NEWS RELEASE

# CPI Card Group Inc. Reports First Quarter 2016 Results

5/11/2016

First Quarter Net Sales of $86.4 million and Adjusted Diluted EPS of $0.13

Declares quarterly dividend of $0.045 per share

Announces Share Repurchase Program

Call scheduled for Wednesday, May 11, 2016 at 5:00 p.m. Eastern Time

LITTLETON, Colo.--(BUSINESS WIRE)-- CPI Card Group Inc. (Nasdaq: PMTS; TSX: PNT) (“CPI Card Group” or the “Company”) today reported financial results for the first quarter ended March 31, 2016.

## First Quarter 2016 Highlights

- U.S. Debit and Credit EMV® chip card shipments were 41.4 million, a 66.1% increase over the prior year period and a 6.6% sequential increase from the fourth quarter of 2015.
- Net sales were $86.4 million, an increase of 11.7% over the prior year period.
- Adjusted EBITDA was $18.8 million, or 21.7% of net sales, up 13.1% over the prior year period.
- Net income from continuing operations was $5.7 million, or $0.10 per share, compared with net income from continuing operations of $6.0 million in the prior year period.

- Adjusted net income from continuing operations was $7.1 million, or $0.13 per share on a diluted basis, compared with $7.3 million the prior year period.

“Our first quarter results were slightly below expectations, with the primary impact resulting from lower than expected EMV card shipments,” said Steve Montross, president and chief executive officer of CPI Card Group. “Based on discussions with customers and other market participants, including chip suppliers, it has become clear that two separate adverse trends have developed in the U.S. EMV card market that will delay into 2017 the anticipated growth in sales of EMV cards by the card manufacturers to the card issuers. First, the carryover into 2016 of unissued EMV card inventories at the large issuers and processors is much greater than anticipated, and accordingly, their EMV card purchases are being curtailed until inventories return to normal levels. Second, we are seeing evidence of slower than anticipated EMV conversions for the small to mid-sized issuers at the processor level, which leads us to expect a delay to 2017 of a portion of EMV card demand by this market segment that we had expected in 2016. As a result of these trends, we are reducing our full-year 2016 guidance range. Despite our reduced 2016 outlook, we continue to see significant growth opportunity for CPI Card Group driven by the ongoing industry migration to EMV chip cards, given that approximately 50% of total debit and credit cards issued in the United States are EMV cards today, the high replacement rate of financial payment cards, as well as the continued strong demand for our value-added services including card personalization, fulfillment, and our Card@Once solution.”

## Full Year 2016 Financial Outlook

The aforementioned market trends will impact the U.S. market demand in 2016 for EMV card production at a level that is significantly below our prior expectations for the year. Accordingly, we currently anticipate that our U.S. Debit and Credit net sales will be significantly below our original expectations for 2016 and those provided in our previous full year guidance. The Company’s current financial outlook for 2016 is revised as follows:

- Net sales between $335 million and $355 million
- Adjusted EBITDA between $75 million and $82 million
- Adjusted diluted earnings per share of $0.50 to $0.58

## First Quarter 2016 Segment Information

U.S. Debit and Credit:

Net sales increased 30.0% to $65.1 million in the first quarter of 2016 from $50.1 million in prior year period. Gross profit increased 37.9% to $23.2 million from $16.8 million in the prior year period, and gross profit margin expanded to 35.6% from 33.6% in the prior year period. Income from operations increased to $17.1 million from

$11.0 million in the first quarter of 2015, while operating margins expanded to 26.2% from 21.9% in the prior year period. EBITDA grew 50.4% to $18.9 million, or 29.1% of net sales, from $12.6 million, or 25.1% of net sales, in the first quarter of 2015. The growth in the U.S. Debit and Credit segment was driven by the continued conversion of financial payment cards from magnetic stripe to EMV, with the number of EMV chip cards sold increasing by 66.1% compared with the first quarter of 2015, and 6.6% compared to the fourth quarter of 2015.

U.S. Prepaid Debit:

Net sales for the first quarter decreased 29.2% to $12.3 million from $17.4 million in the first quarter of 2015. Gross profit was $4.1 million compared with $6.7 million in the prior year period, and gross profit margin was 33.0% compared with 38.4% in the prior year period. Income from operations in the first quarter of 2016 was $2.7 million compared with $5.3 million in the prior year period, while operating margins were 21.8% compared with 30.5% in the prior year period. EBITDA was $3.3 million, or 26.5% of net sales, compared with $6.0 million, or 34.3% of net sales, in the first quarter of 2015. The year-over-year decline of U.S. Prepaid Debit segment revenues primarily reflects the timing of the refresh of packaging designs by a significant customer during the first quarter of 2015, which did not recur in the first quarter of 2016.

U.K. Limited:

Net sales were $6.2 million in the first quarter of 2016, which was unchanged from the prior year period, and were negatively impacted by approximately $0.4 million due to unfavorable foreign currency exchange rate fluctuations. On a constant currency basis, U.K. Limited net sales increased 5.8% compared with the first quarter of 2015. Gross profit increased 21.3% to $1.6 million from $1.3 million in the prior year period, and gross profit margin expanded to 25.8% from 21.3% in the prior year period. Income from operations was $0.1 million in the first quarter of 2016, compared with a slight loss in the prior year period. EBITDA was $0.2 million, or 3.5% of net sales, compared with $0.2 million in the prior year period.

Other:

Interest expense, net, increased to $5.0 million from $1.9 million in the first quarter of 2015, reflecting higher average debt balances. The effective tax rate was 33.0% for the quarter ended March 31, 2016.

## Earnings per Share

Adjusted diluted earnings per share from continuing operations was $0.13 for the quarter ended March 31, 2016, compared with $0.13 in the first quarter of 2015 after giving effect to the 15,000,000 common share issuance from the Company's IPO in October 2015. Adjusted diluted earnings per share from continuing operations, calculated

using actual weighted-average diluted shares outstanding, was $0.13 for the first quarter of 2016 compared with $0.18 for the first quarter of 2015. On a GAAP basis, diluted earnings per share was $0.10 for the first quarter of 2016, compared with a loss of $0.15 for the first quarter of 2015. Included in EPS during the three months ended March 31, 2015 were preferred stock dividends of $12.6 million.

## Balance Sheet, Cash Flow and Liquidity

Total debt outstanding was $309.5 million at March 31, 2016, net of deferred debt issuance costs and discount of $12.0 million, compared with $309.0 million at December 31, 2015 and $172.3 million at March 31, 2015.

Net cash provided by operations for the quarter ended March 31, 2016 was $16.8 million compared to $12.7 million in the first quarter of 2015. Capital expenditures totaled $3.8 million for the quarter ended March 31, 2016, resulting in free cash flow of $13.0 million for the first quarter of 2016, compared with $7.0 million in the first quarter of 2015.

At March 31, 2016, the Company had $26.9 million of cash and cash equivalents and $39.9 million of unused borrowing capacity under its revolving credit facility.

## Quarterly Dividend

CPI Card Group announced today that its Board of Directors has approved the payment of a quarterly dividend. The dividend of $0.045 per share is payable on July 7, 2016 to stockholders of record at the close of business on June 16, 2016. The declaration and payment of any future dividends will be subject to the discretion of the CPI Card Group Board of Directors, who will evaluate the Company's dividend program from time to time based on factors that it deems relevant.

## Share Repurchases

Under a separate press release, CPI Card Group announced today that its Board of Directors has approved a stock repurchase plan of up to $20 million, and not to exceed 2,827,105 shares, of its common stock over the next twelve months.

Commenting on the share repurchase plan, Steve Montross stated, “Our new share repurchase program reflects our confidence in our long-term growth prospects, our financial flexibility, and our commitment to enhancing total shareholder value.”

EMV® is a registered trademark or trademark of EMVCo LLC in the United States and other countries.

## Non-GAAP Financial Measures

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

Adjusted Net Income from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations

Adjusted Net Income from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations exclude the impact of stock-based compensation expense, amortization of intangible assets, performance bonuses in connection with the EFT Source acquisition, and other non-operational, non-cash or non-recurring losses, net of their income tax impact, and exclude the impact of preferred stock dividends. The tax rates used to calculate Adjusted Net Income and Adjusted Diluted Earnings per Share are based on the Company's long-term expected effective tax rate estimate for each period presented. We believe that Adjusted Net Income from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations are useful in assessing our financial performance by excluding items that are not indicative of our core operating performance or that may obscure trends useful in evaluating our continuing results of operations. For comparability purposes, we also present Adjusted Diluted Earnings per Share on a pro forma basis to give effect to our issuance of 15,000,000 shares of common stock in our IPO as if these shares were outstanding at the beginning of all periods presented.

EBITDA

EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because it is an important supplemental measure of performance and it is frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. EBITDA is also presented and compared by analysts and investors in evaluating our ability to meet debt service obligations. Other companies in our industry

may calculate EBITDA differently. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of operating performance or any other measures of performance derived in accordance with GAAP. Because EBITDA is calculated before recurring cash charges, including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business.

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA adjusted for stock-based compensation expense, performance bonuses in connection with the EFT Source acquisition, foreign currency gain or loss, and other items that are unusual in nature or infrequently occurring, as set forth in the reconciliation on Exhibit D. Adjusted EBITDA is also a defined term in our existing credit agreement, which generally conforms to the definition above, and impacts certain credit measures and compliance targets within the credit agreement. Adjusted EBITDA is intended to show our unleveraged, pre-tax operating results and therefore reflects our financial performance based on operational factors, excluding non-operational, non-cash or non-recurring losses or gains. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for, analysis of our results as reported under GAAP. For example, Adjusted EBITDA does not reflect: (a) our capital expenditures, future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expenses, or the cash requirements necessary to service interest or principal payments on our debt; (d) tax payments that represent a reduction in cash available to us; (e) any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; or (f) the impact of earnings or charges resulting from matters that we and the lenders under our credit agreement may not consider indicative of our ongoing operations. In particular, our definition of Adjusted EBITDA allows us to add back certain non-cash, non-operating or non-recurring charges that are deducted in calculating net income, even though these are expenses that may recur, vary greatly and are difficult to predict and can represent the effect of long-term strategies as opposed to short-term results.

In addition, certain of these expenses can represent the reduction of cash that could be used for other corporate purposes. Further, although not included in the calculation of Adjusted EBITDA, the measure may at times allow us to add estimated cost savings and operating synergies related to operational changes ranging from acquisitions to dispositions to restructurings and/or exclude one-time transition expenditures that we anticipate we will need to incur to realize cost savings before such savings have occurred. Further, management and various investors use the ratio of total debt less cash to Adjusted EBITDA, or "net debt leverage", as a measure of our financial strength and ability to incur incremental indebtedness when making key investment decisions and evaluating us against peers.

Free Cash Flow

We define Free Cash Flow as cash flow from operations less capital expenditures, and we use this metric in analyzing our ability to service and repay our debt and to forecast future periods. However, this measure does not represent funds available for investment or other discretionary uses since it does not deduct cash used to service our debt.

Constant Currency

Constant currency results show our current period operating results as if foreign currency exchange rates had remained the same as those in effect in the prior year period. We present certain constant currency results to facilitate comparisons to our historical operating results.

## About CPI Card Group Inc.

CPI Card Group is a leading provider in payment card production and related services, offering a single source for credit, debit and prepaid debit cards including EMV chip, personalization, instant issuance, fulfillment and mobile payment services. With more than 20 years of experience in the payments market and as a trusted partner to financial institutions, CPI's solid reputation of product consistency, quality and outstanding customer service supports our position as a leader in the market. Serving our customers from ten locations throughout the United States, Canada and the United Kingdom, we have the largest network of high security facilities in North America, each of which is certified by one or more of the payment brands: Visa, MasterCard, American Express, Discover and Interac in Canada. Learn more at **www.cpicardgroup.com**.

## Conference Call and Webcast

CPI Card Group Inc. will host a conference call on May 11, 2016 at 5:00 p.m. ET to discuss its first quarter 2016 results. To participate in the Company's live conference call via telephone or online:

Participant Toll-Free Dial-In Number: (844) 392-3771
Participant International Dial-In Number: (541) 397-0893
Conference ID: 79965413
Webcast Link: **http://edge.media-server.com/m/p/p3d4wtoy**

Participants are advised to login for the live webcast 10 minutes prior to the scheduled start time. A webcast replay and transcript of the conference call will be available on CPI Card Group Inc.'s Investor Relations web site: **http://www.cpicardgroup.com/investor-relations/**

Following the completion of the conference call, a replay of the conference call will be available from 8:30 p.m. ET on May 11, 2016 until 11:59 p.m. ET on May 18, 2016. To access the replay, please dial (855) 859-2056 or (404) 537-3406; Conference ID: 79965413.

## Forward-Looking Statements

Statements in this press release that are not statements of historical fact are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements may be identified by terms such as statements about our plans, objectives, expectations, assumptions or future events. The words “may,” “will,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “continue” and other similar expressions are intended to identify forward-looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. These risks and uncertainties include, among others: material breaches in the security of our systems; market acceptance of developing technologies that make Financial Payment Cards less relevant; a slower or less widespread adoption of EMV and Dual-Interface EMV technology than we anticipate; difficulties in our production processes; defects in our software; our failure to operate our business in accordance with the PCI security standards or other industry standards such as Payment Card Brand certification standards; extension of card expiration cycles; a decline in U.S. and global market and economic conditions; failure to identify, attract and retain new customers or a failure to maintain our relationships with our major customers; our substantial indebtedness; infringement on our intellectual property rights, or claims that our technology is infringing on third-party intellectual property; failure to meet our customers’ demands in a timely manner; competition and/or price erosion in the payment card industry; costs relating to product defects and product liability and warranty claims; our dependence on licensing arrangements; inability to renew leases for our facilities; interruptions in our IT systems or production capabilities; the restrictive terms of our credit facility and covenants of future agreements governing indebtedness; non-compliance with, and changes in, laws in foreign jurisdictions in which we operate and sell our products; challenges related to our acquisition strategy; our dependence on specialized equipment from third party suppliers; and other risk factors or uncertainties identified from time to time in our filings with the Securities and Exchange Commission (“SEC”). Although CPI Card Group Inc. believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions “Forward-Looking Statements” and “Risk Factors” in the Company’s annual report on Form 10-K for the year-ended December 31, 2015 filed with the SEC on March 24, 2016. CPI Card Group Inc. undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

CPI Card Group Inc.
Earnings Release Supplemental Financial Information
May 11, 2016


| | |
|---|---|
| Exhibit A | Condensed Consolidated Statements of Operations and Comprehensive Income - Unaudited for the three months ended March 31, 2016 and 2015 |
| Exhibit B | Condensed Consolidated Balance Sheets - Unaudited as of March 31, 2016 and December 31, 2015 |
| Exhibit C | Condensed Consolidated Statements of Cash Flows - Unaudited for the three months ended March 31, 2016 and 2015 |
| Exhibit D | Supplemental GAAP to Non-GAAP Reconciliation - Unaudited for the three months ended March 31, 2016 and 2015 |
| Exhibit E | Summary Segment Information – Unaudited for the three months ended March 31, 2016 and 2015 |
| Exhibit F | 2016 Guidance: Adjusted Net Income and Earnings per Share |


EXHIBIT A

CPI Card Group Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Net sales: | | |
| Products | $ 54,958 | $ 45,014 |
| Services | 31,435 | 32,296 |
| Total net sales | 86,393 | 77,310 |
| Cost of sales: | | |
| Products (exclusive of depreciation and amortization shown below) | 36,353 | 30,402 |
| Services (exclusive of depreciation and amortization shown below) | 17,764 | 18,973 |
| Depreciation and amortization | 2,584 | 2,427 |
| Total cost of sales | 56,701 | 51,802 |
| Gross profit | 29,692 | 25,508 |
| Operating expenses: | | |
| Selling, general and administrative (exclusive of depreciation and amortization shown below) | 14,498 | 12,177 |
| Depreciation and amortization | 1,529 | 1,634 |
| Total operating expenses | 16,027 | 13,811 |
| Income from operations | 13,665 | 11,697 |
| Other (expense) income: | | |
| Interest, net | (5,033) | (1,889) |
| Foreign currency (loss) gain | (102) | 122 |
| Other expense, net | (2) | (12) |
| Total other expense | (5,137) | (1,779) |
| Income before income taxes | 8,528 | 9,918 |
| Provision for income taxes | (2,814) | (3,958) |
| Net income from continuing operations | 5,714 | 5,960 |
| Discontinued operations: | | |
| Loss from a discontinued operation, net of taxes | – | (606) |
| Gain on sale of a discontinued operation, net of taxes | – | 887 |
| Net income | $ 5,714 | $ 6,241 |
| Preferred stock dividends | – | (12,611) |

| | | |
|---|---|---|
| Income (loss) attributable to common stockholders | $ 5,714 | $ (6,370) |
| Basic and diluted earnings (loss) per share: | | |
| Continuing operations | $ 0.10 | $ (0.16) |
| Discontinued operation | - | 0.01 |
| | $ 0.10 | $ (0.15) |
| Dividends declared per common share | $ 0.045 | – |
| Comprehensive Income | | |
| Net income | $ 5,714 | $ 6,241 |
| Currency translation adjustment | 82 | (780) |
| Total comprehensive income | $ 5,796 | $ 5,461 |

EXHIBIT B

CPI Card Group Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Dollars in Thousands, Except Share and Per Share Amounts)

| | March 31, 2016 (Unaudited) | December 31, 2015 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 26,853 | $ 13,606 |
| Accounts receivable, net of allowances of $161 and $212, respectively | 44,621 | 52,538 |
| Inventories | 23,731 | 25,640 |
| Prepaid expenses and other current assets | 4,852 | 4,260 |
| Income taxes receivable | 1,085 | 4,975 |
| Total current assets | 101,142 | 101,019 |
| Plant, equipment and leasehold improvements, net | 52,884 | 52,113 |
| Intangible assets, net | 52,800 | 53,988 |
| Goodwill | 73,034 | 73,123 |
| Other assets | 97 | 110 |
| Total assets | $ 279,957 | $ 280,353 |
| Liabilities and stockholders' deficit | | |
| Current liabilities: | | |
| Accounts payable | $ 14,084 | $ 17,832 |
| Accrued expenses | 9,994 | 11,315 |
| Deferred revenue and customer deposits | 4,094 | 3,874 |
| Current maturities of long-term debt | 9,000 | 9,000 |
| Total current liabilities | 37,172 | 42,021 |
| Long-term debt, net of current maturities | 300,482 | 300,000 |
| Deferred income taxes | 23,703 | 24,073 |
| Other long-term liabilities | 850 | 869 |
| Total liabilities | 362,207 | 366,963 |
| Commitments and contingencies | | |
| Series A Preferred Stock; $0.001 par value—100,000 shares authorized; no shares issued and outstanding | — | — |
| Stockholders' deficit: | | |
| Common Stock; $0.001 par value—100,000,000 shares authorized; 56,542,116 shares issued and outstanding | 56 | 56 |
| Capital deficiency | (117,921) | (119,028) |
| Accumulated earnings | 39,831 | 36,661 |
| Accumulated other comprehensive loss | (4,216) | (4,299) |
| Total stockholders' deficit | (82,250) | (86,610) |
| Total liabilities and stockholders' deficit | $ 279,957 | $ 280,353 |

EXHIBIT C

CPI Card Group Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(Dollars in Thousands)
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| **Operating activities** | | |
| Net income | $ 5,714 | $ 6,241 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 4,113 | 4,061 |
| Stock-based compensation expense | 745 | 604 |
| Amortization of debt issuance costs and debt discount | 482 | 158 |
| Excess tax benefits from stock-based compensation | (239) | — |
| Loss on sale of a discontinued operation | — | 1,039 |
| Deferred income tax | (58) | 10,067 |
| Other, net | (13) | (20) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 7,711 | 1,382 |
| Inventories | 1,957 | (5,610) |
| Prepaid expenses and other assets | (532) | 959 |
| Income taxes | 4,433 | (10,454) |
| Accounts payable | (3,758) | 4,164 |
| Accrued expenses | (3,980) | (876) |
| Deferred revenue and customer deposits | 199 | 941 |
| Other liabilities | (18) | 23 |
| Cash provided by operating activities | 16,756 | 12,679 |
| **Investing activities** | | |
| Acquisitions of plant, equipment and leasehold improvements | (3,780) | (5,658) |
| Proceeds from sale of a discontinued operation | — | 5,000 |
| Cash used in investing activities | (3,780) | (658) |
| **Financing activities** | | |
| Payments on Senior Term Loan | — | (6,629) |
| Excess tax benefits from stock-based compensation | 239 | — |
| Redemption of preferred and common stock | — | (417) |
| Cash provided by (used in) financing activities | 239 | (7,046) |
| Effect of exchange rates on cash | 32 | (138) |
| Net increase in cash and cash equivalents: | 13,247 | 4,837 |
| Cash and cash equivalents, beginning of period | 13,606 | 12,941 |
| Cash and cash equivalents, end of period | $ 26,853 | $ 17,778 |

EXHIBIT D

CPI Card Group Inc. and Subsidiaries
Supplemental GAAP to Non-GAAP Reconciliation
(Dollars in Thousands, Except Shares and Per Share Amounts)
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| **EBITDA AND ADJUSTED EBITDA** | | |
| Net income from continuing operations | $ 5,714 | $ 5,960 |
| Interest expense, net | 5,033 | 1,889 |
| Income tax provision | 2,814 | 3,958 |
| Depreciation and amortization | 4,113 | 4,061 |
| EBITDA | $ 17,674 | $ 15,868 |
| **Adjustments to EBITDA** | | |
| Stock-based compensation expense | 745 | 604 |
| EFT Source acquisition performance bonuses | 250 | 250 |
| Foreign currency loss (gain) | 102 | (122) |
| Subtotal of adjustments to EBITDA | 1,097 | 732 |
| Adjusted EBITDA | $ 18,771 | $ 16,600 |

| Three Months Ended March 31, |
|---|

| | 2016 | 2015 |
|---|---|---|
| **Adjusted net income from continuing operations and earnings per share** | | |
| Net income from continuing operations | $ 5,714 | $ 5,960 |
| Stock-based compensation expense | 745 | 604 |
| Amortization of intangible assets | 1,140 | 1,144 |
| EFT Source acquisition performance bonuses | 250 | 250 |
| Tax effect of above items | (705) | (699) |
| Adjusted net income from continuing operations | $ 7,144 | $ 7,259 |
| **Weighted-average number of shares outstanding (GAAP)** | | |
| Basic | 56,542,116 | 41,298,532 |
| Effect of dilutive equity awards | 293,966 | - |
| Weighted-average diluted shares outstanding | 56,836,082 | 41,298,532 |
| **Pro forma weighted-average number of diluted shares outstanding** | 56,836,082 | 56,836,082 |
| **Reconciliation of diluted earnings (loss) per share from continuing operations (GAAP) to adjusted diluted earnings per share from continuing operations:** | | |
| Diluted earnings (loss) per share from continuing operations (GAAP) | $ 0.10 | $ (0.16) |
| Impact of net income adjustments | 0.03 | 0.03 |
| Impact of preferred stock dividends | - | 0.31 |
| Adjusted diluted earnings per share from continuing operations | $ 0.13 | $ 0.18 |
| **Pro forma adjusted diluted earnings per share from continuing operations** | $ 0.13 | $ 0.13 |
| **Constant Currency** | | |
| UK Limited net sales, as reported (GAAP) | $ 6,232 | $ 6,239 |
| Foreign currency translation impact | 368 | - |
| UK Limited net sales, constant currency adjusted | $ 6,600 | $ 6,239 |
| Net sales change, as reported (GAAP) | (0.1)% | |
| Net sales change, constant currency adjusted | 5.8% | |
| **Reconciliation of cash provided by operating activities (GAAP) to free cash flow** | | |
| Cash provided by operating activities | $ 16,756 | $ 12,679 |
| Acquisitions of plant, equipment and leasehold improvements | (3,780) | (5,658) |
| Free cash flow | $ 12,976 | $ 7,021 |

EXHIBIT E

CPI Card Group Inc. and Subsidiaries
Summary Segment Information
For the Three Months Ended March 31, 2016 and 2015
(Dollars in Thousands)
(Unaudited)

**Net Sales**

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| | (dollars in thousands) | | | |
| Net sales by segment: | | | | |
| U.S. Debit and Credit | $ 65,091 | $ 50,051 | $ 15,040 | 30.0% |
| U.S. Prepaid Debit | 12,341 | 17,431 | (5,090) | (29.2)% |
| U.K. Limited | 6,232 | 6,239 | (7) | (0.1)% |
| Other | 3,142 | 4,103 | (961) | (23.4)% |
| Eliminations | (413) | (514) | 101 | (19.6)% |
| Total | $ 86,393 | $ 77,310 | $ 9,083 | 11.7% |

**Gross Profit**

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2016 | % of Net Sales | 2015 | % of Net Sales | $ Change | % Change |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | (dollars in thousands) | | | |
| Gross profit by segment: | | | | | | |
| U.S. Debit and Credit | $ 23,160 | 35.6% | $ 16,795 | 33.6% | $ 6,365 | 37.9% |
| U.S. Prepaid Debit | 4,076 | 33.0% | 6,689 | 38.4% | (2,613) | (39.1)% |
| U.K. Limited | 1,609 | 25.8% | 1,327 | 21.3% | 282 | 21.3% |
| Other | 847 | 27.0% | 697 | 17.0% | 150 | 21.5% |
| Total | $ 29,692 | 34.4% | $ 25,508 | 33.0% | $ 4,184 | 16.4% |

Income from Operations

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2016 | % of Net Sales | 2015 | % of Net Sales | $ Change | % Change |
| | | | (dollars in thousands) | | | |
| Income from Operations by segment: | | | | | | |
| U.S. Debit and Credit | $ 17,064 | 26.2% | $ 10,976 | 21.9% | $ 6,088 | 55.5% |
| U.S. Prepaid Debit | 2,688 | 21.8% | 5,312 | 30.5% | (2,624) | (49.4)% |
| U.K. Limited | 90 | 1.4% | (50) | (0.8)% | 140 | * |
| Other | (6,177) | * | (4,541) | * | (1,636) | 36.0% |
| Total | $ 13,665 | 15.8% | $ 11,697 | 15.1% | $ 1,968 | 16.8% |

EBITDA

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2016 | % of Net Sales | 2015 | % of Net Sales | $ Change | % Change |
| | | | (dollars in thousands) | | | |
| EBITDA by segment: | | | | | | |
| U.S. Debit and Credit | $ 18,922 | 29.1% | $ 12,581 | 25.1% | $ 6,341 | 50.4% |
| U.S. Prepaid Debit | 3,267 | 26.5% | 5,984 | 34.3% | (2,717) | (45.4)% |
| U.K. Limited | 219 | 3.5% | 183 | 2.9% | 36 | 19.7% |
| Other | (4,734) | * | (2,880) | * | (1,854) | 64.4% |
| Total | $ 17,674 | 20.5% | $ 15,868 | 20.5% | $ 1,806 | 11.4% |

* Calculation not meaningful

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EXHIBIT F

CPI Card Group Inc. and Subsidiaries
2016 Guidance: Adjusted Net Income and EPS
(in Millions, except per share amounts)
(Unaudited)

| | Year Ended December 31, 2016 | |
|---|---|---|
| | Low | High |
| Net income (GAAP) | $ 22.3 | $ 27.0 |
| Amortization | 4.6 | 4.6 |
| Non-cash compensation | 3.5 | 3.5 |
| EFT Source bonus | 0.5 | 0.5 |
| Foreign exchange loss | 0.1 | 0.1 |
| Tax effect (33%) | (2.8) | (2.8) |
| Adjusted net income | $ 28.2 | $ 32.9 |
| Weighted-average diluted shares outstanding (1) | 56.8 | 56.8 |
| Adjusted diluted earnings per share | $ 0.50 | $ 0.58 |
| Diluted earnings per share (GAAP) | $ 0.39 | $ 0.48 |
| Net income (GAAP) | $ 22.3 | $ 27.0 |
| Depreciation | 13.2 | 13.2 |
| Amortization | 4.6 | 4.6 |
| Interest expense | 19.8 | 19.8 |
| Taxes (33%) | 11.0 | 13.3 |
| EBITDA | 70.9 | 77.9 |

| | | |
|---|---|---|
| Non-cash compensation | 3.5 | 3.5 |
| EFT Source bonus | 0.5 | 0.5 |
| Foreign exchange loss | 0.1 | 0.1 |
| Adjusted EBITDA | $ 75.0 | $ 82.0 |

(1) Does not give effect to the impact of the share repurchase program announced on May 11, 2016.

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