cards, including metal cards, as well as increased Card@Once printer sales. The decrease in Services net sales was driven by lower personalization services.

*Gross Profit and Gross Profit Margin:*

Gross profit for Debit and Credit was relatively consistent for the three and six months ended June 30, 2025, primarily due to increased net sales, including additional net sales from the Arroweye acquisition. Gross profit margin decreased primarily due to negative sales mix and increased production costs, including increased tariffs.

*Income from Operations:*

Income from operations for Debit and Credit decreased for the three and six months ended June 30, 2025, primarily due to relatively consistent gross profit and increased operating expenses, including increased compensation-related expenses, driven by increased headcount including the Arroweye acquisition.

[Table of Contents](#)

*Prepaid Debit:*

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	(dollars in thousands)							
Net sales	\$ 19,222	\$ 23,815	\$ (4,593)	(19.3)%	\$ 45,935	\$ 48,013	\$ (2,078)	(4.3)%
Gross profit	\$ 5,471	\$ 8,224	\$ (2,753)	(33.5)%	\$ 14,913	\$ 18,247	\$ (3,334)	(18.3)%
Income from operations	\$ 4,171	\$ 6,909	\$ (2,738)	(39.6)%	\$ 12,170	\$ 15,654	\$ (3,484)	(22.3)%
Gross profit margin	28.5%	34.5%			32.5%	38.0%		

*Net Sales:*

Net sales for Prepaid Debit decreased for the three and six months ended June 30, 2025, primarily due to a change in accounting resulting in reduced revenue recognition for work-in-process orders, partially offset by increased sales of higher-priced packaging solutions and healthcare payment solutions.

*Gross Profit and Gross Profit Margin:*

Gross profit and gross profit margin for Prepaid Debit decreased for the three and six months ended June 30, 2025, primarily due to negative impacts from a change in accounting resulting in reduced revenue recognition for work-in-process orders; partially offset by increased net sales to existing customers.

*Income from Operations:*

Income from operations for Prepaid Debit decreased for the three and six months ended June 30, 2025, primarily due to the factors discussed in “Gross Profit and Gross Profit Margin” above.

*Other:*

As the Other segment is comprised entirely of corporate expenses, income from operations for Other consists of operating expenses shown below.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	(dollars in thousands)							
Operating expenses	\$ 17,801	\$ 17,389	\$ 412	2.4 %	\$ 33,399	\$ 34,743	\$ (1,344)	(3.9)%

*Operating Expenses:*

Other operating expenses increased for the three months ended June 30, 2025, primarily due to increased professional service fees related to acquisition and integration costs associated with the acquisition of Arroweye, as well as increased severance expense. These increases were partially offset by decreased compensation-related expenses, including decreased stock compensation and employee performance-based incentive compensation.

Other operating expenses decreased for the six months ended June 30, 2025, primarily due to decreased compensation-related expenses, including the impact of costs in the prior year period related to the prior-Chief Executive Officer (“CEO”) retention agreement, and decreased stock compensation. These decreases were partially offset by increased professional service fees related to acquisition and integration costs associated with the acquisition of Arroweye.

**Liquidity and Capital Resources**

At June 30, 2025, we had \$17.1 million of cash and cash equivalents. Our primary source of liquidity has been cash generated from our operating activities, which has been driven by net income and fluctuations in working capital. Our working capital fluctuates primarily due to the timing and size of tax payments, collections from customers, inventory purchases, payments of employee incentive programs, and interest payments on our outstanding Senior Notes, with the interest payments being due in the first and third quarters of the year.

[Table of Contents](#)

Our ability to make investments in and grow our business, service our debt, and improve our debt leverage ratios, while maintaining strong liquidity, depends on our ability to generate excess operating cash flows. Although we can provide no assurances, we believe that our cash flows from operations, combined with our current cash levels and our senior secured revolving credit facility (the “ABL Revolver”) with available borrowing capacity of \$42.9 million as of June 30, 2025, will be adequate to fund debt service requirements and provide cash, as required, to support our ongoing operations, capital expenditures, lease obligations and working capital needs. Our future cash flows could be impacted by a variety of factors, some of which are beyond our control. Factors include, but are not limited to, demand from some of our customers for certain products and services; changes in economic conditions, especially those impacting our customers; the pricing, terms and availability of goods and services that we purchase; and financings that we enter into.

***Cash Flows from Operating Activities***

Cash provided by operating activities for the six months ended June 30, 2025, increased to \$9.9 million from \$4.1 million for the six months ended June 30, 2024, primarily due to reduced working capital usage, partially offset by lower net income. Working capital benefited from increased collections on accounts receivable, lower inventory purchases, and lower payments related to the prior-CEO retention agreement, partially offset by incentive payments related to a customer contract originally entered into in the first quarter of 2024, higher employee performance-based incentive compensation payments in 2025, and higher cash paid for interest on our Senior Notes due to a higher coupon rate and higher average borrowings.

***Investing Activities***

*Arroweye Acquisition*

On May 6, 2025, we acquired Arroweye for initial cash consideration of \$42.4 million, which is net of cash acquired of \$1.6 million and an initial working capital adjustment. Final cash consideration is subject to customary post-closing working capital adjustments. The acquisition was funded through a combination of cash on hand and our available capacity under the ABL Revolver. Refer to Note 4, “Acquisition” of the condensed consolidated financial statements in this report for information regarding the acquisition.

*Capital Expenditures*

During the six months ended June 30, 2025, capital expenditures, including investments to support the business, such as machinery and information technology equipment, totaled \$9.1 million, primarily related to the new production facility in Indiana.

***Financing***

As of June 30, 2025, and December 31, 2024, we had the following outstanding borrowings:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
	(dollars in thousands)	
Senior Notes	\$ 285,000	\$ 285,000
ABL Revolver	30,000	—
Unamortized deferred financing costs	(4,089)	(4,595)
Total long-term debt	<u>\$ 310,911</u>	<u>\$ 280,405</u>

***Senior Notes***

On July 11, 2024 (the “Closing Date”), we completed a private offering by our wholly-owned subsidiary, CPI CG Inc., of \$285.0 million aggregate principal amount of 10.000% Senior Secured Notes due 2029 (the “Senior Notes”) and related guarantees at an issue price of 100%. The Senior Notes mature on July 15, 2029 and interest is payable on January 15 and July 15 of each year.

The Company has obligations to make an offer to repay the Senior Notes, requiring prepayment in advance of the maturity date, upon the occurrence of certain events including a change of control and certain asset sales.

## [Table of Contents](#)

### *ABL Revolver*

On the Closing Date, the Company and CPI CG Inc. as borrower (the “Borrower”), entered into a credit agreement with JPMorgan Chase Bank, N.A., as lender, administrative agent and collateral agent, providing for an asset-based, senior secured revolving credit facility (the “ABL Revolver”) of up to \$75.0 million. The ABL Revolver matures on the earliest to occur of July 11, 2029 and the date that is 91 days prior to the maturity of the Senior Notes. We primarily utilize our ABL Revolver to provide general liquidity and to support shorter term financing requirements.

Borrowings under the ABL Revolver bear interest at a rate per annum that ranges based on the applicable term secured overnight financing rate as administered by the Federal Reserve Bank of New York plus 1.50% to 1.75% (subject, in each case, to a credit spread adjustment of 0.10%), based on the average daily borrowing capacity under the ABL Revolver over the most recently completed month. The unused portion of the ABL Revolver commitment accrues a commitment fee, which ranges from 0.375% to 0.50% per annum, based on the average daily excess availability under the ABL Revolver over the immediately preceding month.

As of June 30, 2025, we had \$30.0 million of outstanding borrowings on the ABL Revolver.

Amounts borrowed and outstanding under the ABL Revolver and Senior Notes are required to be repaid in full, together with any accrued and unpaid interest, no later than July 15, 2029 and may be subject to earlier mandatory prepayment upon certain events.

### **Material Cash Requirements**

Our material cash requirements include interest payments on our long-term debt, operating and finance lease payments, and purchase obligations to support our operations.

#### *Debt Service Requirements*

As of June 30, 2025, the total projected principal and interest payments on our borrowings were \$451.9 million, primarily related to the Senior Notes, of which \$29.5 million of interest is expected to be paid in the next 12 months.

The remaining interest payments are expected to be paid over the remaining term of the Senior Notes, which mature in 2029, and the principal is due upon maturity. We have estimated our future interest payments including an additional \$32.0 million of borrowings under the ABL Revolver and early redemptions of principal of \$20.0 million on the Senior Notes, both of which occurred on July 15, 2025. This also assumes no debt issuances or renewals upon the maturity dates of our notes. However, we may borrow additional amounts under the ABL Revolver, redeem principal on the Senior Notes early, or refinance all or a portion of our borrowings in future periods.

#### *Leases*

We lease equipment and real property for production and services. Refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Note 9, “Financing and Operating Leases,” in our Annual Report on Form 10-K for the year ended December 31, 2024, for details on our leasing arrangements, including future maturities of our operating lease liabilities.

In February 2024, we entered into a build-to-suit lease agreement to relocate and modernize our operations at our Fort Wayne, Indiana production facility, which commenced in the first quarter of 2025, and payments beginning in 2026. Under this lease agreement, we will pay an annual base rent of \$0.9 million, subject to an annual rent increase of 2.0%. The lease is for 10 years and includes two consecutive options to extend the term of the lease by five years for each such option.

#### *Purchase Obligations*

A purchase obligation is an agreement to purchase goods or services that is enforceable, legally binding, and specifies all significant terms. As of June 30, 2025, there have not been any material changes to the purchase obligations disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates. Our Critical Accounting Policies and Estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, for which there were no material changes as of June 30, 2025, included:

- Revenue recognition, including estimates of work performed but not completed, and
- Income taxes, including estimates regarding future compensation for covered individuals, valuation allowances and uncertain tax positions.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not required due to smaller reporting company status.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Our management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our controls and procedures related to our reporting and disclosure obligations (as defined by Rules 13a-15(e) and 15d-15(e) within the Exchange Act of 1934) as of June 30, 2025, which is the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2025, the disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported, as applicable, within the time periods specified in the rules and forms of the SEC, and are designed to ensure that information required to be disclosed by us in the reports that we file or submit is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

#### ***Changes in Internal Control over Financial Reporting***

On May 6, 2025, the Company acquired Arroweye. We are currently in the process of integrating Arroweye's controls and processes into our control environment and will incorporate Arroweye in our assessment of the effectiveness of our internal control over financial reporting as of the end of 2026. Other than the change related to the integration of Arroweye, there were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – Other Information**

### **Item 1. Legal Proceedings**

Refer to Note 12, “Commitments and Contingencies” of the condensed consolidated financial statements in this report for information regarding legal proceedings.

### **Item 1A. Risk Factors**

The risk factors disclosed in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2025, set forth information relating to various risks and uncertainties that could materially adversely affect our business, financial condition and operating results. Such risk factors continue to be relevant to an understanding of our business, financial condition and operating results.

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

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the three and six months ended June 30, 2025, no directors or officers of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (each as defined in Item 408(a) of Regulation S-K).

[Table of Contents](#)

**Item 6. Exhibits**

Exhibit Number	Exhibit Description
10.1*	<a href="#">Form of 2025 Executive Short-Term Incentive Plan.</a>
10.2	<a href="#">Amendment No. 1 to Credit Agreement, by and among CPI Card Group Inc., CPI CG Inc., the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative and collateral agent (incorporated by reference to the Company's Current Report on Form 8-K filed on July 7, 2025).</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

---

\*Management contract or compensatory plan or arrangement.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CPI CARD GROUP INC.

August 8, 2025

/s/ John Lowe

John Lowe  
*President and Chief Executive Officer*  
(Principal Executive Officer)

August 8, 2025

/s/ Jeffrey Hochstadt

Jeffrey Hochstadt  
*Chief Financial Officer*  
(Principal Financial Officer)

August 8, 2025

/s/ Donna Abbey Carmignani

Donna Abbey Carmignani  
*Chief Accounting Officer*  
(Principal Accounting Officer)

**CPI CARD GROUP INC.**

**2025 EXECUTIVE SHORT-TERM INCENTIVE PLAN**

1. Purpose. This CPI Card Group Inc. (the “*Company*”) Executive Short-Term Incentive Plan (the “*Plan*”) is designed to align the interests of the Company and eligible key employees of the Company Group, as defined herein.

2. Adoption of the Plan. The Company, intending to be legally bound, hereby adopts the Plan effective as of January 1, 2025 (the “*Effective Date*”). The Plan shall be in effect from the Effective Date and shall continue through December 31, 2025, unless earlier terminated or amended by the Company in accordance with Section 8(e) (the “*Term*”). The expiration or termination of the Term shall not in any event reduce or adversely affect any amounts due to any Participant hereunder for any Performance Period ending on or before such date.

3. General. Unless explicitly provided for in a written agreement between the Company and a Participant, the compensation provided under the Plan is intended to be in addition to all other compensation payable to Participants under any employment agreement or incentive plan or program in effect with the Company or its direct or indirect subsidiaries.

4. Definitions. For purposes of this Plan:

(a) “*Adjusted EBITDA*” means EBITDA as may be adjusted for (i) stock compensation expense, (ii) foreign currency changes, (iii) legal costs incurred with certain patent, shareholder and other litigation, (iv) impairments, (v) restructuring charges, (vi) operations discontinued, divested or restructured, including severance costs, (vii) charges directly related to acquisitions and divestitures, (viii) executive officer severance payments, and (ix) other significant, unusual and non-recurring charges as determined by the Committee in its sole discretion, For the avoidance of doubt, the Committee may resolve to modify the foregoing adjustments during the Term without amending the Plan.

(b) “*Annual Performance Incentive*” means the amount designated as the Annual Performance Incentive in a Participant’s Participation Statement.

(c) “*Board*” means the Company’s Board of Directors.

(d) “*Cause*” means, unless otherwise specified in a Participant’s employment or other written agreement between the Participant and the Company in effect as of the date of the Participant’s termination of employment, the Participant’s (i) material breach of Participant’s duties and responsibilities, which is not remedied within thirty (30) days after the Company gives the Participant written notice specifying such breach, (ii) commission of a felony, (iii) commission of or engaging in any act of fraud, embezzlement, theft, a material breach of trust or any material act of dishonesty involving the Company or its subsidiaries, which, in each case, proximately causes substantial and material economic injury to the Company and its subsidiaries, taken as a whole, (iv) significant violation of the code of conduct of the Company or its subsidiaries or of any statutory or common law duty of loyalty to the Company or its subsidiaries, or (v) the Participant’s material breach of any written covenant or agreement with the Company or its subsidiaries not to disclose any confidential information related to the Company or its subsidiaries,

---

or not to compete or interfere with the Company or its subsidiaries, which, in each case that, if susceptible to remedy, is not remedied within thirty (30) days after the Company gives the Participant written notice specifying such breach.

(e) “**Committee**” means the Compensation Committee of the Board.

(f) “**Company Group**” means the Company and its direct and indirect subsidiaries.

(g) “**Disability**” means, unless otherwise specified in a Participant’s employment or other written agreement between the Participant and the Company in effect as of the date of the Participant’s termination of employment, a Participant’s inability, due to physical or mental incapacity, to perform the essential functions of the Participant’s job, for one hundred eighty (180) consecutive days.

(h) “**EBITDA**” means the Company’s earnings from continuing operations, before interest, taxes, depreciation, and amortization as determined in accordance with past practice.

(i) “**Good Leaver**” means a Participant whose employment or service with the Company Group is terminated by the Company for a reason other than Cause, is terminated by the Participant for Good Reason or is terminated due to the Participant’s death or Disability.

(j) “**Good Reason**” means, unless otherwise specified in a Participant’s employment or other written agreement between the Participant and the Company in effect as of the date of the Participant’s termination of employment, any of the following, in each case, without the Participant’s written consent: (i) a change in the Participant’s title or any material diminution of Participant’s responsibilities or authority or the assignment of any duties inconsistent with the Participant’s position, in each case, compared to what was in effect as of the Effective Date; (ii) a reduction of the Participant’s annual base salary; or (iii) a relocation of the Participant’s principal office location more than fifty (50) miles from the Company’s offices at which the Participant is based as of the Effective Date (except for required travel on the Company’s business to an extent substantially consistent with the Participant’s business travel obligations as of the Effective Date or remote work arrangements). Notwithstanding the foregoing, the occurrence of an event that would otherwise constitute Good Reason will cease to be an event constituting Good Reason upon any of the following: (x) the Participant’s failure to provide written notice to the Company within thirty (30) days of the first occurrence of such event; (y) substantial correction of such occurrence by the Company within thirty (30) days following receipt of the Participant’s written notice described in (x); or (z) the Participant’s failure to actually terminate employment within the thirty (30)-day period following the expiration of the Company’s thirty (30)-day cure period.

(k) “**Net Sales**” means net sales adjusted for work-in-process on a quarterly basis. On an annual basis, sales work-in-process is included in “Net Sales” in accordance with U.S. GAAP. For the avoidance of doubt, Net Sales shall not be adjusted for sales work-in-process in the first, second or third calendar quarters of the applicable calendar year.

(l) “**Participant**” shall have the meaning ascribed thereto in Section 5 hereof.

(m) “**Participation Statement**” means the statement provided to a Participant describing the Participant’s opportunity to earn a Performance Incentive under this Plan.

(n) “**Performance Goals**” means the Performance Metrics established by the Committee for the Board and set forth in Exhibit A hereto, that will consist of (i) Quarterly Threshold Performance Goals, (ii) Quarterly Target Performance Goals, (iii) Annual Threshold Performance Goals, (iv) Annual Target Performance Goals, and (v) Annual Maximum Performance Goals (collectively, the “**Annual Performance Goals**”).

(o) “**Performance Incentive**” means the Quarterly Performance Incentive and the Annual Performance Incentive.

(p) “**Performance Metric**” means the specific performance criteria used in determining Performance Goals for the Performance Period; provided that each Performance Metric shall be adjusted on a pro forma basis to take into account any acquisitions or dispositions consummated during the Performance Period. To the extent relevant, the Committee shall have the discretion to adjust the Performance Metrics to exclude costs and benefits associated with the Company’s restructuring and other unusual and/or non-recurring items.

(q) “**Performance Period**” means with respect to the calendar year indicated in a Participant’s Participation Statement, (i) for a Participant’s Quarterly Performance Incentive, each successive calendar quarter commencing on January 1 of such calendar year (each, a “**Quarterly Performance Period**”), and (ii) for a Participant’s Annual Performance Incentive, such calendar year (an “**Annual Performance Period**”).

(r) “**Quarterly Performance Incentive**” means the amount designated as the Quarterly Performance Incentive in a Participant’s Participation Statement.

(s) “**Section 409A**” means Section 409A of the Internal Revenue Code of 1986, as amended.

5. Eligible Participants. Each person designated by the Committee from time to time shall be a Participant under the Plan and eligible to receive a Quarterly Performance Incentive and an Annual Performance Incentive with respect to each applicable Performance Period.

6. Term of Participation.

(a) Quarterly Performance Incentive. Quarterly Performance Incentives will be earned in accordance with this Section 6(a).

(i) Single Quarter Measurement. Subject to the provisions of this Plan and any Participation Statement, each Participant shall earn a Quarterly Performance Incentive as of the end of each applicable Quarterly Performance Period, depending upon the extent to which the Performance Goals have been achieved for such Quarterly Performance Period; provided, however, that payment of any Quarterly Performance Incentive to a Participant shall not exceed 100% of the target opportunity for such Quarterly Performance Incentive (set forth in the Participant’s Participation Statement)

regardless of the extent to which the Company may exceed the Performance Goals for such Quarterly Period (the “*Quarterly Payment Cap*”).

(b) Annual Performance Incentive. Annual Performance Incentives will be earned in accordance with this Section 6(b).

(i) Annual Measurement. Subject to the provisions of this Plan and any Participation Statement, each Participant shall earn an Annual Performance Incentive as of the end of the applicable Annual Performance Period, depending upon the extent to which the applicable Performance Goals have been achieved for such Annual Performance Period.

(ii) Annual True-Up. For each Participant, the Company shall perform a year-end “true-up” calculation to determine if each such Participant is owed an additional payment (“*True-Up Payment*”) up to the Incentive Cap as a result of the applicability of the Quarterly Payment Cap to the payment of any Quarterly Performance Incentives. Subject to the Incentive Cap, the Company shall pay an annual True-Up Payment at the end of the applicable Annual Performance Period equal to the excess of (i) the aggregate Quarterly Performance Incentives that would have been payable to the Participant if the Quarterly Payment Cap were not applied over (ii) the aggregate amount of Quarterly Performance Incentives previously paid to the Participant pursuant to Section 6(a).

(iii) The Annual Measurement and the Annual True-Up will be subject to adjustment should the aggregate amount of the total Performance Incentives previously paid to the Participant be in excess of the annual aggregate year end performance.

(c) Performance Goals. Exhibit A sets forth the (i) relevant Performance Goals for each Performance Period and (ii) the percentage of each Participant’s Quarterly Performance Incentive amount and Annual Incentive Performance amount payable upon the achievement of the applicable Performance Goals. The payout schedule for a Performance Incentive for a Participant shall be based on the (a) Participant’s individual target payment amount that has been approved by the Committee and included in the Participant’s Participation Statement and (b) the level of achievement of the applicable Performance Metrics for a particular Performance Period. Except as otherwise may be provided by the Committee, in its sole discretion, no Performance Incentive shall be payable for a Performance Metric unless the applicable Threshold Performance Goals for such Performance Metric (set forth in Exhibit A) are achieved. Notwithstanding anything to the contrary herein, the Committee shall have the right, in its sole discretion, to modify (including any increase or reduction) or eliminate all or any portion of any Performance Incentive payable to a Participant based on individual performance or any other factors that the Committee, in its discretion, shall deem appropriate. For avoidance of doubt, in no circumstance shall any increase modification of the Performance Incentive be more than the Incentive Cap.

(d) Incentive Cap. The cumulative payment to any Participant of any amounts hereunder, including the Quarterly Performance Incentives, the Annual Performance Incentive and the True-Up Payment, shall not exceed the applicable maximum Performance Metrics established by the Committee (the “*Incentive Cap*”) relating to such Participant’s target opportunity for Quarterly Performance Incentives and Annual Performance Incentive (set forth in the Participant’s

Participation Statement) regardless of the extent to which the Company may exceed the Performance Goals for any Performance Period.

(e) Continued Employment. Except as set forth below, to earn a Performance Incentive for any Performance Period, a Participant must remain employed by the Company Group through the date on which the Performance Incentive for the applicable Performance Period is paid. Except as set forth in this Section 6(e), a Participant whose employment with the Company terminates for any reason prior to the date on which the Performance Incentive for the applicable Performance Period is paid shall forfeit the right to any Performance Incentive for that Performance Period. Notwithstanding the foregoing, a Participant who becomes a Good Leaver shall be entitled to a pro rata portion (based on the percentage of the applicable Quarterly Performance Period the Participant was employed by the Company Group at the time the Participant became a Good Leaver) of the associated Quarterly Performance Incentive that would otherwise have been earned for such Quarterly Performance Period determined based on actual achievement of the relevant Performance Goals. For the avoidance of doubt, a Participant who becomes a Good Leaver shall not be entitled to a pro rata portion of the Annual Performance Incentive that would have been earned for such Annual Performance Period unless otherwise (and only to the extent) determined by the Committee in its sole discretion.

7. Performance Certification. Promptly after the end of each Performance Period and as soon as quarterly or annual financials, as applicable, are estimable, the Committee shall certify the degree to which the applicable Performance Goals have been achieved and the amount of the applicable Performance Incentive payable to each Participant hereunder. Any Performance Incentive required to be made under this Plan shall be paid on a fully-vested basis by the Company as soon as practicable after the end of the applicable Performance Period, but in any event not less than (i) forty five (45) days after the end of the Performance Period with respect to the Quarterly Performance Incentive for the first, second and third Quarterly Performance Periods, and (ii) two and a half (2½) months after the end of the Annual Performance Period with respect to the fourth quarter Quarterly Performance Incentive and the Annual Performance Incentive.

8. Plan Administration. This Plan shall be administered by the Committee. The Committee is given full authority and discretion within the limits of this Plan to establish such administrative measures as may be necessary to administer and attain the objectives of this Plan and may delegate the authority to administer the Plan to an officer of the Company. The Committee (or its delegate, as applicable) shall have full power and authority to construe and interpret this Plan and any interpretation by the Committee shall be binding on all Participants and shall be accorded the maximum deference permitted by law.

(a) All rights and interests of Participants under this Plan shall be non-assignable and nontransferable, and otherwise not subject to pledge or encumbrance, whether voluntary or involuntary, other than by will or by the laws of descent and distribution. In the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, stock sale, consolidation or otherwise, the Company may assign this Plan to the acquirer in such transaction.

(b) Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Company Group related

to this Plan, and the Company may require Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

(c) Payment of amounts due under the Plan shall be provided to a Participant in the same manner as Participant receives his or her regular paycheck or by mail at the last known address of Participant in the possession of the Company, at the discretion of Committee. The Company may deduct all applicable taxes and any other withholdings required to be withheld with respect to the payment of any award pursuant to this Plan.

(d) The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to ensure the payment of any award provided for hereunder. Performance Incentive payments shall not be considered to be extraordinary, special incentive compensation, and such payments will not be included as “earnings,” “wages,” “salary,” or “compensation” in any welfare, life insurance or other arrangement of the Company Group.

(e) The Company shall have the right, in its sole discretion, to modify, supplement, suspend or terminate this Plan at any time; provided that, except as required by law, in no event shall any amendment or termination adversely affect the rights of Participants regarding any Performance Incentive for a Performance Period that has commenced as of the date of such action without the prior written consent of the affected Participants.

(f) Nothing contained in this Plan shall in any way affect the right and power of the Company to discharge any Participant or otherwise terminate his or her employment at any time or for any reason or to change the terms of his or her employment in any manner.

(g) Except as otherwise provided under this Plan, any expense incurred in administering this Plan shall be borne by the Company.

(h) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

(i) The administration of the Plan shall be governed by the laws of Colorado, without regard to the conflict of law principles of any state. Any persons or corporations who now are or shall subsequently become parties to the Plan shall be deemed to consent to this provision.

(j) The Plan is intended to be exempt from the requirements of Section 409A and each payment hereunder shall be considered a separate payment. To the extent that the Plan is not exempt from the requirements of Section 409A, the Plan is intended to comply with the requirements of Section 409A and shall be limited, construed and interpreted in accordance with such intent. In the event that amounts payable hereunder are considered “deferred compensation” subject to Section 409A and the Participant is a “specified employee” for purposes of Section 409A, then no payment of any amount that is due under this Plan because of a “separation from service” (as defined in Section 409A without regard to alternative definitions thereunder) will be paid before the date that is six months following the date of such Participant’s “separation from service” (as defined in Section 409A without regard to alternative definitions thereunder) or, if earlier, the date of the Participant’s death, unless such payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses. Notwithstanding the foregoing, in no event whatsoever shall

the Company be liable for any additional tax, interest, income inclusion or other penalty that may be imposed on a Participant by Section 409A or for damages for failing to comply with Section 409A.

(k) Nothing contained in this Plan is intended to limit the Participant's ability to (i) report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"), (ii) communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company or (iii) under applicable United States federal law to (A) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (B) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

(l) The awards granted under this Plan and any payment under this Plan are subject to forfeiture, recovery by the Company or other action pursuant to the applicable Participation Statement or any Company clawback or recoupment policy of the Company, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

\* \* \* \* \*

IN WITNESS WHEREOF, the Company has caused the Plan to be signed by its duly authorized officer as of the date first set forth above.

**CPI CARD GROUP INC.**

By: \_\_\_\_\_  
Name: Sonya Vollmer  
Its: Chief Human Resources Officer

**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, John Lowe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CPI Card Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ John Lowe  
\_\_\_\_\_  
John Lowe  
*President and Chief Executive Officer*  
(Principal Executive Officer)

---

**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey Hochstadt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CPI Card Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ Jeffrey Hochstadt  
\_\_\_\_\_  
Jeffrey Hochstadt  
*Chief Financial Officer*  
(Principal Financial Officer)

---

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of CPI Card Group Inc. (the "Company") for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Lowe, President and Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John Lowe

John Lowe

*President and Chief Executive Officer*

(Principal Executive Officer)

Date: August 8, 2025

---

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of CPI Card Group Inc. (the “Company”) for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey Hochstadt, Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey Hochstadt  
\_\_\_\_\_  
Jeffrey Hochstadt  
*Chief Financial Officer*  
(Principal Financial Officer)

Date: August 8, 2025

---