NEWS RELEASE

CPI Card Group Inc. Reports First Quarter 2024 Results

5/7/2024

Net Sales Decreased 7% to $112 Million; Net Income Decreased 50% to $5 Million; Adjusted EBITDA Decreased 8% to $23 Million

Net Sales, Net Income, and Adjusted EBITDA Increased from Fourth Quarter Levels

Company Continues to Anticipate Gradual Market Recovery in 2024; Affirms Full Year Net Sales and Adjusted EBITDA Outlook

LITTLETON, Colo.--(BUSINESS WIRE)-- CPI Card Group Inc. (Nasdaq: PMTS) (“CPI” or the “Company”), a payments technology company and leading provider of credit, debit, and prepaid card and digital solutions, including Software-as-a-Service-based instant issuance, today reported financial results for the first quarter ended March 31, 2024 and updated its financial outlook for 2024.

As anticipated, first quarter Debit and Credit segment sales were impacted by cautious customer spending as customers continued their focus on managing inventory levels, while Prepaid segment sales posted strong growth. Compared to the prior year first quarter, net sales decreased 7% to $111.9 million; net income decreased 50% to $5.5 million, primarily due to CEO transition-related expenses; and Adjusted EBITDA decreased 8% to $23.0 million.

Net sales, net income, and Adjusted EBITDA each increased from fourth quarter 2023 levels. As previously noted, the Company anticipates sales declines in the first half of 2024 to be offset by growth in the second half of the year from share gains and improved market demand.

“We are pleased with the overall improvement in results compared to recent trends,” said John Lowe, President and Chief Executive Officer. “We were able to deliver strong growth in our Prepaid and personalization services businesses in the quarter, which partially offset the anticipated declines in card volumes.”

Lowe added, “Card issuance remains healthy and we continue to expect a market recovery in the second half of the year. Strategically, our teams remain focused on gaining market share by providing innovative solutions and leading customer service and quality, as well as expanding into adjacent markets, including digital solutions, for our base of thousands of customers.”

In the first quarter, the Company signed a multi-year contract with one of its larger customers, gaining share which will generate incremental sales over the next several years. The Company adjusted its Free Cash Flow outlook for 2024 to reflect up-front incentives related to this contract.

CPI is a top payment solutions provider in the U.S. serving thousands of banks, credit unions and fintechs, as well as major bank platforms and prepaid program managers. The Company is a leader in the U.S. markets for eco-focused payment cards, personalization and Software-as-a-Service-based instant issuance solutions for small and medium U.S. financial institutions and retail prepaid debit card solutions.

The Company believes long-term growth trends for the U.S. card market remain strong, led by consumer card growth, widespread adoption of eco-focused cards and the ongoing conversion to contactless cards. Based on figures released by the networks, Visa and Mastercard® U.S. debit and credit cards in circulation increased at a compound annual growth rate of 9% for the three-year period ending December 31, 2023.

2024 Business Highlights

- CPI continues to be a leading provider of eco-focused payment card solutions in the U.S. market, with more than 100 million eco-focused cards sold since launch in late 2019.
- CPI continues to be a leading provider of Software-as-a-Service-based instant issuance solutions in the U.S., with more than 15,000 Card@Once® installations across more than 2,000 financial institutions.
- The Company executed share repurchases against the $20 million authorization announced in November. Through March 2024, the Company had repurchased in the open market or had committed to repurchase through its stock purchase agreement with its majority stockholder approximately $6 million of shares since initiation of the authorization.
- The Company ended the first quarter with a Net Leverage Ratio of 3.1x.

First Quarter 2024 Financial Highlights

Net sales decreased 7% year-over-year to $111.9 million in the first quarter of 2024

- Debit and Credit segment net sales decreased 14% to $88.0 million, primarily due to declines in card volumes, partially offset by increases in Card@Once® instant issuance solutions and other card personalization services.
- Prepaid Debit segment net sales increased 26% to $24.2 million, reflecting strong customer demand and timing among quarters.

First quarter gross profit decreased 4% to $41.5 million and gross profit margin was 37.1%, which compared to 35.7% in the prior year first quarter.

First quarter income from operations decreased 31% to $14.1 million; net income decreased 50% to $5.5 million, or $0.46 diluted earnings per share; and Adjusted EBITDA decreased 8% to $23.0 million. Income from operations and net income declines include the impact of approximately $2 million of pre-tax operating expenses related to an executive retention package announced in 2023 and other CEO transition-related expenses, including stock compensation, which are not included in Adjusted EBITDA. The net income decrease was also impacted by a higher effective tax rate compared to prior year.

Balance Sheet, Liquidity and Cash Flow

The Company generated cash from operating activities of $8.9 million in the first quarter of 2024, which compared to $8.0 million in the 2023 first quarter, and Free Cash Flow of $7.4 million, which compared to $3.9 million in the prior year. The increase in cash generation compared to the prior year was driven by working capital improvements and lower capital expenditures, partially offset by lower net income.

As of March 31, 2024, cash and cash equivalents was $17.1 million. There were $268 million of 8.625% Senior Secured Notes due 2026 and no borrowings from the ABL revolving credit facility outstanding at quarter-end.

The Company spent $1.25 million to repurchase 68,258 shares of common stock in the open market during the first quarter. In April, the Company spent an additional $4.4 million to purchase 244,314 shares from its majority shareholder pursuant to the Stock Purchase Agreement announced in December, which committed the Company to purchase shares from its majority shareholder at a 3 to 1 ratio to the number of shares repurchased in the open market over the December through March period.

The Company's capital structure and allocation priorities are to maintain ample liquidity; invest in the business, including strategic acquisitions; deleverage the balance sheet; and return funds to stockholders.

"We were pleased to deliver gross margin improvement and solid cash flow generation in the first quarter," said Jeff

Hochstadt, Chief Financial Officer of CPI. “We also made significant progress executing our share repurchase program, consistent with our capital allocation priorities.”

Outlook for 2024

The Company affirmed its net sales and Adjusted EBITDA financial outlook for 2024, which was previously provided in March. The Company continues to expect slight increases in both net sales and Adjusted EBITDA for the full year, with declines in the first half of the year offset by growth in the second half.

The Company has adjusted its Free Cash Flow outlook to be approximately half of the 2023 level, which compares to the previous outlook of $5 million to $10 million below prior year. The change compared to the prior outlook primarily reflects the near-term impact of the newly signed contract with one of the Company’s larger customers, which should benefit cash flow through 2029, but negatively impact Free Cash Flow in 2024 due to up-front incentives. Compared to prior year, the Free Cash Flow outlook also reflects increased capital spending investment, including investment in a new state-of-the-art secure card production facility in Indiana. The Company generated $27.6 million of Free Cash Flow in 2023.

The Company continues to expect its year-end 2024 Net Leverage Ratio to be between 3.0x and 3.5x.

Conference Call and Webcast

CPI Card Group Inc. will hold a conference call on May 7, 2024 at 9:00 a.m. Eastern Time (ET) to review its first quarter results. To participate in the Company's conference call via telephone or online:

U.S. dial-in number (toll-free): 888-330-3573

International: 646-960-0677

Conference ID: 8062733

Webcast Link: **CPI Q1 Webcast** or at **https://investor.cpicardgroup.com**

Participants are advised to login for the webcast 10 minutes prior to the scheduled start time.

A replay of the conference call will be available until May 21, 2024 at:

U.S. dial-in number (toll free): 800-770-2030

International: 609-800-9909

Conference ID: 8062733

A webcast replay of the conference call will also be available on CPI Card Group Inc.'s Investor Relations web site: **https://investor.cpicardgroup.com**

Non-GAAP Financial Measures

In addition to financial results reported in accordance with U.S. generally accepted accounting principles ("GAAP"), we have provided the following non-GAAP financial measures in this release, all reported on a continuing operations basis: EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, LTM Adjusted EBITDA and Net Leverage Ratio. These non-GAAP financial measures are utilized by management in comparing our operating performance on a consistent basis between fiscal periods. We believe that these financial measures are appropriate to enhance an overall understanding of our underlying operating performance trends compared to historical and prospective periods and our peers. Management also believes that these measures are useful to investors in their analysis of our results of operations and provide improved comparability between fiscal periods. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Our non-GAAP measures may be different from similarly titled measures of other companies. Investors are encouraged to review the reconciliation of these historical non-GAAP measures to their most directly comparable GAAP financial measures included in Exhibit E to this press release.

Adjusted EBITDA

Adjusted EBITDA is presented on a continuing operations basis and is defined as EBITDA (which represents earnings before interest, taxes, depreciation and amortization) adjusted for litigation; stock-based compensation expense; estimated sales tax expense; restructuring and other charges, including executive retention and severance; costs related to production facility modernization efforts; loss on debt extinguishment; foreign currency gain or loss; and other items that are unusual in nature, infrequently occurring or not considered part of our core operations, as set forth in the reconciliation in Exhibit E. Adjusted EBITDA is intended to show our unleveraged, pre-tax operating results and therefore reflects our financial performance based on operational factors, excluding non-operational, unusual or non-recurring losses or gains. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for, analysis of our results as reported under GAAP. For example, Adjusted EBITDA does not reflect: (a) our capital expenditures, future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expenses or the cash requirements necessary to service interest or principal payments on

our debt; (d) tax payments that represent a reduction in cash available to us; (e) any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; (f) the impact of earnings or charges resulting from matters that we and the lenders under our credit agreement may not consider indicative of our ongoing operations; or (g) the impact of any discontinued operations. In particular, our definition of Adjusted EBITDA allows us to add back certain non-operating, unusual or non-recurring charges that are deducted in calculating net income, even though these are expenses that may recur, vary greatly and are difficult to predict and can represent the effect of long-term strategies as opposed to short-term results. In addition, certain of these expenses represent the reduction of cash that could be used for other purposes. Adjusted EBITDA margin percentage as shown in Exhibit E is computed as Adjusted EBITDA divided by total net sales.

We define LTM Adjusted EBITDA as Adjusted EBITDA (defined previously) for the last twelve months. LTM Adjusted EBITDA is used in the computation of Net Leverage Ratio, and is reconciled in Exhibit E.

Free Cash Flow

We define Free Cash Flow as cash flow provided by (used in) operating activities less capital expenditures. We use this metric in analyzing our ability to service and repay our debt. However, this measure does not represent funds available for investment or other discretionary uses since it does not deduct cash used to service our debt. Free Cash Flow should not be considered in isolation, or as a substitute for, cash (used in) provided by operating activities or any other measures of liquidity derived in accordance with GAAP.

Financial Expectations for 2024

We have provided Adjusted EBITDA expectations for 2024 on a non-GAAP basis because certain reconciling items are dependent on future events that either cannot be controlled or cannot be reliably predicted because they are not part of the Company's routine activities, any of which could be significant.

Net Leverage Ratio

Management and various investors use the ratio of debt principal outstanding, plus finance lease obligations, less cash, divided by LTM Adjusted EBITDA, or "Net Leverage Ratio," as a measure of our financial strength when making key investment decisions and evaluating us against peers.

About CPI Card Group Inc.

CPI Card Group is a payments technology company providing a comprehensive range of credit, debit, and prepaid card and digital solutions, including Software-as-a-Service (SaaS) instant issuance. With a focus on building personal

relationships and earning trust, we help our customers navigate the constantly evolving world of payments, while delivering innovative solutions that spark connections and support their brands. We serve clients across industry, size, and scale through our team of experienced, dedicated employees and our network of high-security production and card services facilities—located in the United States. CPI was named one of the 2024 Best Companies to Work For by U.S. News and World Report and is committed to exceeding our customers' expectations, transforming our industry, and enhancing the way people pay every day. Learn more at **www.CPIcardgroup.com**.

Forward-Looking Statements

Certain statements and information in this release (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," "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: a deterioration in general economic conditions, including inflationary conditions and 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; a disruption or other failure in our supply chain, including as a result of foreign conflicts and with respect to single source suppliers, or the failure or inability of suppliers to comply with our code of conduct or contractual requirements, or political unrest in countries in which our suppliers operate, or inflationary pressures, resulting in increased costs and inability to pass those costs on to our customers and extended production lead times and difficulty meeting customers' delivery expectations; our failure to retain our existing customers or identify and attract new customers; our inability to recruit, retain and develop qualified personnel, including key personnel, and implement effective succession processes; adverse conditions in the banking system and financial markets, including the failure of banks and financial institutions; system security risks, data protection breaches and cyber-attacks; 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; our inability to develop,

introduce and commercialize new products and services; the usage, or lack thereof, of artificial intelligence technologies; our substantial indebtedness, including inability to make debt service payments or refinance such indebtedness; 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 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; disruptions in production at one or more of our facilities; problems in production quality, materials and process and costs relating to product defects and any related product liability and/or warranty claims; environmental, social and governance ("ESG") preferences and demands of various stakeholders and our ability to conform to such preferences and demands and to comply with any related regulatory requirements; the effects of climate change, 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; disruptions in production due to weather conditions, climate change, political instability or social unrest; our inability to adequately protect our trade secrets and intellectual property rights from misappropriation, infringement claims brought against us and risks related to open source software; defects in our software and computing systems; our limited ability to raise capital; costs and impacts to our financial results relating to the obligatory collection of sales tax and claims for uncollected sales tax in states that impose sales tax collection requirements on out-of-state businesses or unclaimed property, as well as potential new U.S. tax legislation increasing the corporate income tax rate and challenges to our income tax positions; our inability to successfully execute on our divestitures or acquisitions; our inability to realize the full value of our long-lived assets; our inability to renew licenses with key technology licensors; the highly competitive, saturated and consolidated nature of our marketplace; costs and potential liabilities associated with compliance or failure to comply with regulations, customer contractual requirements and evolving industry standards regarding consumer privacy and data use and security; 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; 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 restrictions, delays or interruptions in our ability to source raw materials and components used in our products from foreign countries; the effects on the global economy of ongoing foreign conflicts; 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; risks associated with the majority stockholders' ownership of our stock; potential conflicts of interest that may arise due to our board of directors being comprised in part of directors who are principals of our majority stockholders; the influence of securities analysts over the trading market for and price of our common stock; failure to meet the continued listing standards of the Nasdaq Global Market; the impact of stockholder activism or securities litigation on the trading price and volatility of our common stock; our inability to fully execute on our share repurchase program strategy; 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 majority stockholders to change the composition of our board of directors; our ability to comply with a wide variety of complex laws and regulations and the exposure to liability for any failure to comply; the effect of legal and regulatory proceedings; and other risks that are described in Part I, Item 1A – Risk Factors in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 7, 2024 in Part II, Item 1A – Risk Factors of our Quarterly Report on Form 10-Q 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.

For more information:

CPI encourages investors to use its investor relations website as a way of easily finding information about the Company. CPI promptly makes available on this website the reports that the Company files or furnishes with the SEC, corporate governance information and press releases.

CPI Card Group Inc. Earnings Release Supplemental Financial Information

Exhibit A	Condensed Consolidated Statements of Operations and Comprehensive Income - Unaudited for the three months ended March 31, 2024 and 2023
Exhibit B	Condensed Consolidated Balance Sheets – Unaudited as of March 31, 2024 and December 31, 2023
Exhibit C	Condensed Consolidated Statements of Cash Flows – Unaudited for the three months ended March 31, 2024 and 2023
Exhibit D	Segment Summary Information – Unaudited for the three months ended March 31, 2024 and 2023
Exhibit E	Supplemental GAAP to Non-GAAP Reconciliations – Unaudited for the three months ended March 31, 2024 and 2023

EXHIBIT A

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 March 31,	
	2024	2023
Net sales:		
Products	$ 58,158	$ 75,790
Services	53,778	45,062
Total net sales	111,936	120,852
Cost of sales:		
Products (exclusive of depreciation and amortization shown below)	37,802	45,980
Services (exclusive of depreciation and amortization shown below)	29,929	29,404
Depreciation and amortization	2,687	2,374
Total cost of sales	70,418	77,758
Gross profit	41,518	43,094
Operating expenses:		
Selling, general and administrative (exclusive of depreciation and amortization shown below)	26,043	21,066
Depreciation and amortization	1,330	1,430
Total operating expenses	27,373	22,496
Income from operations	14,145	20,598
Other expense, net:		
Interest, net	(6,425)	(6,781)
Other expense, net	(65)	(114)
Total other expense, net	(6,490)	(6,895)
Income before income taxes	7,655	13,703
Income tax expense	(2,200)	(2,830)
Net income	$ 5,455	$ 10,873
Basic and diluted earnings per share:		
Basic earnings per share	$ 0.48	$ 0.95
Diluted earnings per share	$ 0.46	$ 0.91
Basic weighted-average shares outstanding	11,266,699	11,394,919
Diluted weighted-average shares outstanding	11,769,364	11,901,581
Comprehensive income:		
Net income	$ 5,455	$ 10,873
Total comprehensive income	$ 5,455	$ 10,873

EXHIBIT B

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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 17,144	$ 12,413
Accounts receivable, net	68,539	73,724
Inventories, net	83,381	70,594
Prepaid expenses and other current assets	11,862	8,647
Total current assets	180,926	165,378
Plant, equipment, leasehold improvements and operating lease right-of-use assets, net	61,033	63,053
Intangible assets, net	13,154	14,122
Goodwill	47,150	47,150
Other assets	17,517	3,980
Total assets	$ 319,780	$ 293,683
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 23,643	$ 12,802
Accrued expenses	49,203	35,803
Deferred revenue and customer deposits	1,172	840
Total current liabilities	74,018	49,445
Long-term debt	265,326	264,997

Deferred income taxes	6,742	7,139
Other long-term liabilities	22,145	24,038
Total liabilities	368,231	345,619
Commitments and contingencies		
Series A Preferred Stock; $0.001 par value—100,000 shares authorized; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023	—	—
Stockholders' deficit:		
Common stock; $0.001 par value—100,000,000 shares authorized; 11,391,476 and 11,446,155 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	11	11
Capital deficiency	(104,193)	(102,223)
Accumulated earnings	55,731	50,276
Total stockholders' deficit	(48,451)	(51,936)
Total liabilities and stockholders' deficit	$ 319,780	$ 293,683

EXHIBIT C

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

	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net income	$ 5,455	$ 10,873
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	3,049	2,837
Amortization expense	968	967
Stock-based compensation expense	3,060	541
Amortization of debt issuance costs and debt discount	459	473
Loss on debt extinguishment	—	119
Deferred income taxes	(397)	(271)
Other, net	223	12
Changes in operating assets and liabilities:		
Accounts receivable, net	5,171	4,335
Inventories	(12,984)	(1,464)
Prepaid expenses and other assets	(17,610)	310
Income taxes, net	728	550
Accounts payable	10,681	1,533
Accrued expenses and other liabilities	9,730	(11,358)
Deferred revenue and customer deposits	332	(1,456)
Cash provided by operating activities	8,865	8,001
Investing activities		
Capital expenditures for plant, equipment and leasehold improvements, net	(1,506)	(4,145)
Other	—	50
Cash used in investing activities	(1,506)	(4,095)
Financing activities		
Principal payments on Senior Notes	—	(7,903)
Proceeds from ABL Revolver	—	8,000
Other	(109)	(69)
Payments on finance lease obligations	(1,269)	(820)
Common stock repurchased	(1,250)	—
Cash used in financing activities	(2,628)	(792)
Effect of exchange rates on cash	—	6
Net increase in cash and cash equivalents	4,731	3,120
Cash and cash equivalents, beginning of period	12,413	11,037
Cash and cash equivalents, end of period	$ 17,144	$ 14,157
Supplemental disclosures of cash flow information		
Cash paid (refunded) during the period for:		
Interest	$ 11,903	$ 12,608
Income taxes paid	$ 16	$ 28
Income taxes refunded	$ (163)	$ —
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ —	$ 168
Financing leases	$ —	$ 2,169
Accounts payable and accrued expenses for capital expenditures for plant, equipment and leasehold improvements	$ 263	$ 422
Unsettled share repurchases included in accrued expenses	$ 4,404	$ —

EXHIBIT D

CPI Card Group Inc. and Subsidiaries
Segment Summary Information
For the Three Months Ended March 31, 2024 and 2023
(dollars in thousands)
(Unaudited)

Net Sales

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Net sales by segment:				
Debit and Credit	$ 87,973	$ 101,985	$ (14,012)	(13.7) %
Prepaid Debit	24,198	19,130	5,068	26.5 %
Eliminations	(235)	(263)	28	* %
Total	$ 111,936	$ 120,852	$ (8,916)	(7.4) %

* Calculation not meaningful

Gross Profit

	Three Months Ended March 31,					
	2024	% of Net Sales	2023	% of Net Sales	$ Change	% Change
Gross profit by segment:						
Debit and Credit	$ 31,495	35.8%	$ 38,184	37.4%	$ (6,689)	(17.5) %
Prepaid Debit	10,023	41.4%	4,910	25.7%	5,113	104.1 %
Total	$ 41,518	37.1%	$ 43,094	35.7%	$ (1,576)	(3.7) %

Income from Operations

	Three Months Ended March 31,					
	2024	% of Net Sales	2023	% of Net Sales	$ Change	% Change
Income (loss) from operations by segment:						
Debit and Credit	$ 22,754	25.9%	$ 30,026	29.4%	$ (7,272)	(24.2) %
Prepaid Debit	8,745	36.1%	3,677	19.2%	5,068	137.8 %
Other	(17,354)	*%	(13,105)	*%	(4,249)	32.4 %
Total	$ 14,145	12.6%	$ 20,598	17.0%	$ (6,453)	(31.3) %

EBITDA

	Three Months Ended March 31,					
	2024	% of Net Sales	2023	% of Net Sales	$ Change	% Change
EBITDA by segment:						
Debit and Credit	$ 24,842	28.2%	$ 32,192	31.6%	$ (7,350)	(22.8) %
Prepaid Debit	9,615	39.7%	4,301	22.5%	5,314	123.6 %
Other	(16,360)	*%	(12,205)	*%	(4,155)	34.0 %
Total	$ 18,097	16.2%	$ 24,288	20.1%	$ (6,191)	(25.5) %

Reconciliation of Income (Loss) from Operations by Segment to EBITDA by Segment

	Three Months Ended March 31, 2024			
	Debit and Credit	Prepaid Debit	Other	Total
EBITDA by segment:				
Income (loss) from operations	$ 22,754	$ 8,745	$ (17,354)	$ 14,145
Depreciation and amortization	2,150	871	996	4,017
Other income (expenses)	(62)	(1)	(2)	(65)
EBITDA	$ 24,842	$ 9,615	$ (16,360)	$ 18,097

	Three Months Ended March 31, 2023			
	Debit and Credit	Prepaid Debit	Other	Total
EBITDA by segment:				
Income (loss) from operations	$ 30,026	$ 3,677	$ (13,105)	$ 20,598
Depreciation and amortization	2,161	624	1,019	3,804
Other income (expenses)	5	—	(119)	(114)
EBITDA	$ 32,192	$ 4,301	$ (12,205)	$ 24,288

EXHIBIT E

CPI Card Group Inc. and Subsidiaries
Supplemental GAAP to Non-GAAP Reconciliation
(dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
EBITDA and Adjusted EBITDA:		
Net income	$ 5,455	$ 10,873
Interest, net	6,425	6,781
Income tax expense	2,200	2,830
Depreciation and amortization	4,017	3,804
EBITDA	$ 18,097	$ 24,288
Adjustments to EBITDA:		
Stock-based compensation expense	$ 3,060	$ 541
Sales tax expense (1)	—	113

Restructuring and other charges (2)	1,819	—
Loss on debt extinguishment (3)	—	119
Foreign currency gain	—	(5)
Subtotal of adjustments to EBITDA	$ 4,879	$ 768
Adjusted EBITDA	$ 22,976	$ 25,056
Net income margin (% of Net sales)	4.9%	9.0%
Net income growth (% Change 2024 vs. 2023)	(49.8)%	
Adjusted EBITDA margin (% of Net sales)	20.5%	20.7%
Adjusted EBITDA growth (% Change 2024 vs. 2023)	(8.3)%	

	Three Months Ended March 31,	
	2024	2023
Free Cash Flow:		
Cash provided by operating activities	$ 8,865	$ 8,001
Capital expenditures for plant, equipment and leasehold improvements, net	(1,506)	(4,145)
Free Cash Flow	$ 7,359	$ 3,856

(1) Represents estimated sales tax expense (benefit) relating to a contingent liability due to historical activity in certain states where it is probable that the Company will be subject to sales tax plus interest and penalties.
(2) Represents executive retention and severance costs, as well as costs related to production facility modernization efforts.
(3) The Company redeemed a portion of the 8.625% Senior Secured Notes in 2023 and expensed the associated portion of the unamortized deferred financing costs.

	Last Twelve Months Ended	
	March 31, 2024	December 31, 2023
Reconciliation of net income to LTM EBITDA and Adjusted EBITDA:		
Net income	$ 18,567	$ 23,985
Interest, net	26,557	26,913
Income tax expense	9,847	10,477
Depreciation and amortization	16,144	15,931
EBITDA	$ 71,115	$ 77,306
Adjustments to EBITDA:		
Stock-based compensation expense	$ 10,026	$ 7,507
Sales tax benefit(1)	(183)	(70)
Restructuring and other charges (2)	6,350	4,531
Loss on debt extinguishment (3)	124	243
Foreign currency gain	(21)	(26)
Subtotal of adjustments to EBITDA	$ 16,296	$ 12,185
LTM Adjusted EBITDA	$ 87,411	$ 89,491

	As of	
	March 31, 2024	December 31, 2023
Calculation of Net Leverage Ratio:		

Senior Notes	$ 267,897	$ 267,897
Finance lease obligations	16,839	18,106
Total debt	284,736	286,003
Less: Cash and cash equivalents	(17,144)	(12,413)
Total net debt (a)	$ 267,592	$ 273,590
LTM Adjusted EBITDA (b)	$ 87,411	$ 89,491
Net Leverage Ratio (a)/(b)	3.1	3.1

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Source: CPI Card Group