NEWS RELEASE

CPI Card Group Inc. Reports Third Quarter 2015 Results

11/12/2015

Littleton, Colo. (November 12, 2015) – CPI Card Group Inc. (Nasdaq: PMTS) (TSX: PNT) today reported financial results for the third quarter of fiscal year 2015 ended September 30, 2015.

Third Quarter 2015 Highlights

- Net sales were $107.7 million, an increase of 39.2% over the prior year period
- Adjusted EBITDA was $32.5 million, or 30.2% of net sales. Adjusted EBITDA increased 66.5% over the prior year period
- Diluted earnings per share from continuing operations was $0.19. Net income from continuing operations was $14.8 million, an increase of 118.1% over the prior year period
- Adjusted net income was $17.3 million, or $0.42 per share on a diluted basis, an increase of 89.9% over the prior year period

“We are very pleased with our strong third quarter performance. The growth in the markets we service, the on-going conversion within the U.S. financial card market from magnetic stripe cards to EMV chip cards, and our robust, comprehensive product and service offerings continue to have a positive impact on our financial results,” said Steve Montross, president and chief executive officer of CPI Card Group Inc.

Third Quarter 2015 Segment Information

U.S. Debit and Credit:

Net sales grew 69.0% to $72.8 million from $43.1 million in the third quarter of 2014. Income from operations increased to $21.6 million from $10.4 million in the third quarter 2014, while operating margins expanded to 29.6% from 24.1% in the prior year period. The growth in the U.S. Debit and Credit segment was driven by the continued conversions of financial payment cards from magnetic stripe to EMV chip products, with the number of EMV chip cards sold increasing by 120% as compared with the third quarter of 2014. The segment's growth in net sales and income from operations also benefited from the EFT Source business acquired in the third quarter of 2014.

U.S. Prepaid Debit:

Net sales for the third quarter remained essentially flat at $23.7 million compared to $23.8 million in 2014. Income from operations increased 10.1% to $9.5 million from $8.6 million in the third quarter 2014, while operating margins expanded to 40.0% from 36.2% in the prior year period. The relatively flat net sales during the quarter reflected the quarterly timing of product refreshes and program launches by prepaid program managers serviced by the Company. For the nine months ended September 30, 2015, the U.S. Prepaid Debit segment's net sales are up 13.7% compared with the same prior year period. The improvement in operating margins during the quarter of 380 basis points compared with the third quarter of 2014 reflected richer mix of business produced during the quarter combined with operating efficiency gains.

U.K. Limited:

Net sales increased 23.8% to $9.7 million from $7.8 million in the third quarter of 2014. Income from operations increased to $1.0 million from $0.3 million in the third quarter of 2014, while operating margins expanded to 10.2% compared to 4.3% in the prior year period.

Other:

Interest expense, net, increased to $4.6 million from $1.9 million in the third quarter 2014, reflecting higher debt levels as a result of the new $435 million debt facility that the Company put in place during August 2015. The effective tax rate for the third quarter of 2015 was 30.7% and 33.5% for the nine month period ended September 30, 2015. The normalized full year tax rate is expected to be approximately 35%.

Balance Sheet, Cash Flow and Liquidity

Total debt outstanding was $444.0 million at September 30, 2015. On August 17, 2015, the Company entered into a first lien credit agreement with a syndicate of lenders providing for a $435 million first lien term loan facility and a $40 million revolving credit facility. A portion of the proceeds of the new first lien loan were used to repay existing debt of $142.0 million and redeem $276.3 million of Series A Preferred Stock.

Net cash provided by operations for the nine months ended September 30, 2015 was $44.5 million compared to $2.3 million in the same period of 2014. Capital expenditures totaled $13.9 million for the nine months ended September 30, 2015, resulting in free cash flow of $30.6 million for the first nine months of 2015.

At September 30, 2015, the Company had $15.9 million of cash and cash equivalents and $40 million of unused borrowing capacity under the Company's revolving credit facility.

Initial Public Offering

On October 15, 2015, CPI Card Group Inc. completed its initial public offering ("IPO"), issuing 15,000,000 shares of common stock. The offering price of the shares sold in the IPO was $10.00 per share, resulting in net proceeds to the Company, after underwriters' discounts and commissions, of approximately $142.5 million. The proceeds from the offering were used to repay debt ($112.5 million), redeem the remaining Series A Preferred Stock outstanding ($11.9 million) and repay the Company's liability under its phantom stock plan ($13.3 million).

Giving effect to the 15,000,000 common share issuance, pro forma adjusted diluted earnings per share from continuing operations would have been $0.30 and $0.16 for the three months ended September 30, 2015 and 2014, respectively, compared to the $0.42 and $0.22 reported. Similarly, the pro forma adjusted diluted earnings per share from continuing operations for the nine months ended September 30, 2015 and 2014 would have been $0.68 and $0.23, respectively, compared to the $0.92 and $0.31 reported.

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, Adjusted Diluted Earnings per Share from Continuing Operations, EBITDA, Adjusted EBITDA, pro forma Adjusted Diluted Earnings per Share from Continuing Operations and Free Cash Flow. 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 this press release.

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

Adjusted net income and adjusted earnings per share (calculated on a diluted basis) exclude restructuring and other similar costs, gains or losses on extinguishment of debt, the impact of stock-based compensation expense, amortization of intangible assets, and other non-operational, non-cash or non-recurring losses, net of their income tax impact. The tax rates used to calculate adjusted net income and adjusted earnings per share are based on the Company's current 2015 tax rate estimate of 35%, applied consistently to all periods presented. We believe that adjusted net income and adjusted earnings per share 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. 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.

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 restructuring costs, stock-based compensation expense, gains or losses on extinguishment of debt and other items that are unusual in nature or infrequently occurring. 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 below, 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 (which includes a full pro-forma last-twelve-month impact of acquisitions), 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.

About CPI Card Group Inc.

CPI Card Group Inc. is a leading provider in payment card production and related services, offering a single source for financial 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 Card Group’s solid reputation of product consistency, quality and outstanding customer service supports our position as a leader in the market. Serving our customers from nine 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 November 12, 2015 at 9:00 a.m. EST to discuss third quarter 2015 results. To participate in the Company's live conference call via telephone or online:

Participant Toll-Free Dial-In Number: (877) 881-8051
Participant International Dial-In Number: (440) 996-5681
Conference ID: 68454134
Webcast Link: **http://edge.media-server.com/m/p/kqujbs5c**

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/**.

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; 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 CPI Card Group Inc.’s Prospectus filed with the SEC on October 9, 2015 pursuant to Rule 424(b) under the Securities Act of 1933, as amended. 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.

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Earnings Release Supplemental Financial Information
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- Exhibit A Consolidated Statements of Earnings - Unaudited for the three and nine months ended September 30, 2015 and 2014
- Exhibit B Consolidated Balance Sheets - Unaudited as of September 30, 2015 and December 31, 2014
- Exhibit C Consolidated Statements of Cash Flows - Unaudited for the nine months ended September 30, 2015 and 2014
- Exhibit D Supplemental GAAP to Non-GAAP Reconciliation - Unaudited for the three and nine months ended September 30, 2015 and 2014

Contacts

CPI Card Group Inc. Investor Relations
InvestorRelations@cpicardgroup.com
or
CPI Card Group Inc. Media Relations
Media@cpicardgroup.com
or
Voce Communications
Melissa Felton, 330-401-9220
mfelton@vocecomm.com