**Risk Factors Comparison 2024-03-07 to 2023-03-08 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

There are many factors that affect our business, financial condition, results of operations and cash flows, some of which are beyond our control. The following is a description of some important factors that may cause our business, financial condition, results of operations and cash flows in future periods to differ materially from those currently expected or desired. Factors not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and cash flows. You should carefully consider all of these risks described below, together with the other information included in this Annual Report on Form 10- K, before investing in our securities. As a result of any of these risks, known or unknown, you may lose all or part of your investment in our securities. Risk Factors Summary Risks Relating to our Business ● A deterioration in general economic conditions, including ~~rising~~ inflation **- related challenges** , resulting in reduced consumer confidence and consumer and business spending and decreased demand for our products. ● **The unpredictability of our operating results due to the varying cyclicality of the financial card and electronic payment industries, changes in customer inventory management practices, capital requirements, competition, new product developments, technological changes and other factors. ●** Disruptions, delays and ~~increasing~~ **increased** costs and inflationary pressures in our supply chain, including with respect to single- source suppliers, or the failure or inability of our suppliers to comply with our codes of conduct or contractual requirements. ● Failure to retain existing key customers and attract new customers due to competitive products, pricing pressures, extended production lead times, financial health of our customers and macroeconomic conditions affecting our industry or our customers. ● **Failure** ~~The unpredictability of our operating results due~~ to **recruit, retain and develop qualified new and replacement personnel and implement effective succession processes amidst labor shortages and competitive labor markets. ● Adverse conditions in** the **banking system and** ~~varying cyclicality of the~~ financial **markets** ~~card and electronic payment industries~~ , ~~changes~~ **including bank and financial institution failures. ● A cyber- attack or breach of our information technology systems resulting** in **losses of our intellectual property and / or sensitive cardholder data, harm to our competitive position and a loss of** customer ~~inventory management practices~~ **trust and confidence** , **and** ~~capital requirements~~ , ~~competition~~ **as threats evolve** , **the necessity to invest in significant additional resources to enhance our information security and controls. ● Any interruption of our information technology systems, including disruptions or failures of our third- party data centers, inhibiting our ability to service our customers. ● Our inability to undertake time- consuming and costly research and development activities in order to develop** new **or enhanced** ~~product~~ **products** ~~developments, technological changes~~ and **services. ● Our substantial indebtedness and** ~~other~~ -- **the** ~~factors~~ **covenants and restrictions in the agreements governing our indebtedness limiting our ability to use our cash flow in certain areas of our business, capitalize on certain business opportunities and pursue our business strategies, all of which could be further impacted if we incur additional debt. ● An inability to refinance our existing debt on favorable terms or at all** . ● Costs associated with being an accelerated filer and compliance with ~~Section 404 of~~ the Sarbanes- Oxley Act of 2002 ~~. ● Failure to recruit, retain and develop qualified new and replacement personnel amidst labor shortages and in competitive labor markets. ● The effects of the COVID- 19 pandemic including restrictions imposed by federal, state and local governments as well as related economic disruptions adversely affecting our supply chain, workforce, overall operations and financial condition. ● A cyber- attack or breach of our information technology systems resulting in losses of our intellectual property and / or sensitive cardholder data, harm to our competitive position and a loss of customer trust and confidence, and, as threats evolve, the necessity to invest in significant additional resources to enhance our information security and controls. ● Any interruption of our information technology systems, including disruptions or failures of our third- party data centers, inhibiting our ability to service our customers. ● Our inability to undertake time- consuming and costly research and development activities in order to develop new or enhanced products. ● Our substantial indebtedness and the covenants and restrictions in the agreements governing our indebtedness limiting our ability to use our cash flow in certain areas of our business, capitalize on certain business opportunities and pursue our business strategies, all of which could increase if we incur additional debt~~ . ● A disruption at any of our production facilities and our inability to recover quickly or otherwise provide continuity of production in order to meet customer requirements. ● Problems in our production processes, including as a result of mechanical or technological failures, which could lead to reduced production capacity and quality. ● **Defects in our products that may give rise to products recalls, product liability and warranty claims as well as damage to our reputation. ●** The impact of the increasing focus on ~~environmental, social and governance (“~~ ESG ~~”)~~ factors on our ability to access capital, produce our products in conformity with stakeholder preferences, and comply with stakeholder demands as well as comply with any new ESG related regulatory requirements. ● **Damage to our reputation or brand image resulting from negative perceptions of our business or those entities or individuals with whom we do business. ●** The effects of climate change on our business. ● Our inability to protect our trade secrets, intellectual property and proprietary software ~~,~~ **;** to obtain additional intellectual property rights in the future ~~,~~ **;** and to ensure our products are not infringing the intellectual property rights of others. ● Defects in our software and computing systems, resulting in errors or delays in the processing of transactions and other interruptions in our business operations. ● The effects of the low trading volume and fluctuating trading price of our common stock as well as terms of our outstanding indebtedness and market conditions on our ability to access capital markets. ● Our exposure 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 divest or consolidate certain non- strategic businesses, and our inability to execute successfully on an acquisition strategy. ● A writedown of our long- lived assets, which represent a significant portion of our total assets. ● ~~Defects in our products that may give rise to products recalls, product liability and warranty claims as well as damage to our reputation. ●~~ Our inability to renew licenses with key technology licensors, resulting in our loss of access to certain technologies upon which we rely to develop certain of our products. Risks Relating to our Industry ● The highly competitive, saturated and consolidated nature of our marketplace. ● **.●** Challenges,costs and potential liabilities associated with compliance or failure to comply with existing or future data privacy and security laws,regulations and requirements.● The widespread adoption of technological changes,new products or industry standards,such as digital payment systems or mobile payments,which may render our products obsolete or irrelevant,and our failure to develop and introduce innovative products to address the evolving needs of our customers.● Our failure to comply with the standards of the PCI Security Standards Council,including due to an inability to continue to make investments in our facilities necessary to maintain compliance with such standards ~~.●~~ The effects of delays or interruptions in our ability to source raw materials and components used in our products from foreign countries due to economic downturns or disruptions, including as a result of responses to **global health emergencies** ~~continued outbreaks of COVID- 19~~ and tariffs and trade restrictions. ● The effects of ~~the~~ ongoing **foreign conflicts** ~~military action by Russia in Ukraine~~ on the global economy . ● Challenges, costs and potential...... necessary to maintain compliance with such standards . ● Our failure to comply with environmental, health and safety laws and regulations, including climate change regulations, that apply to our products and the raw materials we use in our production processes. Risks Relating to Ownership of our Common Stock ● ~~Our~~ **Continued concentrated ownership of our shares by our** majority stockholders ~~' continued concentrated ownership of our shares~~ and **their** ability to control decisions regarding our business direction and policies as well as the potential conflicts of interest that may arise between our majority stockholders and our other 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. ● Our failure to maintain our listing on the Nasdaq Global Market (" Nasdaq ") due to failure to comply with Nasdaq listing standards. ● The impact of stockholder activism or securities litigation on the trading price and volatility of our common stock. ● **Share repurchase programs may not have the intended effect on long- term stockholder value. ●** 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. General Risk Factors ● Our inability to comply with numerous evolving and complex laws and regulations relating to financial reporting standards, corporate governance, data privacy, tax, trade regulations, environmental regulations and permit requirements, export controls, competitive practices, labor and health and safety. ● Legal costs, insurance expenses, settlement costs and the risk of an adverse decision related to legal or regulatory proceedings or litigation. ~~14 Risks~~ **14Risks** Relating to our Business Risks associated with reduced levels of consumer and business spending, ~~ongoing~~ inflation **- related challenges** and the effects of an economic downturn could adversely affect our business, financial condition and results of operations. Our business depends heavily on the overall level of consumer and business spending. Our revenue is exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income or changes in consumer purchasing habits. A sustained deterioration in general economic conditions, particularly in the United States, or increases in interest rates may adversely affect our financial performance by reducing the demand for our Financial Payment Card solutions or reducing the purchase of our higher margin products. If an economic downturn occurs, credit card issuers may reduce credit limits, close accounts and become more selective with respect to whom they issue credit cards. Certain of our customers, especially in the fintech space, could be severely impacted by a downturn in economic conditions limiting their spending on cards, or cease to exist altogether. Additionally, an economic downturn or ~~prolonged outbreak of~~ **another global health emergency similar to** the COVID- 19 pandemic could result in extended voluntary or mandated closure of retail locations that sell certain of our products to consumers, including our Prepaid Debit Cards. These and other changes in economic conditions could therefore adversely impact our future revenues and profits and cause a materially adverse effect on our business, financial condition and results of operations. Inflation, which increased significantly during 2022 **and 2023** , has adversely affected us by increasing the costs of materials and labor needed to operate our business and could continue to adversely affect us in future periods. In ~~the event~~ **response to** inflation ~~continues to~~ **, we have increased and may in the future** increase, ~~we may seek to increase~~ the sales prices of our products and services in order to maintain satisfactory margins. However, such increases may result in customer pushback or attrition and be difficult or impossible in future periods, all of which may have an adverse effect on our financial condition and results of operations. ~~Additionally~~ **Our operating results are unpredictable and may vary significantly from quarter to quarter and annually** , ~~actions~~ **and may differ significantly from our expectations. Our operating results are affected** by **a wide variety** ~~the government to stimulate the economy may increase the risk~~ of **factors that could materially and adversely affect revenue and profitability or lead to** significant ~~inflation~~ **variability in our operating results. These factors include the varying cyclicality of the financial card and electronic payment industries** , **limited visibility into our customers' anticipated purchasing needs, labor and supply challenges, capital requirements, Payment Card Brands standards and requirements, competition, new product developments, technological changes and other factors. Furthermore, in periods of industry overcapacity or when our customers encounter difficulties in their end- markets, orders are more exposed to cancellations, reductions, price reductions or postponements, or changes in customer inventory management practices** which **in turn reduce our management' s ability to forecast the next quarter or full- year production levels, net sales, profits and cash flows. For these reasons, our net sales and operating results and cash flows** may ~~also~~ **differ materially from our expectations as visibility is reduced. This may** have ~~an~~ **a material** adverse ~~impact~~ **effect** on our business ~~or~~ **,** financial **condition and** results **of operations** . A disruption or other failure in our supply chain could adversely affect our business and financial results. As a company engaged in production and distribution, we are subject to the risks inherent in such activities, including product quality control issues, disruptions or delays in our supply chain as well other external factors over which we have no control. Raw materials used in our products may be sourced from a few ~~, or single,~~ key suppliers **or a single key supplier** . Specifically, certain key components for our Financial Payment Card products include EMV microchips, substrates (such as PVC), resin, modules, antennas and inlays, which we source from multiple suppliers located in **various countries** ~~Germany, Thailand, South Korea, the United States, Haiti and Singapore, some of which source materials from Taiwan~~ , primarily on a purchase order basis. Though we obtain the microchips used in our Financial Payment Card products from multiple suppliers, we source the substantial majority of such microchips from one supplier. For the year ended December 31, ~~2022~~ **2023** approximately ~~97~~ **96** % **of the total value** of our purchased microchips and antennas came from four main suppliers, and approximately ~~68~~ **72** % came from one supplier, ~~with~~ **including** most of our contactless chips ~~being provided from that same supplier~~ . We may enter into agreements with suppliers from time to time which commit us to purchase products at prices less favorable than those available in the market at the time of the order, or in quantities greater than our future needs. If such supplier is unable to fulfill our orders for microchips or is delayed in shipping microchips to us, we could fail to timely fulfill customer orders, which could damage our reputation and result in a loss of customers and customer opportunities and material harm to our financial results. ~~Additionally~~ **15Additionally** , our Second Wave cards, featuring a core made with ~~recovered ocean- bound plastic ("~~ ROBP ~~")~~ rely on a largely international supply chain to source and provide such plastic in accordance with our defined parameters. It is difficult and costly to monitor suppliers of key components and their compliance with our parameters, our codes of conduct, and applicable laws. Any failure by our suppliers to so comply could adversely affect our ability to produce Financial Payment Cards at all or in a manner consistent with standards agreed upon with our customers, which could adversely affect our business, reputation and customer relationships. Moreover, in certain cases, such as with ROBP, microchip and resin suppliers, we may rely on suppliers for which there are not adequate and immediate replacements, which may result in our inability to continue to produce or a reduction in production of products that use components from these suppliers in the event the suppliers terminate their relationships with us, fail to deliver products or materials in required volumes or in required timeframes, or otherwise fail to meet their obligations to us. We generally do not ~~15maintain~~ -- **maintain** large volumes **of certain types** of inventory, which makes us even more susceptible to harm if a supplier fails to deliver products or materials as required. Changes in the financial or business condition of our suppliers, political instability, social or civil unrest, war or adverse market conditions in a supplier' s country ~~(~~ **,** including ~~relating to~~ any **new global health emergency** ~~continued outbreak of COVID- 19)~~ , demand from other customers of such suppliers or failure to comply with our codes of conduct or other contractual requirements **,** could render our suppliers unable to provide us with, or render us unable or unwilling to accept, the components we need to produce our products and thus subject us to losses or adversely affect our ability to bring products to market. Further, the failure of our suppliers to deliver goods and services in sufficient quantities, in compliance with applicable standards, contract requirements, or laws and regulations, and in a timely manner could adversely affect our customer service levels, our reputation and our overall business. For example, **during the COVID- 19 pandemic,** we ~~have in the past~~ experienced delays in ~~our~~ **the** supply ~~chain~~ **of, and increased costs of, materials necessary to operate our business** , which made it difficult to produce our products in a timely manner. In addition, any increases in the costs of goods and services for our business, including as a result of inflationary pressures, may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies in our operations. If a company in our supply chain engages in illegal, unethical or other questionable conduct, we may not have visibility ~~to~~ **into** these practices, we may in certain circumstances be deemed to have concurrent responsibility with our supplier for such conduct, and we, and our customers, may face legal or reputational harm in addition to interruptions to our supply chain. Failure to retain our existing customers or identify and attract new customers would have a material adverse effect on our business. A substantial portion of our net sales is derived from several large customers. The Company had one customer that accounted for ~~10 % or more of its net sales in 2022. Net sales from this customer was~~ approximately ~~16~~ **18** % of total net sales for the year ended December 31, ~~2022~~ **2023** . We have been serving this customer for more than 10 years. In addition, nearly two- thirds of our net sales for the year ended December 31, ~~2022~~ **2023** were from our top ten direct customers, which include certain Group Service Providers. We have been serving these top ten direct customers for an average of more than 10 years. If one or more of our key customer relationships ends, it could have a material adverse effect on our business and financial results. Our ability to provide products and services to these customers and our other customers and meet very high **-** quality standards in a timely manner is critical to our business success. For example, one of the key services that we offer our customers is the prompt and timely production and delivery of replacement debit or credit cards. Orders for replacement debit or credit cards often are placed on short notice and may require personalization. If we are unable to offer these and our other products and services in a high quality and timely manner, our relationships with our customers may be adversely affected and customers may terminate their contracts with us. In addition, our continued business relationship with our customers may be impacted by several factors beyond our control, including changes ~~of~~ **in purchasing and** inventory management practices by our customers, more attractive product offerings from our competitors, pricing and inflationary pressures, Group Service Providers' and program managers' ability to retain existing or gain new customers, the financial health of our customers and macroeconomic conditions affecting the Financial Payment Card industry or our financial institution and other customers. Our business practices may also be subject to periodic audits by customers as part of that customer' s third- party risk management programs, the outcome of which may result in the loss of that customer or may cause us to incur significant costs in order to satisfy the customer' s requirements. Because our contractual arrangements with customers generally do not include exclusivity clauses or commitments to order specified quantities of products on a medium or long- term basis, there is no guarantee that we will receive orders on a consistent basis or on favorable terms, or be able to renew contracts or purchase orders in a given year on favorable terms or at all. Additionally, as a result of labor shortages and supply- chain constraints, the Company has experienced extended production lead times in **the past in** some areas of the business ~~and~~ **which resulted in** difficulty meeting some customers' delivery expectations. While we continue to proactively monitor, ~~assess~~ **16assess** and take steps to minimize disruptions and delays in production, these disruptions and delays have caused, and may continue to cause, the Company to lose or delay customer opportunities. If we experience difficulty attracting and retaining customers, our business, financial condition and results of operations would be materially and adversely affected. 16Our operating results are unpredictable and may...... adverse impact on our business. The failure to effectively recruit, retain and develop qualified personnel and implement effective succession processes could adversely affect our success and could have a material adverse effect on our business, financial condition and results of operations. Our business functions are complex and require wide- ranging expertise and intellectual capital. If we fail to recruit, retain and develop personnel who can provide the needed expertise across the entire spectrum of our ~~expertise~~ **operating** and intellectual capital needs **, including as a result of leadership changes** , then the ability of our business to successfully compete and grow may be adversely affected. The market for qualified personnel is highly competitive and we have **previously** experienced labor availability issues in several of our facilities. This shortage of labor has resulted, and may ~~continue to~~ **in the future** result, in increased compensation and recruiting expenses which could have a material adverse effect on our profitability, particularly if we are unable to pass all of such expenses on to our customers or are limited in our ability to find suitable workers. In addition, **we rely, in part, on** the ~~loss~~ **accumulated knowledge, skills and experience** of **our** key personnel **, including our executive officers. The loss of the services of any of our key personnel could have a material adverse effect on our business, financial condition and results of operations, as we may not be able to find suitable individuals to replace such key personnel on a timely basis or without incurring increased costs, or at all. If our key personnel were to leave us** without adequate succession plans in place **, it** may cause a failure to maintain continuity in key business functions. We may not succeed in recruiting sufficient personnel to support our production needs ~~,~~ **or** may fail to effectively replace current personnel who depart with qualified or effective successors ~~, or may not succeed in transitioning from 17temporary to permanent labor at certain facilities~~ . Personnel shortages have resulted, and may ~~continue to~~ **in the future** result, in extended production lead times and difficulty in meeting customers' delivery expectations, which could result in the loss of customers and damage to our reputation and have a material adverse effect on our business, financial condition and results of operations. ~~The ongoing COVID- 19 pandemic~~ **Conditions in the banking system and financial markets, including the failure of banks and financial institutions, could have** ~~and~~ - **an** ~~responses thereto may, or may continue to, adversely~~ -- **adverse** ~~affect~~ **effect on** our **business** ~~supply chain~~ , ~~workforce, overall operations and~~ financial condition **and results of operations. Events involving limited liquidity** , **defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past led and may in the future lead to market- wide liquidity problems. For example, in March 2023, the Federal Deposit Insurance Corporation took control and was appointed receiver of Silicon Valley Bank and Signature Bank, after** each **bank was unable to continue its operations, and assisted with the assumption of First Republic Bank' s deposits and assets by JP Morgan Chase. These events exposed vulnerabilities in the banking sector, including uncertainties, significant volatility and contagion risk, any or all** of which **could have an adverse effect on our business, financial condition and results of operations. In addition to the market- wide impacts, our reliance on financial institutions and non- traditional financial service providers such as fintechs as our primary customers exposes us to additional risk from adverse events affecting the industry. Certain financial institutions' failures, the migration of deposits from smaller financial institutions to larger ones due to reduced confidence in or concerns about the stability of smaller financial institutions or non- traditional financial service providers, as well as consumers opening fewer new accounts at these institutions,** may **impact the quantity and timing of orders for our products. Additionally, uncertainty in the banking sector, as well as broader economic conditions in general, may cause banks and financial institutions to implement precautionary measures such as reducing spending on card programs or being more selective about issuing or renewing cards to customers. Any of the foregoing events could result in lower demand for our products, which in turn could** have a material adverse effect on our business **, financial condition and results of operations** . ~~The COVID~~ **Critical vendors, third** - ~~19 pandemic has caused significant economic disruption and~~ **party manufacturers or other third parties on which we rely could also be** adversely ~~impacted~~ **affected by the liquidity and** ~~the~~ **other risks** ~~global economy. Since the beginning of the COVID- 19 pandemic in early 2020, we have experienced, and expect to continue to experience, delays in the supply of, and increased costs of, materials necessary to operate our business, and challenges hiring and retaining workers as well as increased labor costs. Federal, state and local government measures in response to the COVID- 19 pandemic, including the institution of orders, restrictions and guidelines relating to the operation of our facilities, travel bans and restrictions, quarantines and shutdowns, have impacted and may continue to impact our workforce, sales and marketing efforts, and our operations and have caused and may continue to cause us to incur significant costs and have a negative impact on our sales and results of operations. For example, our sales and customer relationship personnel have been and may in the future be unable to engage in in- person meetings and interaction with our customers. Although certain restrictions~~ related to **bank failures** ~~the COVID- 19 pandemic have ceased, uncertainty continues to exist regarding the duration of such measures and potential future measures. Current material and component shortages, logistics constraints and labor inefficiencies have led to and may continue to lead to increased costs and challenges meeting customer demand~~ , which **in turn** could ~~have a~~ **result in** material adverse ~~effect~~ **impacts** on our business, ~~results of operations and / or~~ financial condition **and results of operations** . ~~The~~ **These** ~~COVID~~ **could include, but may not be limited to, delayed 17access to deposits or other financial assets or the uninsured loss of deposits or other financial assets and difficulty in accessing commercial financing on acceptable terms or at all due to tightening credit markets, unfavorable covenant terms and higher interest rates. Any third** - ~~19 pandemic has also~~ **party bankruptcy or insolvency, or any breach or default by a third party on which we rely, or the loss of any** ~~significantly~~ -- **significant supplier relationships,** ~~increased economic and customer demand uncertainty and has caused inflationary pressure in the U. S. and elsewhere as well as supply- chain disruptions. Economic uncertainties~~ could ~~continue to~~ **result in material** ~~adversely~~ -- **adverse** ~~affect the~~ **impacts on our business,** financial condition and ~~credit risk of our customers~~

~~as well as customer demand for the Company' s products and services, particularly if credit card issuers reduce credit limits, close accounts and become more selective in determining to whom they issue credit cards as a result thereof. A prolonged economic contraction or recession may also result in our customers seeking to reduce their costs and expenditures, which could result in lower demand for our products or a shift to demand for lower margin products. If our sales decline, or if such lost sales are not recoverable in the future, our business and~~ results of operations ~~will be significantly adversely affected. Continued uncertainties related to the magnitude, duration and persistent effects of the COVID- 19 pandemic may adversely affect our business. These uncertainties include, among other things: the duration and impact of the resurgence in COVID- 19 cases in any country, state, or region; the emergence, contagiousness, and threat of new and different strains of the virus; the availability, acceptance, and effectiveness of vaccines; prolonged reduction or closure of the Company' s operations; disruptions in the global supply chain; increased labor cost and turnover in our facilities as well as challenges hiring production employees; the impact of the pandemic on the Company' s customers and suppliers; the impact of disruptions in the global capital markets and / or declines in our financial performance, which could impact the Company' s ability to obtain financing in the future; and the impact of the pandemic on customer demand for our products and services as discussed above. All of these factors could materially and adversely affect our business, results of operations and / or financial condition. The global outbreak of COVID- 19 continues to evolve. The ultimate impact of the COVID- 19 outbreak remains uncertain and subject to change, and we cannot predict its future impacts on our business or the economy as a whole. However, these effects may harm our business, financial condition and results of operations in the near term and could have a continuing material impact on our operations, sales, and liquidity~~. System security risks, data protection breaches, and cyber- attacks could compromise our proprietary information, impair customer and vendor relationships, disrupt our internal operations, harm perception of our products and expose us to litigation and / or regulatory penalties, which could have a material adverse effect on our business and our reputation. The reliability and security of our IT infrastructure and our ability to protect sensitive and confidential information for our customers, which include many financial institutions, is critical to our business. We have been and may continue to be a target of cyber- attacks or cyber intrusions via the Internet, computer viruses, break- ins, malware, ~~18phishing~~ -- **phishing** attacks, ransomware attacks, hacking, denial- of- service attacks or other attacks and similar disruptions from unauthorized use of or access to computer systems (including from internal and external sources). **Increasing use of artificial intelligence or machine learning capabilities may increase these risks.** A breach of our security defenses could result in a loss of our intellectual property, the release of sensitive cardholder information and customer, consumer or employee personal data, or the loss of production capabilities at one or more of our production facilities **. We may also be at risk from cyber- attacks on third parties with whom we do business to the extent their compromised systems interact with our systems or employees. For example, our employees, contractors, customers or other users of our systems are from time- to- time subject to fraudulent inducements by parties attempting to gain access to our data. We have no control over the level of response offered by any third party whose systems have been impacted by a cyber- security breach and to the extent we are also impacted by interacting with compromised systems or bad actors, we could also experience system disruptions, financial loss, fines or penalties and potential damage to our reputation** . In recent years these types of incidents have become more prevalent and pervasive across industries, including in our industry. In addition, our encryption systems are at risk of being breached or decoded. We use encryption technology to protect sensitive data while in transit and at rest. Also, smart cards are equipped with keys that encrypt and decode messages in order to secure transactions and maintain the confidentiality of data. The security afforded by this technology depends on the integrity of the encryption keys and the complexity of the algorithms used to encrypt and decode information. Any significant advances in technology that enable the breach of cryptographic systems, malicious software infiltration or that allow for the exploitation of weaknesses in such systems could result in a decline in the security we are able to provide through this technology. Any material breach of our secured systems could harm our competitive position, result in a loss of customer trust and confidence, and cause us to incur significant costs to remedy the damages caused by system or network disruptions, whether caused by cyber- attacks, security breaches, internal control failures ~~,~~ or otherwise, which could ultimately have a material adverse effect on our business, financial condition and results of operations. The protective measures we have implemented to protect against data and security breaches and cyber- attacks may not prevent system or network disruptions and may be insufficient to prevent or limit the damage from any future security breaches. Our activities and investment in protective measures may not be deployed sufficiently quickly or successfully in order to protect our system or network against disruptions and may not prevent or limit the damage from any future security breaches. In addition, as these threats continue to evolve, we may be required to invest significant additional resources to modify and enhance our information security and controls or to investigate and remediate any security vulnerabilities. Interruptions in our operations, particularly in our IT systems, could have a material adverse effect on our business and reputation. Our business is dependent upon our ability to execute, in an efficient and uninterrupted fashion, necessary business functions, including the operation of complex IT systems and production equipment. In addition, a significant portion of the communication between our employees, customers ~~,~~ and suppliers depends on our IT systems. The reliability of our IT infrastructure and software, and our ability to expand and continually update technologies in response to our changing needs, are critical to our business. ~~In~~ **18In** order to serve our customers and operate certain aspects of our business, we depend on data centers and computing infrastructure that is both our own as well as provided by third party vendors. To the extent applications and data used in our business are hosted by third party vendors at their facilities, we do not control the operation of such facilities or in some cases the hardware and infrastructure within them. Any disruption of, interference ~~at~~ **with** , or inability to keep up with our needs for capacity by our third- party data centers or hosted infrastructure partners could interrupt our business operations. In addition, any problems faced by our third- party data center operations or hosted infrastructure partners with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Our ability to service our customers also largely depends on the efficient and uninterrupted operation of our own computer information systems and complex production equipment, much of which relies on computer operating systems, residing at our leased facilities. The proper functioning of such systems can be adversely affected by the increasing age and usage of such systems, among other things. Any interruption in our business applications, systems or networks, including, but not limited to, new system implementations, server downtime, failure to upgrade or patch software, facility issues, natural disasters or energy blackouts, could have a material adverse impact on our operations, sales and operating results. Additionally, we have a limited number of employees with the expertise required to operate such internal applications, systems and networks as well as remediate them in the event of a failure, and thus the attrition of such employees could result in our inability to quickly and effectively resolve future IT issues that may arise. Not only could we suffer damage to our brand and reputation in the event of a system outage or data loss or interruption, but we may also be liable to third parties, including our customers. Some of our contractual agreements ~~19require~~ -- **require** the payment of penalties if our systems do not meet certain operating standards, and failure to operate in accordance with the standards of one or more of the Payment Card Brands could result in a loss of compliance of our facilities, any of which could have a material adverse effect on our business. In addition, to successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Protective measures we have established for continuation of core business operations in the event of a catastrophic event may be insufficient to prevent or limit the damage from any future disruptions, and any such disruption could have a material adverse effect on our business, financial condition and results of operations. Our future success depends upon our ability to develop, introduce and commercialize new products ~~,~~ **and services** which can be a lengthy and complex process. We may be unable to commercialize new or improved products **and services** we may develop on a timely basis or at all. The development of new or enhanced products **and services** is a complex and uncertain process requiring the accurate anticipation of technological, market and industry trends, as well as precise technical execution, all of which could adversely affect our ability to meet customer demand for new or enhanced products. The successful development of new products **and services** may require us to undertake time- consuming and costly research and development activities, and we may experience difficulties or challenging market conditions that could delay or prevent the successful development, commercialization and marketing of these new products **and services** , including, for example, limited or delayed market acceptance of dual- interface EMV technology or eco- focused card solutions in the United States. Before we can commercialize any new products **and services** , we may need to expend significant funds in order to conduct substantial research and development. Additionally, we have limited research and development resources as compared to many of our competitors, which may result in an immature product development process and lengthy product roll- outs. If we have difficulty producing innovative products, there could be a material adverse effect on our revenue, results of operations, reputation and business. New or enhanced product **and service** offerings may also expose us to additional risks, such as new sources of supplies, increased regulation or reputational harm. As we develop products **and services** , we may need to make significant investments in product development and new technology, as well as sales and marketing resources. Furthermore, if we are unable to develop and introduce new and innovative products in a cost- effective and timely manner, our product and service offerings could be rendered obsolete. In addition, competitors may be able to develop and commercialize competing products more quickly and efficiently. **Artificial intelligence and machine learning technologies have rapidly developed and if we cannot successfully integrate these technologies into our internal business processes and product and service offerings in a timely, cost- effective, compliant and responsible manner, we may be at a competitive disadvantage.** Any of these factors could have a material adverse effect on our business, financial condition and results of operations. ~~The~~ **19The** covenants and restrictions contained in agreements governing our indebtedness may adversely affect our business and results of operations, may restrict our ability to grow and could make it difficult or impossible to timely make our debt service payments or refinance our debt when it comes due. We maintain a substantial amount of debt, and we may incur additional debt in the future to help fund our business. The agreements governing our indebtedness do not fully prohibit us or our subsidiaries from incurring additional indebtedness in the future, and to the extent that we incur additional indebtedness, the risks associated with our substantial indebtedness described below, including our possible inability to service our debt, may increase. Our substantial indebtedness and interest expense could have important consequences to us, including: ● limiting our ability to use a substantial portion of our cash flow from operations in other areas of our business, including for working capital, research and development, expanding our infrastructure, capital expenditures and other general business activities and investment opportunities in our company, because we must dedicate a substantial portion of these funds to pay interest, make principal payments and / or otherwise service our debt; ● impacting our cash flows, results of operations and financial condition when interest rates rise, because the interest rate on our revolving credit facility is a floating rate that varies depending on market interest rates ~~from time to time~~ **and issuance or refinancing of other debt in the future may be incurred at higher interest rates than current debt** ; ~~20~~ ● limiting our ability to retain or attract customers and our ability to attract or retain qualified employees due to our significant amount of debt and the related implications of such debt for the Company' s long- term financial condition; ● limiting our ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions and the execution of our strategy, and other expenses or investments planned by us; ● limiting our flexibility and our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation, our business and our industry; ● limiting our ability to timely make our debt service payments or to satisfy our other obligations under our indebtedness (which could result in an event of default and acceleration if we fail to comply with the requirements of our indebtedness); ● **limiting our ability, or increasing the costs, to refinance indebtedness prior to maturity dates; ●** increasing our vulnerability to a downturn in our business and to adverse economic and industry conditions generally; and ● placing us at a competitive disadvantage as compared to our competitors that are less leveraged. Additionally, the terms of the agreements governing our indebtedness restrict, and any additional indebtedness we may incur in the future could similarly restrict, our ability to operate our business and to pursue our business strategies. Among other things, these agreements restrict our ability to: ● incur additional indebtedness; ● create liens or use assets as security in other transactions; ● enter into certain asset sale transactions or other dispositions of assets; ● declare or pay dividends, repurchase or redeem stock, or make other distributions to stockholders; ● make investments in other businesses or joint ventures; ● merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets; and ● enter into transactions with affiliates. ~~Interruptions in~~ **We may not be able to refinance our existing long- term debt if necessary,** ~~our -~~ **or** ~~operations, particularly in~~ **we may only be able to do so at a higher interest rate** ~~our -~~ **or** ~~IT systems, could have a material adverse effect~~ on **other less favorable terms. We may be unable to refinance** ~~our -~~ **or renew** ~~business and reputation. Our business is dependent upon~~ our ~~ability to execute, in~~ **existing long- term debt** ~~an~~ **and** ~~efficient and uninterrupted fashion, necessary business functions, including the operation of complex IT systems and production equipment. In addition, a significant portion of the communication between~~ our **failure to repay all amounts due** ~~employees, customers, and suppliers depends~~ on **the maturity** ~~our IT systems. The reliability of our IT infrastructure and software, and our ability to expand and continually update -~~ - **date would cause a default under the long- term debt agreement** ~~technologies in response to our changing needs, are critical to our business. In order to serve our customers and operate certain aspects of our business, we depend on data centers and computing infrastructure that is both our own~~ as well as ~~provided cash flows~~ **our credit agreement.Amounts borrowed and outstanding under our long- term debt agreement and senior secured revolving credit facility are required to be repaid in full,together with any accrued and unpaid interest,no later than March 15,2026 (and** may ~~differ materially from~~ **be subject to earlier mandatory prepayment upon certain events).Alternatively,any renewal** ~~our -~~ **or refinancing** ~~expectations as visibility is reduced.This~~ may **occur** ~~have a material adverse effect~~ on ~~our business,financial condition~~ **less favorable terms for both the long- term debt** and **the credit facility.If we refinance on terms that are less favorable to us than the terms of our existing debt and credit facility,our interest expense may increase significantly,which could impact our** results of operations **and impair our ability to use our funds for other purposes** . **20** We are considered an accelerated filer and are required to comply with ~~Section 404 of~~ the Sarbanes- Oxley Act of 2002,and our inability to maintain effective internal control over financial reporting in the future could result in investors losing confidence in the accuracy and completeness of our financial reports and negatively affect the market price of our common stock. As a public company,we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. **The** ~~Because we became and continue to be an accelerated filer since the year ended December 31,2021,Section 404 of the~~ Sarbanes- Oxley Act of 2002 (the “ Sarbanes- Oxley Act ”) requires our independent registered public accounting firm to attest to the effectiveness of our internal control over financial reporting. **The** ~~Our transition to becoming subject to additional requirements of Section 404 of the Sarbanes- Oxley Act has been and will continue to be time- consuming.Further,the~~ costs associated with compliance with ~~and implementation of procedures under~~ these and future laws and related rules **and interpretations** could have a material impact on our results of operations. Management has assessed the effectiveness of the Company’ s internal control over financial reporting based on the criteria set forth ~~by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control- Integrated Framework (2013).Based on that assessment,we identified several material weaknesses in internal control over financial reporting during 2021 and have concluded those material~~ by ~~third party vendors. To the extent applications and data used in our business are hosted by third party vendors at their -~~ - **the** ~~facilities,~~ **Committee of Sponsoring Organizations of the Treadway Commission in Internal Control- Integrated Framework (2013). See Item 9A – Controls and Procedures – Management’ s Report on Internal Control over Financial Reporting. We have identified material weaknesses and significant deficiencies in our internal controls in the past and** we ~~do~~ **may identify additional material weaknesses or significant deficiencies in our internal controls in the future. If any such control deficiencies occur in the future, we may** not ~~control the operation of such facilities~~ **detect errors on a timely basis,** ~~or~~ **our financial statements may be materially misstated, investors may lose confidence** in ~~some cases the hardware and infrastructure within them -~~ **the accuracy and completeness of our financial reports and we may be unable to timely produce our financial reports** . Any ~~disruption~~ of **the foregoing** ~~, interference at, or inability to keep up with our needs for capacity by our third- party data centers or hosted infrastructure partners~~ could ~~interrupt~~ **negatively affect the market price of** our ~~business operations~~ **common stock, perhaps significantly** . In addition, **we could become subject to investigations by** any **stock exchange on which** ~~problems faced by our third- party data center operations or~~ **our** ~~hosted infrastructure partners~~ **securities are listed, the SEC or other regulatory authorities, or litigation or disputes** with **stockholders** ~~the telecommunications network providers with whom we or they contract~~ , ~~or with the systems by~~ which ~~our telecommunications providers allocate capacity among their customers, including us,~~ could **require additional financial** ~~adversely affect the experience of our customers. Our ability to service our customers also largely depends on the efficient~~ and **management resources** ~~uninterrupted operation of our own computer information systems~~ and ~~complex production equipment~~ **result in more costly directors’ and officers’ insurance** , ~~much of~~ which ~~relies on computer operating systems, residing at our leased facilities. The proper functioning of such systems can be adversely affected by the increasing age and usage of such systems, among other things. Any interruption in our business applications, systems or networks, including, but not limited to, new system implementations, server downtime, failure to upgrade or patch software, facility issues, natural disasters or energy blackouts,~~ could have **an** ~~a material~~ adverse impact on our ~~operations, sales and operating results. Additionally, we have a limited number of employees with the expertise required to operate such internal applications, systems and networks as well as remediate them in the event of a failure, and thus the attrition of such employees could result in our inability to quickly and effectively resolve future IT issues that may arise. 21Not only could we suffer damage to our brand and reputation in the event of a system outage or data loss or interruption, but we may also be liable to third parties, including our customers. Some of our contractual agreements require the payment of penalties if our systems do not meet certain operating standards, and failure to operate in accordance with the standards of one or more of the Payment Card Brands could result in a loss of compliance of our facilities, any of which could have a material adverse effect on our~~ business. ~~In addition, to successfully operate our business,~~

~~we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Protective measures we have established for continuation of core business operations in the event of a catastrophic event may be insufficient to prevent or limit the damage from any future disruptions, and any such disruption could have a material adverse effect on our business, financial condition and results of operations.~~ Disruptions in production at one or more of our facilities may have a material adverse impact on our business, results of operations and / or financial condition. Any serious disruption at any of our facilities, including as a result of **public health emergencies** ~~the COVID- 19 pandemic~~ , severe weather conditions, climate change, natural disasters, hostilities, political instability, social unrest, network outages or terrorist activities, could impair our ability to use our facilities and have a material adverse impact on our revenues and increase our costs and expenses. In the event of a disruption in production at one of our facilities, our other facilities may not have sufficient capacity, may not have the specialized equipment necessary, may have higher production costs, may take significant time to increase production or may fail to meet our customers' requirements, any of which could negatively impact our business, results of operations and financial condition. Production disruptions may cause our customers to seek alternative supply, which could further adversely affect our profitability. A significant amount of certain specialized production capacity is also concentrated in single- site locations. Due to the specialized nature of the assets used in the production process at each location, in the event a particular facility experiences disruption, it may not be possible to find replacement capacity quickly or substitute production from our other facilities. Accordingly, disruption at a single- site production operation could significantly impact our ability to supply our customers and could have a severe impact on us. Additionally, all of our production facilities are currently leased, and we are subject to risks associated with our current and future real estate leases for such facilities. As each lease expires, we may fail to negotiate renewals, either on commercially acceptable terms or at all, we may be unable to find replacement locations with adequate capacity for our unique equipment and both current and future operational needs, and we may experience disruption or significant cost in relocating, any of which could have an adverse effect on our operations, customer relationships and financial performance. **Moreover, the lease at our Fort Wayne, Indiana production facility expires in January 2026 with no current option to renew and we are taking steps to relocate the operations at this facility to a new location. We may not be able to successfully relocate our operations in a timely manner or do so without experiencing business interruption.** Our **other production facilities may not have the ability to support the production needs serviced by this facility, and we do not have contractual arrangements with any other manufacturers in the event this facility ceases to be available to us for any reason. Also, a substantial investment in improvements and equipment will be necessary to facilitate the relocation of these operations. These costs may exceed our expectations or we may face delays for the relocation of the facility, which could have an adverse effect on our operations, customer relationships and financial performance. 21Our** business could suffer from problems in production quality, materials and process, which could reduce, delay or interrupt production of our products, resulting in adverse impacts to our business and financial results. We produce our products using processes that are highly complex, require complex and costly equipment and must continually be modified to improve yields and performance. Difficulties in the production process can reduce product yields, reduce product quality or interrupt production altogether. We may not have adequate replacements for failing or malfunctioning machinery available in a timely fashion. Additionally, we have experienced malfunctions and errors, including human error, relating to the operation of certain machinery and systems used in our production process that, in some instances, have resulted in the delivery to our customers of products that did not meet their standards or specifications or ~~whose~~ **failed to** ~~functionality~~ ----- **function** in the marketplace ~~was adversely impacted~~ . Such problems **have in the past resulted, and** may **in the future** result **,** in our inability to properly fulfill customer orders and / or our obligation or election to replace products at our cost and expense, provide credit to or reimburse customers for related damages. We may also be subject to claims relating to such issues. The occurrence of any of these risks could damage our reputation and result in the loss of business, which could have an adverse impact on our business, financial condition and results of operations. As the complexity of both our products and our technological processes has become more advanced, production tolerances have been reduced and requirements for precision have become more demanding. If we do not advance our production processes at the market rate, we may experience a lower production quality than the market standard. We may suffer disruptions in our production, either due to production difficulties, such as machinery or technology failures, human or other errors, or as a result of external factors beyond our control, such as delay of, or quality issues with, ~~22materials~~ -- **materials** provided by suppliers, interruption of our electrical service or a natural disaster. We may also risk non- compliance with certain industry standards if we experience failure of certain required operations or processes, such as those related to facility security, which may impede our ability to deliver products to our customers. Any such event could have a material adverse effect on our business, financial condition and results of operations. **a material adverse effect on our business,financial condition and results of operations.** Costs relating to product defects,and any related product liability and warranty claims may materially adversely affect our business.We offer highly complex services and products and,accordingly,from time to time,defects have occurred.Such defects can give rise to significant costs,including expenses relating to recalling products,replacing defective items,writing down defective inventory,the loss of potential sales and claims by third parties.In addition,the occurrence of such defects may give rise to product liability and warranty claims,including liability for damages caused by such defects.If we sell defective products into the market,our reputation could suffer,and we may lose sales opportunities and incur liability for damages,including damages claims from customers in excess of the amounts they pay us for our products,including consequential damages.In addition,our customers may recall their products if they prove to be defective or make compensatory payments in accordance with industry or business practice or in order to maintain good customer relationships.If such a recall or payment is caused by a defect in one of our products,our customers may seek to recover all or a portion of their losses from us.If any of these risks materialize,our reputation would be harmed and there could be ~~a material adverse effect on our business,financial condition and results of operations.~~ Expectations of stakeholders relating to environmental, social and governance matters may impose additional costs and expose us to new risks as well as have an adverse effect on our business, financial condition, results of operations, and cash flows. There is an increasing focus from certain investors, regulators, customers **, employees** and other stakeholders concerning corporate responsibility, specifically related to ~~environmental, social and governance ("~~ESG ~~")~~ matters. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in the Company if they believe our practices relating to ESG are inadequate, which may hinder the Company' s access to capital. In addition, **certain** investment ~~in~~ funds ~~that~~ specialize in companies that perform well in such assessments ~~are increasingly popular~~, and **some** major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. In addition to the topics typically considered in such assessments, for businesses in the card production industry, issues of emissions and plastic waste are of particular importance. For example, increased attention to conservation measures and negative consumer attitudes about plastic products or other components in our products could have an adverse impact on demand for our products, which could adversely impact our business and results of operations. ~~There~~ **22There** have also been changing consumer concerns and perceptions (whether accurate or inaccurate) regarding the potentially adverse environmental effects of substances present in certain consumer products, including substances and components the Company uses in its products, including PVC plastic. Potential consumer concerns may also extend to the sourcing of certain materials and labor and other conditions in those locations. We may be unable to produce or procure our products in conformity with these preferences and concerns, or doing so may require significant research and development costs as well as increased costs associated with procuring alternative raw materials and components. We also may need to make changes to our operations that could require additional capital expenditures. This would adversely affect our financial condition, results of operations and cash flows. Furthermore, customer, investor and consumer expectations in ESG areas have been varied, rapidly evolving and increasing. Specifically, certain customers are beginning to request that the Company provide information on its plans relating to certain environmental related matters such as greenhouse gas emissions, waste sent to landfills and energy usage. The enhanced stakeholder focus on ESG issues requires the continuous monitoring of various and evolving standards, which is time consuming and costly. In addition, in the event that we communicate certain initiatives or goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. A failure to adequately meet these various stakeholder expectations and standards may result in reputational damage, the loss of business, diluted market valuation, an inability to attract customers or an inability to attract and retain top talent. Additionally, the potential for future ESG and climate risk reporting requirements may result in additional costs to monitor, track and report sustainability measures. We have implemented or are considering implementing ESG strategies, including efforts to offer more eco- focused solutions to our customers. Our customers may request that changes be made to our products or operations, as well as other aspects of our production processes. These strategies and customer requests could increase our operating costs and may require the investment of capital. The failure to implement ESG strategies, meet our ESG goals or evolving stakeholder expectations or standards or comply with any new ESG related regulations could adversely affect our reputation and our relationships with customers, which in turn could adversely affect our business, financial condition, results of operations and cash flows. **Damage to our reputation or brand image can adversely affect our business. Our reputation forms the foundation of our relationships with key stakeholders and other constituencies, including employees, consumers, customers and suppliers, and maintaining a positive reputation globally is critical to the successful operation of our business. Negative publicity surrounding us, our activities, our personnel or our business partners, consumer perception of our response to political and social issues or catastrophic events, and campaigns by activists, whether or not warranted, connecting us, our personnel, our supply chain or our business partners to a failure to maintain high ethical, business and environmental, social and governance practices, including with respect to human rights, workplace conditions and employee health and safety, whether actual or perceived, could adversely impact our reputation and brand image and may decrease demand for our products, thereby adversely affecting our business, results of operations, cash flows or financial condition.** Climate change may adversely affect our operations and financial performance. There is continuing concern from members of the scientific community and the general public that emissions of greenhouse gases (" GHG ") and other human activities have caused or will cause significant changes in weather patterns and increase the frequency and severity of extreme weather events, including, without limitation, droughts, wildfires, hurricanes and flooding. Extreme weather events have and may continue to adversely affect us because of their impact on the availability and cost of raw materials and components we need to produce our products and that we source from locations in the United States and internationally that have experienced and may continue to experience such events. In ~~23addition~~ -- **addition** , extreme weather events could have an adverse impact on, among other things, our customers' demand for our products and services due to impacts of such events on them as well as decreased consumer demand and spending power as a result of such events, and also on our insurance premiums, operating costs and ability to timely fulfill customer orders in the event of damage or disruption to one of our facilities resulting from such an event. ~~We~~ **23We** may be unable to adequately protect our trade secrets and intellectual property rights against misappropriation or infringement, which may have a material adverse effect on our business. Our ability to protect our intellectual property is important to our business. We depend on patents and other intellectual property rights to protect our products, proprietary designs and technological processes against misappropriation by others. Our existing or future patents may be challenged, invalidated or circumvented. Our patents have been and may in the future be challenged as invalid. Furthermore, we may have difficulty obtaining additional patents and other intellectual property protections in the future. The patents and intellectual property rights that we receive may be insufficient to provide us with meaningful protection or commercial advantage. Moreover, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which we provide services or sell or license products. Our efforts to prevent the misappropriation or infringement of our intellectual property or the intellectual property of our customers may not succeed. We actively seek to protect our proprietary rights and trade secrets by engaging in litigation and by entering into confidentiality agreements with our employees, consultants, and strategic partners and controlling access to and distribution of our technologies, documentation and other proprietary information. Nevertheless, unauthorized parties may attempt to copy aspects of our products or technologies or to obtain and use information that we regard as proprietary and may use such information to interfere with our business. Enforcing our intellectual property rights has in the past ~~,~~ **caused** and may in the future ~~,~~ cause us to incur significant costs. These costs and other consequences from the unauthorized use of our intellectual property could have a material adverse effect on our business, financial condition and results of operations. Companies in our industry aggressively protect their intellectual property rights. Our products often contain technology provided to us by other parties such as suppliers or customers, and we compete in an industry that is highly active in generating intellectual property. We may have little or no ability to determine in advance whether such technology infringes the intellectual property rights of a third party. From time to time, we receive notices or are named in litigation that claim we have infringed upon, misappropriated or misused other parties' proprietary rights or that challenge the validity of our patents. In addition to the costs and distraction that result from intellectual property litigation and infringement claims, an adverse outcome in these types of disputes could prevent us from offering some of our products and services or from enforcing our intellectual property rights. Settlements can involve royalty or other payments that could reduce our profit margins and may have a material adverse effect on our financial results. Our suppliers, customers and licensors may not be required to fully indemnify us for the costs of defending against infringement claims. In addition, we may be required to indemnify some customers and strategic partners related to allegations, regardless of merit, that our products infringe on the intellectual property rights of others. We also face risks related to open source software. Certain of our software is derived from open source software, which is generally made available to the public by its authors and / or other third parties. Open source software is often made available under licenses, which impose certain obligations in the event we distribute derivative works of the open source software. These obligations may require us to make source code for the derivative works available to the public and / or license such derivative works on terms different from those customarily used to protect our intellectual property and we may incur additional costs to the extent we use open source software that is subject to licensing. With respect to our proprietary software, we generally license such software under terms that prohibit combining it with open source software. Despite these restrictions, parties may combine our proprietary software with open source software without our authorization, in which case we might nonetheless be required to release the source code of our proprietary software. Usage of open source software can lead to greater risks than the use of third party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software or remedies against the licensors. Many of the risks associated with open source software cannot be eliminated and could have a material adverse effect on our business, financial condition and results of operations. **In addition, the rise of artificial intelligence and machine learning technologies may expose us to increasing risk with regard to both protecting of our intellectual property and defending against misappropriation claims. Such technologies are imperfect and the use of artificial intelligence or machine learning technologies by us, our customers or parties with whom we conduct business, and by unrelated third parties could inadvertently cause us to infringe upon other parties' intellectual property ownership or rights, or could alternatively infringe upon our intellectual property rights. As a result, we may be subject to claims we have infringed upon, misappropriated or misused other parties' intellectual property. We may also have to resort to litigation to enforce our intellectual property rights, either of which could result in substantial costs and diversion of our resources.** 24We may experience software defects, which could harm our business and reputation and expose us to potential liability. Our services are based on sophisticated software and computing systems, and the software underlying our services may contain undetected errors or defects when first introduced or when new versions are released. In addition, we may experience difficulties in installing or integrating our technology on systems used by our customers. Defects in our software, errors or delays in the processing of electronic transactions or other difficulties could result in the interruption of business operations, delays in market acceptance, additional development and remediation costs, diversion of technical and other resources, loss of customers, negative publicity or exposure to liability claims. Our ability to raise capital in the future may be limited, which could lead to delays in innovation and abandonment of our strategic initiatives. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. The terms of our outstanding indebtedness ~~,~~ **and the** low trading volume and ~~the~~ fluctuating trading price of our common stock may adversely affect our ability to access capital markets and any such financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. We may be unable to access capital due to unfavorable market conditions or other market factors outside of our control, and ~~there can be no assurance that~~ we ~~will~~ **may not** be able to raise additional capital when needed. Any failure to achieve adequate funding will delay our products and services innovation and development and could lead to abandonment of one or more of our strategic initiatives. Any of these events could materially harm our business, financial condition and prospects. We may become subject to additional tax collection obligations, claims for uncollected amounts, and assessments from unclaimed property audits, new U. S. tax legislation could expose us to additional liabilities and our income tax positions or unclaimed property practices may be challenged by relevant authorities, all of which could adversely affect our cash flows and financial results. Several states have adopted legislation requiring out- of- state sellers to collect and remit sales tax on sales transactions into those states where they have no physical presence. States seeking to expand applicability of sales tax " nexus " laws could result in additional tax expenses in the event we are unable to pass these expenses along to our customers and additional administrative burden to collect and remit sales tax in such jurisdictions. In addition, we are subject to U. S. federal and state income taxes. Our tax receivables may not be realized, and our tax expense and the tax positions included in our financial statements, which are subject to estimates, could be impacted by changes in rules or interpretations of existing tax laws and changes in U. S. federal and state tax legislation and tax rates. New legislation may be enacted which could increase income tax rates in jurisdictions where we operate or have nexus and materially impact our tax provision, cash tax liability and effective tax rate. Additionally, our income tax positions may be challenged by relevant tax authorities and we may not be successful in defending against any such challenge, which may adversely affect our future cash flows and financial results. We are also subject to unclaimed property (escheat) laws in various states which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time. We are subject to audit by individual U. S. states with regard to our escheatment practices. Such audits may cause us to incur significant costs related to outside professional fees and divert management' s time away from business operations. Additionally, we may be subject to assessments, penalties or fines that could adversely affect our financial results. The legislation and regulations related to tax and unclaimed property matters tend to be complex and subject to varying interpretations by both government authorities and taxpayers. We may not be able to sell, exit or reconfigure businesses or facilities that we determine no longer meet with our strategy or that should be consolidated, and we may not be able to execute on an acquisition strategy or integrate acquisitions successfully. In executing our strategy, we have consolidated certain of our facilities and divested certain of our businesses. We will continue to evaluate such opportunities. Any such consolidation or divestiture could adversely affect our continuing business and expenses, revenues, results of operations, cash flows and financial position. 25We may not be able to sell non- strategic businesses on terms that are acceptable to us, or at all. In addition, if the sale of any non- strategic business cannot be consummated or is not practical, alternative courses of action, including relocation of operations or closure, may not be available to us or may be more costly than anticipated. We intend to continue to seek additional acquisition opportunities to potentially expand into new markets and to enhance our position in existing markets. We cannot assure we will be able to successfully identify suitable acquisition opportunities, prevail against competing potential acquirers, negotiate appropriate acquisition terms, obtain financing that may be needed to consummate such acquisitions, complete proposed acquisitions, successfully integrate acquired businesses into our existing operations or expand into new markets. In addition, any acquisition, once successfully integrated, may not perform as planned, be accretive to earnings ~~,~~ or prove to be beneficial to our operations and cash flow. Our long- lived assets represent a significant portion of our total assets, and we may never realize their full value. Our long- lived assets recorded as of December 31, ~~2022~~ **2023** include $ ~~57~~ **63** . ~~2~~ **1** million of plant, equipment, leasehold improvements and operating lease right- of- use assets, $ ~~18~~ **14** . ~~0~~ **1** million of net intangible assets, and $ 47. 2 million of goodwill. We perform goodwill impairment testing on an annual basis as of October 1 of each year. Other long- lived assets, such as identifiable intangible assets and plant, equipment and leasehold improvements are reviewed for impairment whenever events, changes or circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If we were to conclude that a future write- down of our long- lived assets is necessary, we would have to record the appropriate charge, which could result in a material adverse effect on our results of operations. A write- down of our long- lived assets may result from, among other things, deterioration in our performance and a decline in expected future cash flows and could have a material adverse effect on our business...... would be harmed and there could be a material adverse effect on our business, financial condition and results of operations. We rely on licensing arrangements in production and other fields, and actions taken by any of our licensing partners could have a material adverse effect on our business. Many of our products integrate third- party technologies that we license or otherwise obtain the right to use, including software relating to smart card operating systems used in products such as EMV cards. As part of our strategy, we have entered into licensing agreements with other leading industry participants that provide us with, among other benefits, access to technology owned by third parties. For example, we license card technology for use in certain of our products, including in EMV cards. This card technology provides a secure environment for applications on smart cards and other devices with limited memory and processing capabilities, and we rely on our commercial arrangements with the licensors of such technology for the continued use of these platforms. These licensors may not continue to renew their licenses with us on similar terms or at all, which could negatively impact our net sales. We have also entered into cross- licensing agreements with certain of our competitors that provide for an exchange of intellectual property, including the sharing of certain patent rights in our respective portfolios. We also may seek to enter into additional cross- licensing arrangements with certain competitors as we pursue additional growth initiatives. If we are unable to enter into ~~26new~~ -- **new** cross- licensing agreements or continue to successfully renew existing cross- licensing agreements, we may lose our access to certain technologies that we rely upon to develop certain of our products and or be forced to cease or delay certain growth initiatives, which could have a material adverse effect on our business. ~~Risks~~ **26Risks** Relating to our IndustryWe face competition that may result in a loss of our market share and / or a decline in our profitability. Our marketplace is highly competitive, relatively saturated and increasingly consolidated. We expect these market dynamics to continue for new product innovations, and as competitors develop lower- cost production processes, competitors consolidate and other competitors attempt to enter the markets in which we operate. Some of our competitors have larger global customer bases and significantly greater financial, sales and marketing, production, distribution, technical and other capabilities than we do. These competitors may be able to adapt more quickly to new technological requirements and changes in customer and / or regulatory requirements to leverage their scale to lower production costs and prices, and utilize their global footprint to win certain customers with card needs in multiple markets and by producing cards in lower cost geographies. In addition, some competitors are non- public companies, and are therefore not subject to the public company requirements and related expenses that we are. We also face competition from newly established competitors, suppliers of products and customers who choose to develop their own products and services. Existing or new competitors may develop products, technologies or services that more effectively address our markets with enhanced features and functionality, greater levels of integration and / or lower cost. As the technological sophistication of our competitors and the size of the market increases, competing low- cost producers could emerge and grow stronger. These dynamics could result in declining average selling prices and reduced gross margins in our businesses. If we cannot sufficiently reduce our production costs or develop new products, technologies or services, we may not be able to compete successfully, and we may lose market share, which could have a material adverse effect on our business, financial condition and results of operations. Delays or interruptions in our ability to...... predict but could be substantial. Current and prospective regulations, changes in our product offerings and customer contractual requirements addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations and financial condition. In operating a Financial Payment Card business, we manage large amounts of personally identifiable information of cardholders, including cardholder names, account numbers, healthcare provider names and health savings account numbers, and similar information and are thus subject to laws and requirements relating to data privacy and security, which continue to evolve and may become increasingly difficult to comply with. For example, the California Consumer Privacy Act and the California Privacy Rights Act generally require companies like ours, which process consumer personal information on behalf of their customers, to use, retain or disclose consumer personal information solely for certain limited purposes, including to provide services to our customers according to the terms of our customer contracts. Other states have enacted similar data privacy laws and regulations and / or amended their existing data privacy laws and regulations. Furthermore, to the extent these laws apply to our customers, our customers have imposed, and may continue to impose additional, privacy related contractual obligations on us, adherence to which may require additional investment in resources and internal processes. Additionally, as we continue to innovate our products and services offerings **, including potentially leveraging the use of artificial intelligence and machine learning capabilities,** and expand into new lines of business **,** and as the number of jurisdictions enacting privacy and related laws increases and the scope of these laws and enforcement efforts expand, we have and may continue to become subject to additional data privacy and security legal requirements and regulations such as HIPAA. New products and services we develop may also require that we obtain and retain more personally identifiable information for a longer period of time than we have done historically. We have incurred significant expenses to meet the obligations of current privacy- related laws and requirements, and we expect to continue to incur these as well as additional expenses if we become subject to additional privacy- related laws and regulations, which will continue to necessitate us making changes to our internal processes, procedures and systems. Failure to comply with existing or future data privacy and security laws, regulations and requirements to which we are or become subject could result in fines, sanctions, penalties, civil lawsuits or other adverse consequences as well as loss of customer and consumer confidence, which could materially adversely affect our results of operations, overall business and reputation. The legal, political and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings or other events could expose the Company to increased program costs, liability and reputational damage. ~~28New~~ **27New** and developing technology solutions and products could make our existing technology solutions and products obsolete or irrelevant, and if we are unable to introduce new products and services in a timely manner, our business could be materially adversely affected. The markets for our products and services are subject to technological changes, frequent introductions of new products and services, evolving industry standards and changing customer preferences and demands. In particular, the rise in the adoption in digital payment systems or mobile payments may make physical cards less attractive as a method of payment. **Certain merchants are also increasingly offering " buy now pay later " installment programs directly to consumers which may eliminate the use of a payment card to complete a transaction.** Mobile payments **, biometric payments and direct installment payment programs** offer consumers an alternative method to make purchases without the need to carry a physical card and could, if widely adopted, reduce the number of Financial Payment Cards issued to consumers. In addition, other new and developing technology solutions and products **, including artificial intelligence and machine learning capabilities,** could make our existing technology solutions and products obsolete or irrelevant. Our ability to enhance our current products and services and to develop and introduce innovative products and services that address the increasingly sophisticated needs of our customers will significantly affect our future success. We may not be successful in developing, marketing or selling new products and services that meet these changing demands. In addition, we may experience difficulties that could delay or prevent the successful development, introduction or marketing of these services, or our new services and enhancements may not adequately meet the demands of the marketplace or achieve market acceptance. If we do not complete or gain market acceptance of new products, services and technologies, it would likely have a material adverse effect on our ability to retain existing customers or attract new ones. For example, one of our growth opportunities is the continued transition to dual- interface EMV cards by U. S. card issuing banks. Banks may be delayed in transitioning to the issuance of dual- interface EMV cards due to increased costs and other factors. If these entities do not deploy dual- interface EMV technology or do so less quickly and / or completely than we expect, our ability to grow could be ~~significantly~~ affected which could have a material adverse effect on our business, financial condition and results of operations. Our ability to develop and deliver new products and services successfully will depend on various factors, including our ability to: ● effectively identify and capitalize upon opportunities in new and emerging product markets; ● invest resources in innovation and research and development; ● complete and introduce new products and integrated services solutions in a timely manner; ● license any required third- party technology or intellectual property rights; ● qualify for and obtain required industry compliance for our products; ● effectively manage the supply chain and related risks; ● comply with applicable data protection regulations; and ● retain and hire personnel experienced in developing new products and services. Additionally, opportunities to combine or package products and service offerings and the ability to cross- sell products and services are critical to remaining competitive in our industry. As a result, part of our business strategy is to develop new products and services that may be used in conjunction with or in addition to our existing offerings. If we are unable to identify adequate opportunities to cross- sell our products and services, this may have a material adverse effect on our business, financial condition and results of operations. Our failure to operate our business in accordance with the standards of the PCI Security Standards Council or other industry standards applicable to our customers, such as Payment Card ~~Brand~~ **Brands** compliance standards, could have a material adverse effect on our business. Many of our customers issue their cards on the networks of the Payment Card Brands that are subject to the standards of the PCI Security Standards Council or other standards and criteria relating to service providers' and producers' facilities, products and physical and logical security which we must satisfy in order to be eligible to supply products and services to such customers. Most of our contractual arrangements with our customers may be terminated, or customers may cease doing business with us, if we fail to comply with these standards and criteria. ~~We~~ **28We** make significant investments in our network of high- security facilities in order to meet these standards and criteria, including investments required to satisfy changes adopted from time to time in their respective standards and criteria. Further investments may be costly, and if we are unable to continue to meet these standards and criteria, we may ~~29become~~ -- **become** ineligible to provide products and services that have constituted in the past an important part of our revenue and profitability. For the year ended December 31, ~~2022~~ **2023** , the vast majority of the products we produced and services we provided were subject to compliance with the standards of one or more of the Payment Card Brands. If we were to lose compliance with one or more of the standards of the Payment Card Brands or of the PCI Security Standards Council for one or more of our facilities, we may lose the ability to produce cards for or provide services to banks issuing credit or debit cards on the networks of the Payment Card Brands. Additionally, certain of our facilities operate under variances of certain of these standards. If such variances are not granted in the future or if we are required to move or alter a facility in order to maintain compliance, we may incur significant costs and delays, or may lose our ability to offer services in that facility, which would be disruptive to our business and have an adverse effect on our customer relationships and financial results. If, as a result of noncompliance with standards of the PCI Security Standards Council or other standards of the Payment Card Brands, we are not able to produce cards for or provide services to any or all of the issuers issuing debit or credit cards on such networks, we could lose a substantial number of our customers, which could have a material adverse effect on our business, financial condition and results of operations **.** Delays or interruptions in our ability to source raw materials and components used in our products from foreign countries,as well as trade restrictions on goods imported into the United States,could materially harm our business,financial condition and results of operations.Most of our microchips,as well as certain other raw materials used in our products,are imported from suppliers located outside of the United States ~~,including some with operations in China,Taiwan,Thailand or Haiti~~ .We have experienced and may ~~continue to~~ **in the future** experience delays and interruptions in our ability to obtain materials imported into the United States due to global economic downturns and trade disruptions,including related to **global health crises** ~~the COVID- 19 pandemic~~ .We may also experience such delays and interruptions in our supply chain due to political instability,civil unrest or war in countries from which we directly or indirectly source raw materials and components used in our products.Additionally,the U.S.government has imposed tariffs on imports from certain countries,including countries in which our suppliers are located,and may impose further tariffs and / or trade restrictions.The future status of certain existing international trade agreements to which the United States is party is also uncertain,and such trade agreements could be terminated or replaced.Any of these factors could depress economic activity,restrict our access to suppliers and have a material adverse effect on our business,financial condition and results of operations.Existing tariffs are also subject to a number of uncertainties as they are implemented,including future adjustments and changes to the products covered by additional tariffs and to the countries included or excluded from such tariffs.Changes in U.S.trade policy have resulted in one or more foreign governments,including China,adopting responsive trade policies that make it more difficult or costly for us to import our products,or to purchase products which include components,from those countries.Additional trade restrictions may lead to increased prices to our customers,which may reduce demand,or,if we are unable to achieve increased prices,result in lowering our margin on products sold and adversely affecting on our business,financial condition and results of operations. We cannot predict the extent to which the U.S.or other countries will impose quotas,duties,tariffs,taxes or other similar restrictions on the import or export of goods in the future,nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business.The adoption and expansion of trade restrictions,the occurrence of a trade war,or other governmental action related to tariffs or trade agreements or policies ~~27has~~ -- **has** the potential to adversely impact demand for our products,our costs,our customers,our suppliers ~~,~~ and the U.S.economy,which in turn could have a material adverse effect on our business,financial condition and results of operations. **Prolonged** ~~The ongoing~~ military action ~~by Russia~~ in ~~Ukraine~~ **foreign conflicts** has impacted and may continue to have adverse effects on the global economy,and such effects could materially adversely affect our business,operations,operating results and financial condition.In early 2022,Russian forces launched significant military action against Ukraine,and the region has since experienced sustained conflict and disruption,which may continue in 2023 and beyond.Governments in the United States,United Kingdom and European Union have each imposed export controls on certain products and financial and ~~economic~~ **29economic** sanctions on certain industry sectors and parties in Russia. **Additionally,conflicts have developed recently in the Middle East.** These actions and ~~the broader Russia- Ukraine conflict~~ **conflicts** have not had a material impact on the Company' s financial condition or results of operations;however,the continuation or escalation of geopolitical tensions or military action related to the conflict and the imposition of additional economic sanctions could continue to adversely affect the global economy and financial markets,disrupt trade and accelerate inflationary pressures,among other things,which could negatively affect the demand for our products and further intensify problems in the global supply chain.Although we ~~have~~ **do** ~~no~~ **not have any** operations in ~~Russia or Ukraine~~ **the affected areas** ,we believe we have experienced shortages in raw materials and increased costs for transportation and energy due in part to the negative impact of the **foreign military** ~~Russia- Ukraine conflict~~ **conflicts** on the global economy,which impacts may persist or worsen as ~~the~~ **these** ~~conflict~~ **conflicts** ~~continues~~ - **continue** or ~~escalates~~ - **escalate** . ~~The~~ **Such** ~~conflict~~ **conflicts** also ~~increases~~ - **increase** the risk of retaliatory acts ~~from Russia~~ impacting U.S.companies,which may include disruptions to our or our customers' or suppliers' technology infrastructure,including through cyberattack,ransom attack or cyber- intrusion.The extent and duration of ~~the~~ **any** military action,sanctions and resulting market **and economic disruptions are impossible to predict but could be substantial** . Environmental, health and safety laws and regulations, including climate change regulations, expose us to liability and any such liability may have a material adverse effect on our business. We are subject to environmental, health and safety laws and regulations in each jurisdiction in which we operate. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of our employees. For example, the handling of certain materials and equipment we use in our production processes is subject to health and safety and environmental laws and regulations. We are also required to obtain environmental permits from governmental authorities for certain of our operations. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. As with other companies engaged in similar activities or that own or lease real property, we face inherent risks of environmental liability at our current and historical production facilities. Certain environmental laws impose strict and, in certain circumstances, joint and several liabilities on current or previous owners or operators of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, we may discover new facts or conditions that may change our expectations or be faced with changes in environmental laws or their enforcement that would increase our liabilities. Furthermore, our costs of complying with current and future environmental and health and safety laws, or our liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on our business, financial condition and results of operations. The increasing concern over climate change has resulted in a broad range of proposed and promulgated federal, state and local regulations aimed at mitigating the effects of climate change, including regulating emission of carbon dioxide, methane and other GHG emissions, mandating recycling of plastic materials, imposing energy or carbon or other waste taxes and effectuating other governmental charges and mandates. Because we use materials in many of our products and engage in production processes that may be the subject of certain of these regulations, if enacted, such regulations could result in additional costs and adverse effects on our business in the form of (i) additional taxes, (ii) potential fines for noncompliance, (iii) restrictions on output, (iv) additional expenditures to either purchase new, or modify existing, equipment or processes, (v) required acquisition or trading of emission allowances and / or (vi) increased costs in the price of energy and / or in procuring alternative or additional raw materials from our suppliers. Climate change regulation continues to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, such regulation could have a material adverse effect on our business, results of operations, financial position, capital expenditures and reputation. These developments and further legislation that is likely to be enacted could negatively affect our operations. Changes in health and safety or environmental regulations could increase our production costs, which could have a material adverse effect on our business, financial condition and results of operations. 30Risks Relating to Ownership of our Common StockOur majority stockholders have the ability to control significant corporate activities, which may result in the Company taking actions that other stockholders did not approve, and their ownership of a significant percentage of our outstanding common stock may adversely impact the liquidity and trading price of our stock. Tricor Pacific Capital Partners (Fund IV), Limited Partnership and Tricor Pacific Capital Partners (Fund IV) US, Limited Partnership (collectively, the " Tricor Funds "), affiliated with Parallel49 Equity (formerly known as Tricor Pacific Capital), own approximately ~~58~~ **57** % of our common stock, in the aggregate, as of December 31, ~~2022~~ **2023** . Continuation of this concentrated ownership could result in a limited ~~amount~~ **number** of shares being available to be traded in the market, resulting in reduced liquidity. Additionally, the price of our common stock has experienced volatility due to the limited number of shares available to trade on the open market. Also, as a result of their ownership, the Tricor Funds, so long as they collectively hold a majority of our outstanding shares, will have the ability to control the outcome of matters submitted to a vote of all stockholders and, through our board of directors, the ability to control decision- making with respect to our business direction and policies. Matters over which the Tricor Funds, directly or indirectly, exercise control include: ● election of directors; ● mergers and other business combination transactions, including proposed transactions that would result in our stockholders receiving a premium price for their shares; ● other acquisitions or dispositions of businesses or assets; ● incurrence of indebtedness and the issuance of equity securities; ● repurchases of stock and payment of dividends; and ● the issuance of shares to management under our incentive plans and other executive compensation matters. The shares of our common stock held by the Tricor Funds are registered for resale, which means that they may be offered and sold to the public now or in the future without regard to the volume limitations under Rule 144 of the Securities Act. If and when some or all of these shares are sold by the Tricor Funds or the participants in their funds, either through sale on the open market, through privately negotiated transactions or through a distribution to the participants in their funds, or if it is perceived that they will be sold, the market price of our common stock could decline. Conflicts of interest may arise because directors who are principals of ~~our~~ - **or** ~~largest~~ **who were nominated by our majority** ~~stockholder~~ **stockholders serve on** ~~constitute a substantial portion of~~ our board of directors. ~~Messrs. Bradley Seaman and~~ Nicholas Peters, who ~~are~~ **is an** ~~officers~~ - **officer** ~~or affiliates~~ of Parallel49 Equity (and its predecessor), **serves on our board of directors. H. Sanford Riley was nominated to** serve on our board of directors **by the Tricor Funds, our majority stockholders pursuant to the Director Nomination Agreement (defined below)** . The Tricor Funds ~~, our majority stockholders,~~ are funds controlled by Parallel49 Equity and its affiliates. Parallel49 Equity and entities controlled by it may in the future hold equity interests in entities that directly or indirectly compete with us, and companies in which it currently invests may begin directly or indirectly competing with us. As a result of these relationships, when conflicts between the interests of Parallel49 Equity, on the one hand, and of our other stockholders, on the other hand, arise, ~~these~~ **such** directors may not be disinterested. Although our directors and officers have a duty of loyalty to ~~us~~ **the Company** under Delaware law and our certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible so long as (1) the material facts relating to the director' s or officer' s relationship or interest as to the transaction are disclosed to our board of directors and a majority of our disinterested directors approves the transaction, (2) the material facts relating to the director' s or officer' s relationship or interest as to the transaction are disclosed to our stockholders and a majority of our disinterested stockholders approve the transaction or (3) the transaction is otherwise fair to us. Our certificate of incorporation also provides that any principal, officer, member, manager and / or employee of Parallel49 Equity or any entity that controls, is controlled by or under common control with Parallel49 Equity (other than any company that is controlled by us) or any investment funds managed by Parallel49 Equity will not be required to offer any transaction opportunity of which ~~they~~ **such person** ~~become~~ **becomes** aware to us and could take any such opportunity for ~~themselves~~ **himself, herself or itself** or offer ~~it~~ **such opportunity** to other companies in which ~~they have~~ **such person has** an investment, unless such opportunity is offered to ~~them~~ **such person** solely in **his,** ~~their~~ -- **her or its** ~~capacities~~ **capacity** as **one of** our directors. 31Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline. The trading market for our common stock could be influenced to some extent by the research and reports that industry or financial analysts publish about the Company and our business. We do not control these analysts. Historically, we have not attracted substantial research coverage, and the analysts who publish information about our common stock may have relatively little experience with us, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain additional securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. If we fail to meet the continued listing standards of the Nasdaq Global Market, our common stock may be delisted, which may adversely affect the market price and liquidity of our common stock. Our common stock is currently traded on the Nasdaq Global Market. In order to maintain our listing on Nasdaq, we must maintain certain financial and share distribution targets, including maintaining a minimum number of public stockholders, a minimum number of publicly held shares, a minimum market value of publicly held shares and a minimum bid price, in addition to meeting certain corporate governance requirements. **We may** ~~There can be no~~ **not** ~~assurance that we will~~ be able to maintain compliance with the requirements for continued listing of our common stock on Nasdaq. If our common stock is delisted and we are unable to list our common stock on another U. S. national securities exchange, we expect our securities would be quoted on an over- the- counter market. Any delisting from Nasdaq could result in significant material adverse consequences for our stockholders, including limited availability of market quotations for our common stock and reduced liquidity for the trading of our securities. Other consequences could include a loss of confidence by investors, customers, suppliers and employees, and an adverse effect on our ability to obtain financing to continue operations. Our business and operations could be negatively affected by stockholder activism and securities litigation. Stockholder activism, which could take many forms or arise in a variety of situations, has become increasingly prevalent in recent years. **Previously** ~~On February 24~~ , ~~2023, Steamboat Capital Partners Master Fund, LP (“ Steamboat ”) delivered~~ a ~~notice to us indicating its intent to nominate its managing member as a director candidate to stand for election as a director at our 2023 annual meeting of stockholders~~ - **stockholder in the Company** ~~, which was preceded by criticisms~~ publicly expressed **criticism** ~~by an affiliate Steamboat~~ regarding the Company’ s strategic direction, capital allocation priorities and corporate governance **in connection with** ~~. The Company is evaluating this purported nomination. An affiliate of Steamboat has criticized us, and~~ - **an** ~~we~~ **attempt to nominate a director candidate at our 2023 annual meeting of stockholders. We** could **also** face **similar** criticism from others, **as well as criticism** for risks associated with Parallel49 Equity’ s controlling ownership interest in the Company. We could become more prone to stockholder activist demands in the event Parallel49 Equity reduces its ownership in the Company. Additionally, we have in the past been subject to securities litigation following volatility in the price of our common stock, and may again be subject to securities litigation, including as a result of the volatility in the price of our common stock, related to stockholder activism, or otherwise. Stockholder activism, including potential proxy contests and advance stockholder proposals, and securities litigation could result in substantial costs and divert management’ s and our ~~Board~~ **board** of ~~Directors~~ **directors** ’ attention and resources from our business. Additionally, stockholder activism or securities litigation could give rise to perceived uncertainties as to our future, adversely affect our relationships with customers and make it more difficult to attract and retain qualified personnel. These matters could also hinder the execution of our business and growth strategies or constrain our capital deployment opportunities. Further, the price of our common stock could be subject to significant fluctuation or otherwise be adversely affected. Any adverse determination in litigation could also subject us to significant liabilities. **We cannot guarantee that our share repurchase program will be fully implemented or that it will enhance long- term stockholder value. In November 2023, our board of directors approved a share repurchase program authorizing the repurchase of up to $ 20 million of our common stock through December 31, 2024. We are not obligated to repurchase a specified number or dollar value of shares on any particular timetable or at all. We may not repurchase stock at favorable prices. The share repurchase program could affect the price of our common stock, increase volatility, reduce the market liquidity for our shares and diminish our cash reserves. The repurchase program may be suspended or terminated at any time and, even if fully implemented, may not enhance long- term stockholder value.** ~~Certain~~ **32Certain** provisions of our organizational documents and other contractual provisions may make it difficult for stockholders to change the composition of our board of directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial. Certain provisions of our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing changes in control if our board of directors determines that such changes in control are not in the ~~32best~~ -- **best** interests of us and our stockholders. The provisions in our amended and restated certificate of incorporation and bylaws include, among other things, the following: ● the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval; ● following the time that the Tricor Funds and their affiliates cease to beneficially own a majority of our common stock, stockholder action may only be taken at a special or regular meeting and not by written consent, and special meetings may only be called by a majority of the total number of directors that we would have if there were no vacancies on our board of directors; ● advance notice procedures and information and disclosure requirements for nominating candidates to our board of directors or presenting matters at stockholder meetings; and ● allowing only our board of directors to fill vacancies on our board of directors. We have entered into a director nomination agreement (the “ Director Nomination Agreement ”) with the Tricor Funds that provides the Tricor Funds the right to designate nominees for election to our board of directors for so long as the Tricor Funds collectively beneficially own 5 % or more of the total number of shares of our common stock then outstanding. The number of nominees that the Tricor Funds are entitled to designate under the Director Nomination Agreement bears the same proportion to the total number of members of our board of directors as the number of shares of common stock beneficially owned by the Tricor Funds bears to the total number of shares of common stock outstanding, rounded up to the nearest whole number. In addition, the Tricor Funds are entitled to designate the replacement for any of its board designees whose board service terminates prior to the end of such designee' s term regardless of the Tricor Funds' beneficial ownership at such time. The Tricor Funds also have the right to have their designees participate on committees of our board of directors, subject to compliance with applicable law and stock exchange rules. The Director Nomination Agreement will terminate when the Tricor Funds collectively own less than 5 % of our outstanding common stock. We have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law, an anti- takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15 % or more of the corporation' s voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we will not be subject to any anti- takeover effects of Section 203. However, our certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that the Tricor Funds, their affiliates (including any investment funds managed by Tricor) and any person that becomes an interested stockholder as a result of a transfer of 5 % or more of our voting stock by the forgoing persons to such person are excluded from the " interested stockholder " definition in our certificate of incorporation and are therefore not subject to the restrictions set forth therein that have the same effect as Section 203. While these provisions have the effect of encouraging persons seeking to acquire control of the Company to negotiate with our board of directors, they could enable the board of directors to hinder or frustrate a transaction that some, or a majority, of our stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. In addition, the potential issuance of preferred stock may delay or prevent a change in control of us or discourage bids for our common stock at a premium over the market price. It may also adversely affect the market price and the voting and other rights of the holders of our common stock as it could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. 33General Risk FactorsWe are required to comply with complex laws and regulations in the United States and other countries and are exposed to business risks associated with our international business. We are subject to numerous evolving and complex laws and regulations which apply, among other things, to financial reporting standards, corporate governance, data privacy, tax, **unclaimed property,** trade regulations, environmental regulations and permit requirements, export controls, competitive practices, and labor and health and safety laws and regulations in each jurisdiction in which we operate. Though we currently have limited international operations, the expansion thereof in the future may increasingly expose us to risks associated with international business operations, including political instability (e. g., the threat of or actual war, terrorist attacks or civil unrest), inconsistent regulations across jurisdictions, unanticipated changes in the regulatory environment, and import and export restrictions. Any of these events may affect our employees, reputation, business or financial results as well as our ability to meet our objectives. We may not be in full compliance at all times with the laws and regulations to which we are subject and we may not have obtained the permits, authorizations or licenses that we need. Any failure to comply with applicable laws or regulations could result in fines or sanctions. In such a case, or if any of these international business risks were to materialize, there could be a material adverse effect on our business, financial condition and results of operations. Our business and financial results may be materially adversely affected by various legal and regulatory proceedings. We are subject to legal proceedings, lawsuits and other claims in the normal course of business and could become subject to additional claims in the future, some of which could be material. A future adverse ruling, settlement or unfavorable development could result in charges that could have a material adverse effect on our business, operating results or financial condition. In addition, litigation can be costly, and the expenses and damages arising from any liability could harm our business. Furthermore, our insurance may not be adequate to cover claims against us or any liability that may be imposed on us. Item 1B. Unresolved Staff Comments None. Item ~~2~~ **1C** . ~~Properties~~ **Cybersecurity** **Cyber threat actors and the types of threats posed are becoming more sophisticated and effective and are increasingly targeting commercial companies. In an attempt to mitigate these cyber threats to our business, we take a comprehensive approach to cybersecurity risk management and make securing the data, customers and other stakeholders entrust to us, a top priority. The board of directors and our management are actively involved in the oversight of our risk management program, which includes cybersecurity. We have established policies, standards, processes and practices for assessing, identifying and managing material risks from cybersecurity threats. There may be instances where our policies and procedures are not properly followed or where such policies and procedures prove to be ineffective. As of the date hereof, we are not aware of any material risk from cybersecurity threats that has materially affected the Company, including our business strategy, results of operations or financial condition. We can provide no assurance that there will not be incidents in the future or that such incidents will not materially affect us, including our business strategy, results of operations, or financial condition. For more** ~~Information~~ **information** regarding ~~each~~ **risks related to system security risks, data protection breaches and cyber- attacks, see the risk factor entitled " System security risks, data protection breaches, and cyber- attacks could compromise our proprietary information, impair customer and vendor relationships, disrupt our internal operations, harm perception** of **our products and expose us to litigation and /** ~~our~~ - **or** ~~facilities~~ **regulatory penalties** , which ~~may~~ **could have a material adverse effect on our business and our reputation "** ~~include~~ **included** ~~multiple leases~~ **as part of our risk factor disclosures** at ~~each location, is set forth below. Square Owned / Location Operations Footage LeasedLittleton, Colorado Financial Payment Card production, corporate facility 65, 000 LeasedRoseville, Minnesota Financial Payment Card production, card personalization services, card packaging services, fulfillment 205, 000 LeasedFort Wayne, Indiana Financial Payment Card production 45, 000 LeasedNashville, Tennessee Financial Payment Card personalization~~

~~services, instant issuance, fulfillment 71, 000 Leased —~~ Item ~~3~~ **1A of this Annual Report on Form 10- K** . **Risk Management and Strategy Our policies and processes** ~~Legal ProceedingsSmart Packaging Solutions SA v. CPI Card Group Inc. On April 20, 2021, Smart Packaging Solutions, SA (" SPS ") filed a patent infringement lawsuit against the Company in the United States District Court~~ for **assessing, identifying** ~~the District of Delaware seeking an~~ **and managing material risks** ~~unspecified amount of damages and equitable relief. In the complaint, SPS alleges that the Company infringed four patents that SPS has exclusively licensed~~ from **cybersecurity threats are integrated** ~~Feinics AmaTech Teoranta. The patents all relate to antenna technology. SPS alleges that the Company incorporates the patented technology~~ into **our overall risk management program** ~~its products that use contactless communication. The Company does not produce antennas; it purchases certain antenna- related components from SPS~~ and ~~a number of~~ **are based on** ~~other~~ -- **the frameworks established by** ~~suppliers. The Company' s motion to dismiss~~ the **National** ~~complaint is currently pending. Additionally, a third party, Infineon, has filed requests~~ 34