

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from to
Commission File Number 001-39687

CompoSecure, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

85-2749902

(I.R.S. Employer
Identification Number)

309 Pierce Street Somerset, New Jersey 08873
(908) 518-0500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, \$0.0001 par value per share	CMPO	The Nasdaq Global Market
Redeemable Warrants, each whole warrant exercisable for one share of Class A Common Stock	CMPOW	The Nasdaq Global Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): ☐

As of June 28, 2024, the last day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s voting and non-voting common stock outstanding, other than shares held by affiliates of the registrant at that date, computed by reference to the closing sales price for the common stock on June 28, 2024, as reported on the Nasdaq Global Market, was approximately \$190 million (based on the closing sales price of the common stock on June 28, 2024 of \$6.80).

As of March 03, 2025, there were approximately 102,311,981 shares of the registrant’s Class A common stock outstanding .

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company’s definitive proxy statement to be filed pursuant to Regulation 14A with the SEC within 120 days after December 31, 2024 are incorporated by reference into Part III of this Annual Report on Form 10-K and certain documents are incorporated by reference into Part IV.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report, and the documents incorporated by reference herein, may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although the Company believes that its plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot assure you that it will achieve or realize these plans, intentions, or expectations. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning the Company's possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. In some instances, these statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates" or "intends" or the negatives of these terms or variations of them or similar terminology.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as of the date hereof. You should understand that the following important factors, among others, could affect the Company's future results and could cause those results or other outcomes to differ materially from those expressed or implied in the Company's forward-looking statements:

- Risks of rapidly evolving domestic and global economic conditions, which are beyond our control;
- We may fail to retain existing customers or identify and attract new customers;
- Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage and increase risks of litigation;
- System outages, data loss or other interruptions could affect our operations;
- We may not be able to recruit, retain and develop qualified personnel, including for areas of newer specialized technology;
- Our future growth may depend upon our ability to develop and commercialize new products, and we may be unable to introduce new products and services in a timely manner;
- Disruptions in our supply chain or the performance of our suppliers and/or development partners could occur;
- We have limited experience in the digital assets industry and may not succeed in fully commercializing the products and solutions derived from the Arculus technology;
- Risks related to the rapid evolution of the security markets, including that our Arculus Authenticate solutions may not achieve widespread market acceptance or may not provide sufficient protection;
- Our dependence on certain distribution partners and the risk of their loss;
- Risks to market share and profitability due to competition;
- Risks relating to the management of our business by Resolute Holdings, including our reliance on Resolute Holdings for management services under the Management Agreement, which gives Resolute Holdings substantial influence over our business, operations, and strategy;
- We may fail to successfully manage and integrate acquisitions or strategic transactions, which could negatively impact our financial performance and growth prospects;
- The outcome of any legal proceedings that may be instituted against the Company or others;
- Future exchange and interest rates; and

- other risks and uncertainties indicated in this report, including those under “Risk Factors” herein, and other filings that have been made or will be made with the SEC.
- These and other factors that could cause actual results to differ from those implied by the forward- looking statements in this report are more fully described in the “Risk Factors” section. The risks described in “Risk Factors” are not exhaustive. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can the Company assess the impact of all such risk factors on its business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. The Company undertakes no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Part I

Item 1. Business

BUSINESS

Unless the context otherwise requires, all references in this subsection to the “Company,” “we,” “us,” “our,” and similar terms refer to CompoSecure, Inc. and its consolidated subsidiaries.

Overview

Founded in 2000, the Company is a technology partner to market leaders, fintechs and consumers enabling trust for millions of people around the globe. The Company’s innovative metal payment card technology and Arculus security and authentication capabilities deliver unique, premium branded experiences, enable people to access and use their assets, protect their digital identities and ensure trust at the point of a transaction.

Mission and Values

The Company’s mission is to combine elegance, simplicity, and security to deliver exceptional experiences and peace of mind in the physical and digital world. The Company’s values are embodied in the following key concepts:



Key Product Overview

The Company led the creation and growth of the metal card form factor through its expertise in material science and has been at the forefront of emerging embedded payment card technology (e.g., the evolution of “tap to transact”). For more than two decades, through its combination of large-scale, advanced manufacturing capabilities and deep technological expertise, the Company has driven key payment card industry innovations in materials science, metal form factor design, dual interface functionality, and security. The distinct value proposition of the Company’s products has resulted in widespread adoption by major banks, financial institutions and fintech innovators to support their acquisition and retention of consumer and business card customers. From 2010 through 2024, the Company produced and sold over 200 million metal payment cards worldwide (i.e., credit and debit cards issued primarily on one of the Visa, MasterCard, American Express, Discover payment networks). In 2024 alone, the Company provided metal payment card solutions for more than 150 branded and co-branded card programs, totaling approximately 30 million payment cards sold. The Company’s metal payment card solutions have generated, and are expected to continue to generate, a significant base of growing, highly profitable revenue. The Company is now accelerating innovation in secure authentication technology solutions with the launch of Arculus

(named for the ancient Roman god of safes and strongboxes). Arculus is a digital security platform with broad industry applicability. Through the convenience of a premium metal card, this technology is designed to solve chronic industry and consumer needs for reliable, trusted and secure authentication solutions - moving beyond passwords, as well as providing enhanced security for storage of digital assets. The Company's Arculus technology is designed to transform a metal payment card into a multifunctional device to support both traditional payments and to act as a 'tap-to-authenticate' hardware token allowing for passwordless, and hardware-based, multi-factor authentication.

Recent Developments

Acquisition of Majority Ownership of CompoSecure

In September 2024, Tungsten 2024 LLC ("Tungsten", which subsequently transferred the shares to Resolute Compo Holdings LLC) and its affiliated vehicles ("Resolute"), an investment firm led by David Cote and Tom Knott, became the majority owner of the Company, having acquired 49,290,409 shares of the Class A Common Stock of the Company (the "Class A Common Stock") for an aggregate purchase price of approximately \$372.1 million, or \$7.55 per share of Class A Common Stock acquired, representing an approximately 60% voting interest (which has since been diluted by additional share issuances) (the "Resolute Transaction"). Upon completion of the Resolute Transaction, all issued and outstanding shares of Class B Common Stock of the Company (the "Class B Common Stock") were cancelled, eliminating the Company's dual-class structure. The Resolute management team has a proven track record of sourcing, executing, and integrating acquired businesses and then growing and developing those businesses profitably. David Cote brings more than 40 years of operating experience across a wide range of industries. Following a variety of senior executive positions at General Electric Company ("GE") and TRW Inc. ("TRW"), Mr. Cote served as Executive Chairman of the Board and Chief Executive Officer of Honeywell International Inc. ("Honeywell") from 2002 to 2017. He has served since February 2020 as Executive Chairman of the Board of Vertiv Holdings Co. ("Vertiv"). Mr. Knott brings more than 14 years of investment experience across a variety of asset classes and investment structures. Most recently, he led the Permanent Capital Strategies group at Goldman Sachs, where his efforts were focused on developing a platform to combine long-term capital and a disciplined acquisition strategy with best-in-class operating capabilities.

In connection with the Resolute Transaction, upon authorization and approval by a special committee of the Board comprised solely of independent and disinterested directors (the "Special Committee"), the Company and a subsidiary entered into a Letter Agreement with an investment entity affiliated with Resolute (the "Letter Agreement"), and the Company and Resolute entered into a Governance Agreement (the "Governance Agreement") to establish certain governance matters, including ongoing obligations regarding the size of the board of directors, election of specified directors including independent directors, as well as other matters. In addition, in connection with the Resolute Transaction, the Company entered into the TRA Amendment (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations"), which amends the TRA (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations") to, among other things, prevent acceleration of TRA payments that would otherwise be payable as a result of the Resolute Transaction. The TRA Amendment was effective upon the closing of the Resolute Transaction. For more information on the TRA and TRA Amendment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Controlled Company Status

As a result of the Resolute Transaction, the Company is a "controlled company" within the meaning of the Nasdaq listing rules. As of February 28, 2025, Resolute owned approximately 51% of the voting power of the Company's common stock and therefore is able to control all matters that require approval by the stockholders of the Company, including the election and removal of directors, changes to the Company's organizational documents and approval of acquisition offers and other significant corporate transactions. As a "controlled company" within the meaning of the Nasdaq listing rules, the Company qualifies for and relies on certain exemptions from certain corporate governance requirements.

Spin-Off of Resolute Holdings Management, Inc. in Pro Rata Distribution

On February 28, 2025, the Company completed the spin-off of Resolute Holdings Management, Inc. ("Resolute Holdings"), formerly an indirect, wholly owned subsidiary of the Company (the "Spin-Off"). The distribution of all shares of the common stock, par value \$0.0001 per share, of Resolute Holdings (the "Resolute Holdings Common Stock"), to holders of CompoSecure's Class A Common Stock, as a pro rata dividend occurred on February 28, 2025 (the "Distribution Date"), and Resolute Holdings began trading on The Nasdaq Stock Market LLC on February 28, 2025 under the ticker symbol "RHLD." Holders of the Company's Class A Common Stock received one (1) share of Resolute Holdings Common Stock for every twelve (12) shares of Class A Common Stock held on February 20, 2025, the record date for the distribution. The distribution of shares of Resolute Holdings will give rise to a taxable gain to the Company and will be treated as a taxable dividend to all existing stockholders of the Company for U.S. federal and applicable state and local tax purposes. Investors should note that Resolute Holdings Management, Inc. is a distinct entity from Resolute Compo Holdings LLC, which acquired CompoSecure shares in September 2024, as described above. The Company's Board believes that investors will value the Resolute Holdings operating management capabilities more favorably if conducted through a stand-alone company than residing within the legacy strategy at the Company.

The CompoSecure Board believes that the aggregate value of the Company and Resolute Holdings will increase over time relative to the stand-alone value of the Company prior to the announcement of the planned Spin-Off, as the Spin-Off will permit investors to invest separately in Resolute Holdings and in the operating businesses of the Company. This structure may also make the Company's and the Resolute Holdings' common stock more attractive to investors as compared to the Company's common stock before the Spin-Off because the stock would become available to a broader base of investors who seek an investment that offers the growth, risk, and sector prospects of either Resolute Holdings or the Company, but not that of the combined company. The Company's Board also considered factors that might have a negative effect on the Company attributable to the Spin-Off. For example, there can be no assurance as to the future market prices of the common stock of either the Company or Resolute Holdings. Additionally, certain factors such as a lack of Resolute Holdings' historical financial and performance data as an independent public company may limit investors' ability to appropriately value the Resolute Holdings common stock. Further, Resolute Holdings is expected to initially operate with limited profitability due to the initial resource investment required to build the capabilities to perform its duties required by the Management Agreement (defined below) with the Company.

Management Agreement with Resolute Holdings

In connection with the Spin-Off, Resolute Holdings and CompoSecure Holdings L.L.C., a wholly-owned subsidiary of the Company ("Holdings", and which solely for the purposes of this section, includes its controlled affiliates), entered into a management agreement (the "Management Agreement") on the Distribution Date, pursuant to which Resolute Holdings is responsible for managing the day-to-day business and operations, and overseeing the strategy of, Holdings and its subsidiaries. Under the Management Agreement, Resolute Holdings is responsible for, among other things, the following services and activities to the fullest extent permitted by Delaware law, the Securities Exchange Act of 1934, the Securities Act of 1933, the Nasdaq listing rules and any other applicable rule or regulation:

- establishing and monitoring Holdings' objectives, financing activities and operating performance;
- selecting and overseeing Holdings' management team and their operating performance;
- reviewing and approving Holdings' compensation and benefit plans, programs, policies and agreements, including with respect to any grants of equity awards to persons providing services to CompoSecure Holdings;
- devising capital allocation strategies, plans and policies of Holdings;

- setting the budget parameters and expense guidelines of CompoSecure Holdings and monitoring compliance therewith;
- identifying, analyzing and overseeing the consummation of business opportunities and potential acquisitions, dispositions and other business combinations;
- originating and recommending opportunities to form or acquire, and structuring and managing, any joint ventures;
- overseeing negotiations with potential participants in any business opportunity under Holdings' consideration and determining (or delegating to any officer of Holdings the decision to determine) if and when to proceed;
- engaging and supervising, on Holdings' behalf, independent contractors and third-party service providers;
- reviewing and approving Holdings' compensation and benefit plans, programs, policies and agreements;
- setting the budget parameters and expense guidelines of Holdings;
- communicating on behalf of Holdings with the holders of any securities of Holdings (i) as required to satisfy any reporting and other requirements of any governmental authority having jurisdiction over Holdings and (ii) to maintain effective relations with such holders;
- overseeing all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which CompoSecure Holdings may be involved or to which CompoSecure Holdings may be subject arising out of CompoSecure Holdings' day-to-day activities (other than with us or our affiliates);
- counselling CompoSecure Holdings in connection with decisions required by Delaware law to be made by the CompoSecure Board; and
- performing such other services from time to time in connection with the management of the business and affairs of CompoSecure Holdings and its activities as the CompoSecure Board shall reasonably request and/or we shall deem appropriate under the particular circumstances.

Holdings is required to pay Resolute Holdings a quarterly management fee equal to 2.5% of Holdings' last 12 months' Adjusted EBITDA, as defined in the Management Agreement (the "Management Fee"). Holdings is also required to reimburse Resolute Holdings and its affiliates for their documented costs and expenses incurred on behalf of Holdings other than those expenses related to Resolute Holdings' or their affiliates' personnel who provide services to Holdings under the Management Agreement. The Management Agreement has an initial term of 10 years and shall automatically renew for successive ten-year terms unless terminated in accordance with its terms. Each of Holdings and Resolute Holdings may terminate the Management Agreement upon the occurrence of certain other limited events, and in connection with certain of these limited events, Resolute Holdings has the right to require us to pay a Termination Fee (as defined below), which could be significant and may be paid in cash, shares of common stock or a combination of cash and stock.

Holdings is responsible for all of its costs and expenses and will reimburse Resolute Holdings or its affiliates for its or its affiliates' documented costs and expenses incurred on behalf of Holdings, other than expenses related to Resolute Holdings' or its affiliates' personnel who provide services to Holdings under the Management Agreement. Resolute Holdings will determine, in its sole and absolute discretion, whether a cost or expense will be borne by it or by Holdings. Resolute Holdings may elect not to seek reimbursement for certain expenses during a

given quarterly period, but any such determination will not constitute a waiver of reimbursement for such expenses, or similar expenses, in future periods.

The Management Agreement has an initial term of ten years and the term will automatically renew for successive and additional ten-year terms, unless it is terminated in accordance with its terms. Resolute Holdings will have the right to terminate the Management Agreement:

- for any reason upon 180 days' written notice to Holdings before the last day of the initial term or a renewal term;
- upon 60 days' written notice to Holdings before the last day of the initial term or a renewal term in the event of:
 - a default by Holdings in the performance or observance of any material term, condition or covenant contained in the Management Agreement that continues for a period of 30 days after delivery by Resolute Holdings of a written notice to Holdings specifying the default and requesting that it be remedied in the same 30-day period (and the Termination Fee will be payable in accordance with the terms of the Management Agreement); or
 - a termination of the Letter Agreement (and the Termination Fee will be payable in accordance with the terms of the Management Agreement);
- at any time upon Holdings becoming required to register as an investment company under the Investment Company Act of 1940.

Holdings will have the right to terminate the Management Agreement:

- upon 180 days' written notice before the last day of the initial term or a renewal term and payment of the Termination Fee, if two-thirds of the independent directors of the Company (who have not recused themselves with respect to such vote) determine the Management Fee is not fair and the parties fail to reach an understanding on the fee following consultation and mediation procedures set forth in the Management Agreement;
- upon 30 days' prior written notice at any time during the initial term or a renewal term, without payment of the Termination Fee, if any of the following events occur (each, a "Kick-Out Event"):
 - a final judgment (which is not stayed or vacated within 30 days) that Resolute Holdings has committed a felony or material violation of securities laws that has a material adverse effect on Holdings' business or ability of Resolute Holdings to perform its duties under the Management Agreement;
 - a final judgment (subject to a 30-day cure period) that Resolute Holdings has committed fraud against Holdings, misappropriated or embezzled funds of Holdings, acted or failed to act in a manner constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties; or
 - the bankruptcy or dissolution of Resolute Holdings.

As used in this summary, the term "Termination Fee" means an amount equal to the greatest of:

- as of the effective termination date, the fair market value of the aggregate Management Fee then payable or that would become payable if the Management Agreement were automatically renewed and remained in effect in perpetuity;

- as of the effective termination date, the net present value of the aggregate Management Fee then payable or that would become payable if the Management Agreement were automatically renewed and remained in effect in perpetuity, calculated in accordance with the Management Agreement; and
- four times the aggregate Management Fee that became payable during the 24-month period prior to termination.

The Termination Fee will be payable in cash or, at the option of Holdings, by action of a two-thirds vote of the independent directors of our Board (who have not recused themselves with respect to such vote) and upon written notice thereof, shares of our Class A Common Stock or a combination of shares of Class A Common Stock and cash, provided that the issuance of any shares of Class A Common Stock in connection with the payment of the Termination Fee will be in accordance with applicable laws and stock exchange regulations.

Holdings will, to the fullest extent permitted by Delaware law, reimburse, indemnify and hold harmless Resolute Holdings, its affiliates and the respective directors, officers, employees and stockholders, including the directors, officers, employees, managers, trustees, control persons, partners, stockholders and equityholders ("Manager Indemnified Parties") of and from:

- any and all expenses, losses, damages, liabilities, demands, penalties, costs, charges and claims of any nature whatsoever (excluding the costs described in the below bullet) in respect of or arising from any acts or omissions of such Manager Indemnified Party performed in good faith in accordance with, pursuant to, or in furtherance of, the Management Agreement and not constituting bad faith, fraud, willful misconduct, gross negligence or reckless disregard of duties of such Manager Indemnified Party under the Management Agreement; and
- any and all documented and reasonable out-of-pocket expenses (including fees and out-of-pocket disbursements of counsel) incurred in connection with investigating, preparing or defending any acts or omissions by us or our officers, employees or affiliates performed in accordance with, pursuant to or in furtherance of, the Management Agreement, whether by or through attempted piercing of the corporate veil, by or through a claim, by the enforcement of any judgment or assessment or by any legal or equitable proceeding (including any threatened or ongoing investigative, administrative, judicial or regulatory action or proceeding), or by virtue of any statute, regulation or other applicable law, or otherwise as such expenses are incurred or paid (provided that if it is ultimately finally judicially determined in a court of competent jurisdiction that the aforementioned Manager Indemnified Parties are not entitled to indemnification thereunder, such Manager Indemnified Parties shall reimburse Holdings for any and all documented and reasonable out-of-pocket expenses (including fees and out-of-pocket disbursements of counsel) already paid or reimbursed by Holdings in respect of which such final judicial determination was made).

The Management Agreement contains mutual representations and warranties of Holdings and Resolute Holdings with respect to: due organization and good standing; corporate power and authority; and non-contravention of laws, regulations and contracts by the execution, delivery and performance of the Management Agreement.

The Management Agreement does not create an exclusive relationship between Holdings and its controlled affiliates, on the one hand, and Resolute Holdings, on the other hand. Under the Management Agreement, Holdings and Resolute Holdings or its affiliates may, in their sole and absolute discretion, allocate opportunities among Holdings and any other person to which Resolute Holdings renders services of any kind, or for which Resolute Holdings otherwise acts as an external manager, in any manner that Resolute Holdings deems appropriate. The doctrine of corporate opportunity or any analogous doctrine will not apply to Resolute Holdings or its affiliates, and nothing in the Management Agreement will be construed to impose on Resolute Holdings an express or implied fiduciary duty to Holdings, any of its controlled affiliates or any holders of equity or voting interests in Holdings or such controlled affiliates. The foregoing summary of the material provisions of the Management Agreement is qualified in its entirety by the Management Agreement, the form of which is filed as an exhibit to this annual report.

Strategic Priorities

We are focused on the following strategic priorities in 2025, described in more detail below:

Accelerate Organic Growth

Our more than 20-year track record of providing new and innovative products to the market has given us a leading position in the premium payment card market. We enter 2025 with a strong pipeline for new product development and commercialization focused on providing compelling products to our customers so they can attract and retain consumer and business card accounts. In 2025, we expect to accelerate organic growth through winning new customers, expanding programs with existing customers, and offering new and innovative products and services to existing customers.

Improve Operational Efficiency

We are actively developing and implementing the CompoSecure Operating System, with guidance from David Cote's decades of operational experience. The goal is to deliver consistent excellence across the organization.

Continue Arculus Traction

We believe a payment card can do more — more than their current functionality. The Company's Arculus technology is designed to transform a payment card into a multifunctional device to support both traditional payments and to act as a 'tap-to-authenticate' hardware token allowing for passwordless and hardware-based multi-factor authentication. The Company believes its Arculus technology elevates the digital security experience for consumers by seamlessly integrating secure authentication and/or cold storage capabilities into their everyday wallets.

Expand and Diversify Through Acquisitions

Through our Management Agreement with Resolute Holdings, we expect to utilize our core business' ability to generate strong free cash flow to drive growth through accretive M&A transactions. The Resolute Holdings team has extensive, cross-functional expertise in identifying opportunities in attractive markets with robust growth drivers that can both add capabilities to the Company's core business and further diversify our business mix.

Market Opportunity

Edgar, Dunn and Company, a global financial services and payments consulting firm ("Edgar Dunn"), estimated there would be 10.3 billion addressable payment cards in circulation (from total of over 17 billion) globally in 2024, with 5.2 billion addressable payment cards issued in 2024, and estimates total cards issued will grow to 6.1 billion by 2027. Similarly, McKinsey & Company, a leading management consulting firm, estimates that global payment card revenue is expected to grow 5 percent annually over the next five years, on pace to exceed \$3.1 trillion by 2028. Ongoing payment card innovations, particularly dual-interface ("contactless" or "tap-to-pay") functionality, are expected to support continued physical card use as compared with other payment approaches.

Payment cards are primarily offered by bank issuers through proprietary issuer brands or as co-branded cards that leverage the brand equity and customer base of co-brand partners. Issuers dedicate significant resources to acquire new customers, retain existing customers, and grow customer spend as intense competition drives the need to differentiate their payment card programs. Issuers use advertising and program benefits to attract cardholders and also use brand recognition that relies upon the physical attributes of the payment card itself, including the look, feel and composition of the physical cards.

The Company's metal payment cards offer issuers the opportunity to provide a premium experience to their cardholders as part of a payment card program's overall combination of benefits. Traditional plastic card programs are highly commoditized and have historically relied upon offering benefits such as introductory interest rates, discounts, and rewards to win customers. These benefit costs are variable and can be unpredictable. Use of metal payment cards has become an increasingly key differentiator among payment card programs. Relative to traditional program incentives, the cost of a metal payment card is relatively low and predictable, giving card issuers a strong return on investment for premium metal payment cards provided by the Company.

Metal payment cards were initially designed and marketed to payment card issuers targeting relatively small segments of high-net-worth cardholders. Market acceptance within the high-net-worth segment has led issuers to expand their metal payment card offerings to target mass affluent and other customer segments. Issuance of Metal payment cards has grown quickly but remains in early phases of adoption globally. With an estimated 2024 global addressable market of 5.2 billion payment cards issued, the Company's total penetration is estimated to be less than 0.6%.

The Company believes the payment card market is undergoing a long-term transformation from plastic to metal card form factors. The following key market dynamics support issuer decisions to add metal payment cards to their programs:

- Based on a 2024 market survey conducted by Capuchin Behavioural Science, consumers globally strongly favor metal cards, with 68% of survey respondents stating that if all rewards/benefits were equal, they would prefer a metal card. Technological and manufacturing innovations enable the Company to offer issuers an array of different metal form factors, and added features, with a variety of price points to provide issuers competitive differentiation in their card programs. This range of card offerings is expected to continue to drive adoption of metal payment cards across segments in issuer card portfolios (consumer, small business, corporate, etc.) and card types (credit, debit, loyalty, etc.).
- The Company believes that dual-interface metal payment cards are easier to use than most mobile payment platforms, and that entrenched consumer preference for physical form factors are expected to maintain the role of payment cards in the marketplace notwithstanding the introduction of mobile payment platforms such as Apple Pay® and Google Pay®. It is expected that mobile payment platforms will continue to grow, but not replace physical cards as the dominant transaction model. For example, it has been reported that even ten years after its launch, ApplePay® accounts for only 5.6% of retail sales. Dual-interface cards are more popular among consumers for in-person transactions and online transactions, with one study recently reporting that 77% of consumers preferred using a debit or credit card when buying online.
- Card issuers are considering the adoption of new payment card features, including biometrics, dynamic card verification value ("CVV"), and LED display features, among others. The incremental costs of adding these technologies to payment cards favors the use of metal form factors instead of plastic cards. The Company believes metal cards provide a more durable physical housing versus plastic, thus better preserving the integrity and functionality of any added technologies, driving efficiency in issuer acquisition costs.
- Payment cards remain the primary payment instrument at the point of sale. The introduction of dual-interface cards is expected to continue to drive use of physical cards in stores. It has been reported that payment cards were used in 62% of in-store payments in 2023. Even with the ongoing global expansion of e-commerce, the need for physical card products is not expected to significantly diminish. After more than two decades of e-commerce activity, it is estimated that approximately 16% of total U.S. retail sales in 2024 were completed through e-commerce channels.

The Company's products and services are designed to serve the convergence of large and growing addressable markets supported by increasing business and consumer demand for solutions supporting contactless payments, enhanced security and fraud protection. The Company believes there is a compelling market opportunity to provide payment card issuers, and other existing and prospective metal card clients, secure authentication solutions to meet the growing demand to enhance consumer security, through the use of a premium metal card as a hardware authentication token - *Powered by Arculus*. Today's digital world leaves consumer assets exposed to fraud, hacking and other dangers. Financial institutions, credit card issuers and other businesses are trying to mitigate these dangers, but consumers are faced with antiquated and expensive security solutions that have complicated user experiences including usernames and passwords which remain at risk for being stolen or otherwise compromised. Based on industry reports:

- Identity fraud losses totaled \$23 billion in 2023, which is a 13% increase in losses for U.S. adult victims of identity fraud over the prior year, as reported by Javelin Strategy & Research.
- According to the Identity Theft Resource Center's 2024 Annual Data Breach Report, in 2024, there were 3,158 publicly reported data compromises which resulted in 1.3 billion notices being sent out to individuals, representing a 211% increase over the prior year.
- Payment card fraud losses worldwide exceeded \$34 billion in 2023, which is a 1% increase over the prior year, per Payments Dive's industry blog.
- Passwords are often identified as the weak link in cybersecurity, with password security issues accounting for 30% of data breaches experienced by users in 2024, according to an analysis by GoodFirms.co.
- PMNTS.com, an industry journal, has reported that 56% of U.S. consumers stated that total protection in mobile apps (i.e. protecting mobile data, accounts, login, purchases, and protection from malware and fraud) are critical in their decision to use or download an app.
- 40% of all help desk calls are related to password expirations, changes, and resets, as estimated by Gartner.
- According to the National Consumer Law Center, the U.S. Federal Bureau of Investigation has reported that an estimated \$50 million was stolen through SIM-swap attacks in 2023 from approximately 1,075 cases nationwide.
- Worldwide damages from SIM swapping attacks estimated to be \$6.5 billion in 2023 (a type of identity theft in which an attacker gains control of a victim's mobile phone number by transferring it to a new SIM card), more than double the damages reported in 2021 and more than six times the damages reported in 2019, as estimated by an industry blog.
- Statista, a global data and business intelligence firm, has estimated the market for passwordless authentication products and services to be approximately \$18.4 billion in 2024, and is estimated to grow to approximately \$86.4 billion by 2033.

Security attacks are increasing and represent a growing concern to consumers and industry participants. Use of secure authentication through a hardware token provides a high level of security for passwordless authentication. The Company's Arculus secure authentication solutions are expected to address the growing need for more secure, but frictionless solutions - for payment card issuers, financial institutions and other businesses seeking to improve their consumer experience.

Growth Opportunities

The Company is a high-growth, profitable technology company, focused on innovative payments, security, and authentication solutions. The Company has a demonstrated track record of achieving growth in operational scale and financial performance, including:

- Card programs served grew from approximately 60 in 2018 to over 150 in 2024; and
- Metal payment card unit sales grew from 12.6 million in 2018 to about 30 million in 2024.

Even with its long-term track record of growth and leadership in metal payment card solutions, the Company's sales volume of payment cards in 2024 represented less than 0.6% of estimated addressable market for payment cards, indicating substantial opportunity for further penetration of the global payment card market. Presently, the Company's metal payment card growth activities are targeted in these primary areas:

Domestic Expansion. In 2024, the Company produced metal payment cards for 8 of the top 10 U.S. card issuers. The Company believes there are substantial opportunities to expand adoption of metal form factors for existing client proprietary and co-branded mass affluent card programs in the U.S. which do not currently offer metal payment cards. The number of issuers adopting metal programs continues to increase, and there has been an increase in card issuers expanding their metal card programs to additional proprietary and co-branded portfolios. The Company's marketing and sales activities target opportunities to expand metal card programs for existing customers in the U.S. and to introduce metal form factors to new card issuer clients in the U.S. The Company has expanded its team of direct sales representatives to target growth opportunities in the U.S.

International Expansion. The Company's net sales from non-U.S. metal payment card programs in 2024 totaled \$77 million, over four times its 2018 net sales of \$19 million from non-U.S. programs. The Company believes that issuers in international markets are still in the early stages of adoption of metal form factors and largely untapped opportunities exist across major markets in Europe, Asia, India, the Middle East, and Latin America. In these regions, issuers are developing awareness of the relatively low cost and attractive economics of metal payment card programs. The Company has continued to grow its team of international direct sales representatives and third-party distribution partners to further support growth in markets outside of the U.S.

Fintech Issuers. Innovative new issuers, including digital challenger banks and other emerging fintechs, are increasingly seeking premium physical touch points to enhance their typically digital-only customer relationships. Fintech is a word formed from the combination of "financial" and "technology" and is used to describe new technologies to deliver financial services to help businesses and consumers manage their financial activities.

Technology and Innovation. Since its founding, the Company's growth has been driven by the transformative security and payments technologies it has developed and commercialized for large, mainstream markets. The Company expects to maintain its technological advantages over competitors with consistent research and development activities to drive new and innovative metal form factors and card features, including the Arculus portfolio of secure authentication and digital asset storage solutions, which provide opportunities for expanded revenue and profitability. In addition to new products and revenue opportunities, the Company's research and development team is continually focused on improvements in manufacturing processes to drive efficiency, increase capacity, improve sustainability, and reduce waste to support enhanced operating leverage and profitability. The Company's use of 65% post-consumer recycled stainless steel in its metal card products is a major sustainability advantage over plastic cards.

Key Products

The Company is a category leader in the design and manufacture of premium metal payment cards. Its metal payment cards are currently issued typically on the Visa®, Mastercard®, American Express®, and China Union Pay® payment networks.

The Company has a track record of more than two decades of pioneering continuous payment card innovation in metal form factors. In 2003, for the American Express® Centurion® program, the Company created the world's first metal payment card and, in 2009, the Company developed the first commercialized metal payment cards with embedded EMV® chips (EMV is an acronym derived from the names Europay, Mastercard and Visa, and is a high-security payment protocol for payment cards which utilizes an embedded microprocessor that, when paired with an EMV® enabled payment terminal, authenticates cardholder transactions; EMV® cards are often called "chip cards"). In 2010, for the JP Morgan Chase Sapphire Preferred® program, the Company created the first metal payment card targeting the mass affluent segment, significantly expanding the potential number of cardholders that issuers could address with metal payment cards. In 2017, the Company introduced the first large-scale NFC-integrated dual-interface metal payment cards for the American Express® Platinum® program. NFC refers to the near-field communications protocol which enables RFID (i.e., radio-frequency identification) communications between payment cards and payment terminals. Dual-interface payment cards today comprise the majority of the Company's sales volume because of the speed and convenience they offer to cardholders. In 2022, the Company began offering payment cards with Arculus Authenticate and Arculus Cold Storage functionality. The Company has

key US and international patents and trade secrets in many facets of metal card form factors and manufacturing processes, including the integration of NFC technology into metal payment cards.

The Company provides its clients customized and highly differentiated financial payment products in order to support and grow the acquisition, retention, and spending of cardholders. The Company leverages the latest innovations in security and functionality to provide its clients with payment cards that deliver elevated, premium experiences to cardholders. The Company offers a variety of metal payment cards, at different price points and using an array of metal and metal-polymer hybrid constructions, that allow clients to customize their payment card programs to target specific cardholder segments. The Company's payment cards are tailored to specific client and payment card program requirements. The Company's primary metal form factors include:

<u>Embedded Metal</u>	<u>Metal Veneer Lite</u>	<u>Metal Veneer</u>	<u>Full Metal</u>
Metal core with polymer front and back faces	Metal front with polymer back	Metal front with polymer back	Greatest metal density and weight
Features dual-interface technology	Features dual-interface technology	Features dual-interface technology	Features dual-interface technology
Flexible design options	Weights approximately 13 grams	Can be engraved	Supports 2D/3D engraved graphics
Weights approximately 12 grams		Weights approximately 16 grams	Weights approximately 21-28 grams

<u>Lux Glass™</u>	<u>Echo Mirror™</u>	<u>Ceramic Metal Hybrid</u>
Uses of Corning® Gorilla® Glass with metal bezel	Buffed stainless-steel	Metal front with polymer back
Durable for heavy use	Mirror-like finish and scratch-resistant coating	Black or white ceramic coating
Elegant look and feel with metal sound	Supports laser/mechanical engraving	Supports laser/mechanical engraving
Weights approximately 8 grams	Weights approximately 20 grams	Weights approximately 20 grams

In addition, as payment card issuers face growing demand for enhanced security and other distinctive features for their card programs, the Company in 2022 began offering its customers the opportunity to include the following new and innovative features in their payment cards:

- **Biometric cards** - This feature adds on-card biometric sensors for added security. The Company offers a fingerprint sensor on the card body so that the card can only be used at point-of-sale by the cardholder who has enrolled their unique fingerprint to the card, which is stored in the chip module in the card.
- **Dynamic CVV** – Adding dynamic CVV technology to metal cards as an additional security feature converts the 3-digit CVV code from a static number printed on the back of the card to one on a tiny e-ink screen that refreshes periodically. As the cardholder must physically possess the card to have all the necessary information to make a purchase, this technology aims to fight the \$34 billion payment card fraud crisis facing the credit card industry.
- **LED** – This feature can be added to the Company's Metal Veneer cards, enabling the issuing bank logo (or other elements) on the face of the card to light up with LEDs when a contactless transaction is initiated at the point of sale.

Arculus Business Solutions: The Company's Arculus technology is designed to transform a metal payment card into a multifunctional device to support both traditional payments and to act as a 'tap-to-authenticate' hardware token allowing for passwordless and hardware-based multi-factor authentication. Leveraging a familiar form factor (payment card) as an authentication key allows for a frictionless user experience, delivers improved security, and continues to enhance the brand for card issuers and co-brand partners. The Arculus Business Solutions offer customizable security features that can be seamlessly integrated into the Company's premium metal cards to drive consumer acquisition for the Company's clients and a high-quality experience for their consumers. The Company believes its Arculus technology elevates the digital security experience for consumers by seamlessly integrating secure authentication and/or cold storage capabilities into their everyday wallets.

The Company's primary Arculus Business Solutions are:

- **Payments + Arculus Authenticate** – The Arculus Authenticate solutions can be seamlessly integrated and paired with the Company's payment cards, allowing consumers to make secure transactions and gain secure access to personal accounts, all from the same metal card. This custom security solution enables card issuers and other businesses to build multi-factor authentication solutions for their customers, through the convenience of the Company's premium metal cards — *Powered by Arculus*. Arculus Authenticate is a customizable feature designed to fit into each client's information technology infrastructure with ease, enabling them to meet the specific needs of their customers. With over 26 billion passwords exposed by hackers in January 2024 alone, Arculus Authenticate provides a more secure option for businesses and their customers, offering a best-in-class, passwordless and hardware-based, secure authentication experience. The Arculus Authenticate solutions are FIDO2 certified, and the Company has obtained approval by Mastercard and Visa to produce metal payment cards with authentication capabilities. FIDO2 refers to Fast Identity Online, a technology which enables users to leverage common devices to easily authenticate to online services in both mobile and desktop environments. The Arculus Authenticate solutions allow clients to generate and store their FIDO2 security key on a custom branded metal card, rather than a clunky and generic USB dongle or other hardware token, resulting in a smooth customer experience and increased brand loyalty with each *tap-to-authenticate* interaction.
- **White-Labeled Cold Storage** – The Company provides white-labeled cold storage wallets in the form of a premium metal cards, to give consumers the ability to make transactions and store the private keys to their digital assets in the same metal cards. The Arculus Cold Storage solutions work across exchanges, marketplaces, and platforms to bring convenience into the world of self-custody — allowing consumers to simply and securely access their digital assets.
- **Payments + Arculus Cold Storage** – The Company provides the combination of Arculus Cold Storage combined in premium metal payment cards to give consumers the ability to make transactions and store the private keys to their digital assets in the same metal cards. The Arculus Cold Storage solutions work across exchanges, marketplaces, and platforms to bring convenience into the world of self-custody — allowing consumers to simply and securely access their digital assets. As digital assets try to establish their value in the world, card issuers offering metal payment cards featuring Arculus Cold Storage signal a future-forward mindset to their customers. The Arculus Cold Storage solutions can integrate directly into existing card issuer infrastructures. Arculus technology is built to fit with and promote client branding. From white-labeled mobile applications to custom metal cards, Arculus provides secure solutions that amplify client brands into their consumer's everyday wallets.
- **Payments + Arculus Authenticate + Arculus Cold Storage** – The Company also offers combined its Arculus Authenticate solutions and Arculus Cold Storage solutions to enable card issuers and other businesses to build multi-factor authentication solutions for their customers and offer consumers the ability to make transactions and store the private keys to their digital assets – all on the same metal cards.

Consumer Products: For consumers, the Company launched Arculus in October 2021 with the introduction of the Arculus Cold Storage Wallet for simple and secure storage of digital assets for consumers. The Arculus Cold

Storage Wallet is a revolutionary cold storage wallet for securing digital assets. The risk of loss of valuable assets by consumers and other industry participants is driving the need for more advanced security solutions to protect these digital assets against fraud and theft. It is estimated that about \$2.2 billion of cryptocurrencies was stolen in 2024, a 21% increase from 2023, with the number of individual hacking incidents growing from 231 in 2023 to 303 in 2024. The Company believes the use of the Arculus Cold Storage Wallet could substantially reduce the risk of catastrophic loss of valuable assets. Wallets enable users to access and monitor their digital assets and initiate transactions. Hot storage wallets generate and store private and public keys and digitally sign transactions within Internet-connected devices where storage of the keys is hosted by a third-party custodian. For example, digital asset exchanges today typically provide their customers hot storage wallets with the exchange having custody of the user's private keys (which refers to codes needed for a user to access their digital assets). By contrast, cold storage wallets store private keys in the custody of the user, eliminating custodial-based security vulnerabilities. Though typically more convenient for day-to-day transaction activity than cold storage, Hot storage wallets are more prone to risk of fraud and cyber-theft, as well as the risk of bankruptcy, withdrawal freezes and other liquidity risks of hot storage wallet operators. Even in light of the recent turmoil in the digital asset markets, the Company believes digital assets will continue to have a significant impact on new global financial and security frameworks and will present significant monetization opportunities. Crypto.com reported that global cryptocurrency users increased 6.4% in the first half of 2024, rising from 580 million in December 2023 to 617 million by June 2024. Statista reported 6 million cryptocurrency wallets (inclusive of hot and cold storage) at year end 2016. This figure grew to an estimated 400 million by year end 2024. The cold storage market is nascent but projected to grow rapidly, as consumers increasingly seek out enhanced security for storage of their digital assets and look to maintain custody of their private keys.

Arculus protects digital assets with a secure and convenient metal card and mobile application, giving the user control of their private keys. The Arculus Cold Storage Wallet utilizes a three-factor authentication solution, comprised of (i) a biometric feature found on the vast majority of mobile devices, requiring the physical presence of the registered user - *something you are*, (ii) a personal identification number, or PIN, which is stored in the secure element of the card - *something you know*, and (iii) possession of the metal card itself and presentation of that card to the mobile device using the Arculus mobile application - *something you have*. The card is a premium, metal card with a chip module and antenna used to enable the card to communicate with a smart phone or similar NFC-enabled device operating the Arculus mobile application for "tap-to-transact" functionality. By simply tapping the card to the back of the phone, the user can digitally sign transactions with their private keys, which are generated using advanced cryptography and stored on the card. The companion mobile application is available as a free download on the Apple Store® and Google Play® store. The Arculus metal card was designed, and is manufactured, by the Company at its existing manufacturing facilities.

The Arculus Cold Storage Wallet allows users to easily and securely buy and swap digital assets, providing the convenience of hot storage with the security of cold storage. Commercial sales of the Arculus Cold Storage wallet commenced in the fourth quarter of 2021. Compared with existing cold storage wallet products available in the market, the Arculus Cold Storage Wallet offers a secure, user-friendly, and feature-rich solution that utilizes the Company's expertise in NFC-integrated metal card design and production. In 2022, the Arculus Cold Storage Wallet was recognized by ABI Research, an independent industry research firm, as the most innovative cold storage hardware wallet in the industry. The Arculus Cold Storage wallet supports specific digital assets, including Bitcoin, Ethereum, non-fungible tokens (NFTs) and others, and the Company plans to increase the number and type of digital assets supported, including that it may support purchase and swap transactions for digital assets it does not currently support. Updated support lists are maintained on the Company's Arculus consumer website at www.getarculus.com.

To the Company's knowledge, the following features of the Arculus Cold Storage Wallet are unique in the industry as such features are not currently available in the wallet offerings of the Company's primary competitors:

- **Cold Storage:** Private keys remain in an offline environment kept in a metal card using a CC EAL 6 secure element (which refers to Common Criteria Evaluation Assurance Level 6, an international standard established by www.commoncriteriaportal.org, which is used to evaluate the security implementation in information technology software and hardware).
- **Three-Factor Authentication:** Advanced security across: (1) biometric (i.e., fingerprint and/or facial recognition); (2) personal identification number (PIN); and (3) NFC connection with the Arculus card.

- **Innovative Form Factor:** Digital asset key storage solution contained in a slim, metal card form factor, which does not require a battery or charging, offering a premium user experience and heightened hardware protection through an easy-to-use, NFC connection (“*tap-to-transact*”).
- **Fully Featured Mobile Application:** Easily send, receive, purchase and swap digital assets.

The Company has arrangements in place with third party liquidity partners to provide Arculus customers with digital asset purchase and/or swap transactions. In addition, Arculus customers can effect peer-to-peer/send & receive transfers using the Arculus Cold Storage Wallet and three-factor authentication technology, providing the end user significantly more protection against theft, fraud and hacking as compared to the use of custodial hot storage. The Company provides a visual interface for Arculus users to access the blockchain to make peer-to-peer send & receive transfers; Arculus does not control the user’s assets during such transfers.

Competitive Strengths

As a pioneer in payments and security technology, the Company possesses key competitive differentiators it leverages to expand its leadership position in metal payment card solutions and in commercializing Arculus secure authentication and digital asset storage solutions. These differentiators include:

Innovation. The Company has been a leader and innovator for decades in the payment cards industry, including the first metal payment card (2003), the first mass affluent metal payment card (2010), the first metal “*tap-to-pay*” credit card (2016), the first metal NFC-enabled cold storage hardware device (2021), the first metal NFC-enabled hardware authentication token (2022), and a pipeline of new product features including LED display features, biometric security features, glass and mirror-finish payment card constructions, dynamic CVV, and product and solution expansion planned for the Arculus platform. In addition to new products and revenue opportunities, the Company’s research and development efforts are continually focused on improvements in manufacturing processes to improve efficiency, increase capacity, improve sustainability, and reduce waste to support enhanced operating leverage and profitability.

Embedded Client Relationships. The Company has been serving its two largest clients, American Express and JP Morgan Chase, for nearly seventeen years, building strong relationships with key personnel. For these major and numerous other clients, the Company has produced metal payment cards for over 150 card programs, including issuer proprietary and co-branded programs. The Company has also steadily grown the number of customers it serves, increasing from approximately 30 in 2016 to more than 125 in 2024.

Scale. In 2024, the Company produced approximately 30 million metal payment cards. Leveraging its manufacturing and support facilities in Somerset, New Jersey, the Company has developed the ability to provide volume and quality at a scale the Company believes is much larger than current metal payment card competitors’ existing metal card output. The Company believes that its ability to produce metal payment card volume and quality at scale is critical to the success of very large payment card programs, while also driving manufacturing efficiencies and related cost advantages. In addition, the Company has separate manufacturing operations designed to optimize smaller quantity production runs for pilot or specialized card programs.

Patents and Trade Secrets. Leveraging its decades of experience, the Company has developed extensive trade secrets in creating graphic effects on metal cards, heavily customized equipment and machinery and proprietary coatings, as well as the knowledge and ability to blend various metals and polymers to create unique composites. The Company has a strong focus on protecting its proprietary intellectual property. As of February 2025, the Company had more than 65 U.S. and foreign (utility and design) patents issued, more than 35 U.S. and foreign (utility and design) patent applications pending, and new technologies under development. The Company expects to continue to develop innovations for payment card form factor design, components and manufacturing methods, many of which are reflected in patent applications, which may also include further technological innovations for the Arculus platform.

Clients

The Company maintains trusted, highly-embedded and long-term customer relationships with an expanding set of global issuers. The Company has developed long-term relationships with its largest customers, including nearly twenty-one years with American Express and nearly seventeen years with JP Morgan Chase, across multiple RFP cycles with both companies.

The proven value proposition of the Company's premium metal payment cards supports card issuers' acquisition and retention of consumer and business card customers. For each of its largest issuer relationships, the Company serves numerous distinct issuer-branded and co-branded card programs, diversifying the Company's revenues even within individual clients.

For example, the Company supports the following proprietary and co-branded programs:

Issuer/Reseller	JPMorgan Chase	American Express
Proprietary Programs	Sapphire Preferred®	Centurion®
	Sapphire Reserve®	Platinum®
	JPM Reserve®	Gold®
	Ink®	
Co-Branded Programs	Amazon Prime®	Amazon Prime Business®
	Whole Foods®	Marriott®
	United®	Delta®
	Marriott®	Air Canada
	Hyatt Business®	
	Disney®	

These card portfolios create recurring revenue streams driven by issuer demand for the Company's metal payment cards to support new customer acquisition and replacement card activity for lost and stolen cards, account fraud, and natural card reissuance cycles that occur each year.

As payment card issuers seek ways to drive differentiation in their market, the Company's premium metal payment cards have become a key component of its clients' customer-facing marketing messages. Moreover, issuers who do not offer a premium card product are increasingly realizing that they risk losing market share.

The Company and its major clients have entered into multi-year master agreements which provide general terms and conditions. These clients then typically provide single-order, blanket-order and/or multi-year statements of work which set forth prices and quantities of payment cards. For most other clients, the relationship is governed by individual purchase orders instead of master agreements.

The Company's largest clients are JP Morgan Chase and American Express. Together these clients represented 63.2% (or individually, approximately 37.0% and 26.2%, respectively) of our net sales for the year ended December 31, 2024, and 70.5% (or individually, approximately 41.7% and 28.8%, respectively) of our net sales for the year ended December 31, 2023.

The current statement of work issued pursuant to the Company's master services agreement with American Express (the "Amex Agreement") was extended during 2023, and will be up for renewal on July 31, 2026. Typically, the Company renews such client agreements upon their expiration in the ordinary course of business. Under the Amex Agreement, American Express reserves annual capacity of products and is required to order a certain percentage of that capacity from the Company, and the Company may charge American Express for a portion of that capacity even if American Express orders below capacity for any given year. Subject to compliance by American Express with any existing purchase commitments and in line with industry common practice, American Express may terminate the Amex Agreement (i) for convenience pursuant to written notice, or (ii) for cause if the Company commits a material breach and does not remedy it within a prescribed time period. The Company may

terminate the Amex Agreement if American Express does not make required payments, and does not remedy the non-payment within a prescribed time period. In addition, subject to compliance by American Express with any existing purchase commitments, American Express may terminate individual orders entered into under the Amex Agreement with prior written notice.

The Company's master service agreement and related statement of work with JP Morgan Chase (the "Chase Agreement") was extended during 2023, and will be up for renewal on December 31, 2028. Typically, the Company renews such client agreements upon their expiration in the ordinary course of business. Under the Chase Agreement, JP Morgan Chase agreed to purchase its metal payment cards only from the Company during the term of the Chase Agreement. Under the Chase Agreement, JP Morgan Chase reserves annual capacity of products. Subject to compliance by JP Morgan Chase with any purchase commitments to the Company and in line with industry common practice, JP Morgan Chase may terminate the Chase Agreement (i) for convenience pursuant to written notice, or (ii) if the Company commits a material breach and does not remedy it within a prescribed time period. The Company may terminate the Chase Agreement if JP Morgan Chase does not make required payments, and does not remedy the non-payment within a prescribed time period.

Sales and Marketing

The Company markets and sells its metal payment card products to U.S. and international card issuers, as well as distributors and resellers, primarily for international card markets. Sales activities are designed to develop and foster deep relationships with key payment cards issuers throughout the world. Through these activities, the Company works to strengthen relationships and expand metal payment card programs with existing clients and to identify and complete sales to new clients. The Company has two primary sales channels, as follows:

Direct Sales. The Company has direct sales representatives in the U.S., Europe, Asia and South America, supported by client relationship managers and solutions architects. The Company establishes direct engagement between its sales team and issuers in various regions across the world, with success driven by an iterative and collaborative process. The Company's sales team focuses on issuer portfolios on a program-by-program basis.

Indirect Sales. The Company has been expanding its relationships with a variety of card ecosystem partners, such as plastic card manufacturers and personalization partners throughout the world. Personalization is the process of encoding, programming and printing, embossing or laser engraving a payment card with the cardholder's name, account number and other information. These relationships enable the Company to reach more card issuers, some of whom prefer to run all card purchasing through their existing relationships. Distribution partners are able to offer their customers a broader range of card form factors and special features, bringing the Company into a sales process as the metal payment card expert, as well as the secure authentication and digital asset storage solutions expert. The Company's distribution partners operate global sales teams. In these relationships, the Company typically sells its metal payment cards to its distribution partners at a wholesale price and the distributor then resells the cards to its customers, typically on an integrated basis with the distributor's personalization, fulfillment and other card-related services (with prices to their customers under the sole control of the distribution partner). The Company also uses a variety of marketing communications, including conferences and trade show attendance, print and digital advertisements and social media marketing, targeted at card issuers and consumers, and designed to demonstrate and expand the demand for metal payment cards.

Business-to-Business Sales. The Company targets marketing and sales of its Arculus Business Solutions to existing payment card issuer clients and their co-brand partners, as well as other traditional financial institutions, fintech companies, digital asset exchanges and other businesses. For example, the Company offers a partner-branded (or "white-labeled") version of the Arculus Authenticate and the Arculus Cold Storage solutions, as well as other Arculus products and/or services. The Company believes this model solves the client's need to provide their consumers enhanced security. The Company believes these targeted sales and marketing activities will drive the Arculus portfolio of solutions to consumers through a variety of channels, while also diversifying the Arculus revenue streams into a combination of hardware sales and recurring revenues from transaction processing fees, subscription fees and licensing fees.

Business-to-Consumer Sales. The Company's direct-to-consumer strategy expects to generate sales via the Internet, physical retail and other channels. The Company's online direct-to-consumer strategy includes selling

products through its own Arculus-branded e-commerce website, as well as other Internet distribution channels, including Amazon.com®, Walmart.com®, NewEgg.com®, TikTok® and other online distributors.

Competition

The market for payment cards is highly competitive. The Company competes with providers of other incentives and initiatives, including rewards programs and traditional plastic card manufacturers. The Company also competes with several other manufacturers of cards containing some metal. However, most of the Company's competitors in card manufacturing are large, diversified businesses with areas of strategic focus outside of the payment cards market, and their card operations focus primarily on lower margin plastic card manufacturing. The Company believes that most competitive metal card manufacturers have substantially less production capacity, less technical expertise in the metal form factor, a limited selection of metal card designs and constructions, and less extensive supplier relationships for the raw materials needed for metal cards. The Company's metal card products compete with other card manufacturers, including Idemia France S.A.S., Thales DIS France SA, CPI Card Group, Giesecke & Devrient GmbH, Federal Card Systems, Kona I, BioSmart Co., Ltd., and ICK International.

Competitive factors in selling metal payment cards include primarily product quality, the ability to manufacture high volumes of cards, the ability to deliver finished cards on fixed schedules enabling card issuers (and their personalization partners) to meet consumer demand for metal payment cards, the range of products offered, innovation in metal form factor design and construction and technological innovation to enhance the cardholder experience, product features and price. The Company competes favorably across all of these factors, in the following ways:

- The Company is the pioneer and market leader in production of metal payment cards, with over two decades of experience in designing and manufacturing metal payment cards to meet the needs of large card issuers and brands, and maintains its leadership of bringing innovation to the payment card marketplace.
- The Company has the facilities, personnel, manufacturing equipment, and processes to manufacture metal payment cards at scale while maintaining high quality standards.
- The Company has developed valuable relationships with clients, raw material suppliers, personalization partners, distributors, and equipment manufacturers.
- The Company maintains long-term contracts with its largest clients, which are also some of the largest card issuers in the world, across a diversified portfolio of proprietary and co-brand payment card programs.

The market for digital security, authentication and digital asset storage products and services is highly fragmented today. The Company's Arculus Business Solutions compete for business sales with other providers of security, authentication and digital asset storage products and services. The Company offerings of Arculus Authenticate and Arculus Cold Storage, and its ability to combine payment cards with secure authentication and digital asset storage solutions, positions the Company to address a specific, growing need of payment card issuers, fintechs, and other businesses seeking to enhance their customers' security. The Company's primary competitor in the secure authentication solutions market is Yubikey®, which is a stand-alone hardware device typically connected to a computer for authentication functionality, as well as Capital One's AirKey™ technology.

The market for cold storage is highly competitive. Presently, most cold storage wallets are sold directly to consumers, and the Company faces competition from existing products and potential new product launches from existing storage businesses and new entrants. However, most of the Company's competitors in the cold storage wallet market do not presently offer products and services with the range of security features and enhanced user interface/user experience of the Arculus Cold Storage Wallet. The Company's primary competitors in the cold storage wallet market include Ledger SAS, Trezor®, CoolWallets®, KeepKey®, Coldcard™, BitBox®, Ballet™, and Ellipal®, among others.

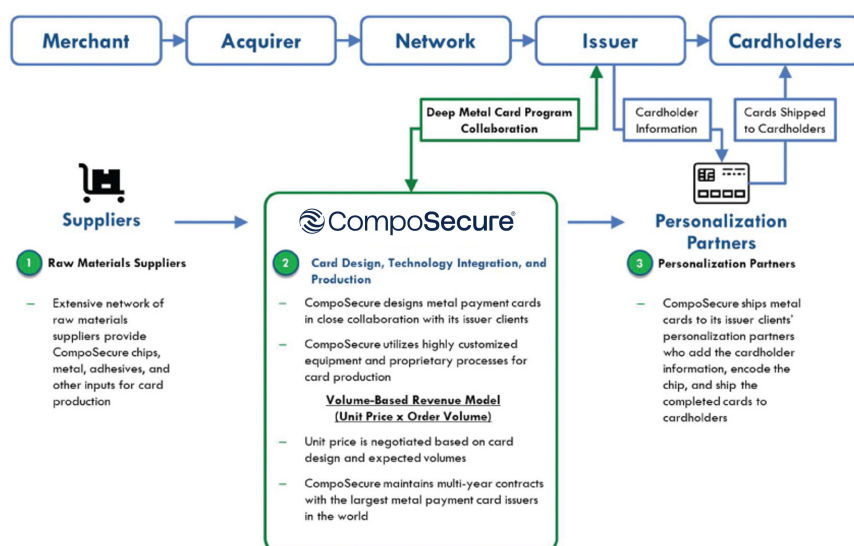
Cold storage wallets also compete as a category of products against hot storage wallets to serve digital asset holders. Hot storage wallets generate and store private keys and public keys and digitally sign transactions within Internet-connected devices where a digital asset holder’s private keys are under the custody of a third party, typically in a cloud-based, hosted environment that may be vulnerable to cyber-theft. Consumers are increasingly shifting to self-custody of their private keys via cold storage wallets for the enhanced security benefits. Further, the Company also believes that its Arculus Cold Storage Wallet delivers a cold storage solution that eliminates much of the user experience friction historically associated with competing legacy cold storage wallet products. The Company provides a physical, branded touchpoint through the sleek metal card that the Company believes will be preferred by financial institutions and other branded stakeholders in the market for digital assets over less tangible, digital-only hot storage Wallets. Hot storage wallets and related solutions include wallets typically provided by digital asset exchanges to their customers and the related backend software solutions enabling hot storage wallets.

Manufacturing

The Company designs and manufactures its metal payment cards using highly specialized equipment, significantly modified to meet the Company’s particular production methods and card constructions. The Company’s engineers have designed and implemented proprietary equipment modifications, process automation, and efficiency initiatives to drive significant improvements in manufacturing scale and productivity. The rollout of these initiatives is an ongoing process and continues with an increased focus on automation throughout the manufacturing process, which is expected to result in further improvements in manufacturing yields and labor efficiency, enabling the Company to meet client demand and withstand competitive pricing pressures. The Company’s research and development personnel bring substantial expertise in material science enabling the Company to design and produce difficult-to-replicate metal form factors, and to be a leader in technological innovations for payment cards.

Payment cards require high security throughout the manufacturing process, and the Company maintains extensive policies, procedures and staff to assure compliance with the payment card industry security standards, payment network and client requirements.

The Company’s manufacturing operations are designed to meet the needs of its diverse range of client payment card programs. The following diagram demonstrates the Company’s role in the payment card marketplace:



The Company leases an aggregate of approximately 241,000 square feet in five (5) facilities, all located in Somerset, New Jersey (U.S.A.), enabling the Company to manufacture its products on an integrated basis across its facilities. The Company uses high-security ground freight (such as armored vehicles) for delivery of finished payment cards to the Company's clients or, more frequently, directly to personalization partners selected by the Company's clients. Personalization partners provide cardholder personalization and fulfillment services.

Supply Chain

The Company has developed and maintains a valuable and extensive network of suppliers, which provide the Company with EMV chips, various types of metal, adhesives, signature panels, magnetic stripes, payment network logos (including holographic) and other materials for payment card production. The Company believes that the raw materials needed to produce its payment card products are available from multiple sources at reasonable prices. In light of recent chip shortages, the Company has established a multi-year purchase commitment with one of its EMV chip suppliers. As a result, the Company presently does not anticipate any raw materials shortages. The Company obtains its raw materials from suppliers located in the U.S., Japan, China, Italy and France. Primary suppliers for EMV chips are leading semiconductor manufacturers. The Company maintains constant vigilance concerning supply chain risks and evaluates alternate suppliers to assure availability, quality, performance, service, price and other features.

Research and Development & Intellectual Property

The Company's research and development team is comprised of material scientists, engineers and technicians devoted to the invention and development of new metal form factors, card features, secure authentication and digital asset storage technology and applications. The work of the research and development team is then made available by the Company's sales team to its existing and new customers, and rapidly deployed into the Company's manufacturing operations for production of customer orders.

The Company has extensive and global intellectual property rights, such as design and utility patents and patent applications, trade secrets, confidential information, trademarks, service marks, trade names, and copyrights. The Company also maintains licensed rights to certain manufacturing technology relating to dual-interface antennae,

and may, from time to time, enter into similar commercial agreements if needed or desirable for its manufacturing operations.

The Company relies on a combination of registered (such as patents, trademarks, service marks, etc.) and unregistered (such as trade secrets, confidential information, etc.) programs for its intellectual property protection throughout the world. As of February 2025, the Company had more than 65 U.S. and foreign patents issued, more than 35 pending U.S. and foreign patent applications, and 35 families of U.S. and foreign trademarks/service marks registered and/or applied for across 27 jurisdictions. The Company's 42 distinct utility patent families have an average remaining lifetime of over 11 years (of their 20-year terms from filing date, assuming eventual grant and all annuities paid); its 8 design patent families have an average of 74% of their lifetime remaining (of 10 – 25-year terms, depending upon jurisdiction), and its registered trademarks/service marks have ten-year terms renewable indefinitely with ongoing use. The Company expects to continue to develop innovations for payment card form factor design, features, components and manufacturing methods, as well as secure authentication and digital asset storage solutions, many of which are reflected in patent applications.

Government Regulations

The payments industry is generally subject to extensive government regulation — both in the United States and internationally (where the Company's products are sold, including in the UK, the EU and Asia) — and any new laws and regulations, or industry standards or revisions made to existing laws, regulations or industry standards (or changes in interpretations or enforcement) affecting the payments industry may materially or adversely affect the Company's business.

As a metal card supplier, the Company has obtained and maintains certifications from the payment networks enabling the Company to manufacture payment cards that operate on their networks. Payment network certification requires compliance with the payment card industry security standards for physical card characteristics and for card manufacturing operations and facilities. The payment networks and their member financial institutions routinely update, generally expand and modify applicable requirements. Any changes in payment network rules or standards that increase the cost of doing business or limit the Company's ability to manufacture payment cards that operate on their networks may adversely affect the results of operations of the Company's business. The Company is required to submit to periodic audits, self-assessments, or other assessments of its compliance with the payment card industry security standards. The Company has maintained payment network certifications for many years and believes that it can continue to renew such certifications. The Company also recognizes that the expensive and complex certification process, and the operational compliance required to obtain and maintain certification, acts as a significant barrier to new businesses seeking to enter the payment cards market.

The Company ships certain of its products to customers (or their personalization partners) located in the UK, the EU, India, Asia, the Middle East and Australia. In connection with such shipments, the Company is sometimes required to comply with import regulations and related procedures. In addition, the products which the Company ships to non-U.S. locations are designed and manufactured to comply with the requirements of the payment networks located in those locations, including American Express, Visa, MasterCard and JCB, among others

In addition, the Company is prohibited from doing business with individuals, entities, countries, and territories that are targets of economic or trade sanctions that the U.S. Department of the Treasury's Office of Foreign Assets Controls ("OFAC"), the U.S. Department of Commerce's Bureau of Industry and Security, and various foreign authorities administer or enforce. If the Company's compliance programs are found to be deficient, it could lose key relationships with clients or their personalization partners. Fines or penalties for violations of these rules may be severe and efforts to remediate any violations issues may be costly, may result in diversion of management and staff time and effort, and may still not guarantee compliance.

The Company's metal payment card fabrication business does not receive any cardholder personally identifiable information, as that information is handled directly by the Company's clients or their personalization partners. As a result, the Company's payment card operations are not directly subject to compliance with federal, state and foreign privacy statutes and regulations relating to protection of such information.

Digital assets are recent technological innovations subject to evolving regulatory schemes. Approaches to digital asset regulation vary globally, with some jurisdictions actively legislating, others interpreting existing laws to apply, and others not taking any stance or expressly declining to regulate. Accordingly, there is no single uniform

regulatory framework applicable to our Arculus Cold Storage Wallet, or to digital assets, and laws that do apply at times may overlap.

In recent years, adverse market events in the digital asset space led to increased attention and scrutiny by regulators, legislators and market participants alike. These market events include, among other things, the high-profile bankruptcies and insolvencies of several well-known digital asset-focused entities, most notably FTX and its affiliates, as well as litigation and regulatory enforcement actions. In addition, bankruptcy and other courts have faced novel questions, including concerning the ownership of digital assets held by custodians, the enforceability of customer terms and conditions and the priority of creditors. Such market events led to a legislative and regulatory push in the U.S. to require greater transparency and disclosure concerning digital asset market activities and led to more restrictive, rather than more liberal or flexible, U. S. federal government approach to digital assets and a slew of new civil and criminal enforcement actions by U.S. regulators.

Following the January 20, 2025 inauguration of Donald Trump as the President, however, the United States has seen material changes in the U.S. federal government's approach to digital assets that indicate a more crypto-friendly stance. Among other things, President Trump's public statements and executive orders, his appointment of the first-ever White House Special Advisor for AI and crypto, his creation of a national Working Group on Digital Assets Markets and his appointment of pro-crypto leadership to U.S. federal agencies, including the U.S. Securities and Exchange Commission (SEC), U.S. Commodity Futures Trading Commission (CFTC) and the U.S. Treasury appear to signal more digital asset-friendly regulatory environment.

It is possible that a shift in U.S. government approach to digital assets could influence regulatory decisions affecting cold storage wallets which facilitate transactions in digital assets, such as the Arculus Cold Storage Wallet. The Company expects that, partly as a result of the regulatory changes it expects, the Company will effect changes in its support for storage and peer-to-peer transfers, and that it may support purchase and swap transactions for digital assets it does not currently support. The Company's decisions on whether to support purchase and swap transactions in particular digital assets will be based on a combination of consumer demand, technical integration capabilities, regulatory compliance, third-party partner capabilities, market conditions, competitive intelligence concerning peer activities and management discretion. In the U.S, uncertainty exists concerning the proper application of the securities laws and related guidance to digital asset transactions and market participants, including questions whether and when certain digital assets may be deemed "securities." and, thus, subject to U.S. federal and state securities law requirements, and such questions currently are being litigated in U.S. courts. The Company relies upon legal and regulatory analysis of legal counsel with expertise in the digital asset industry including to determine whether a digital asset transaction constitutes a transaction in a security. The Company does not believe the storage and peer-to-peer/send & receive functionality provided by the Arculus Cold Storage Wallet involves purchases, sales or other transactions effected by the Company (or any party other than the sender and the recipient). Further, the Company is not compensated for such user-directed activities. However, it is possible that regulators may determine that user-directed peer-to-peer transfers using the Arculus Cold Storage Wallet involve transactions in securities, and that such transactions are effected by the Company. Such a determination could impose on the Company certain registration and compliance requirements, including with respect to broker-dealer and/or securities exchange regulations. If the Company is found to be in violation of U.S. federal securities laws, the Company could be subject to significant monetary penalties, censure or other actions that may have a material and adverse effect on the Company. The Company believes that the likelihood of such eventualities has diminished, but has not disappeared, in light of the U.S. political developments described above.

The Company does not currently buy, swap or exchange digital assets for its Arculus Cold Storage Wallet customers. Instead, all purchase and swap transactions by consumers using the Arculus Cold Storage Wallet are currently executed between the consumer and one or more third-party partners. To the extent that digital assets are designated by regulators as securities or commodities, the Company may need to partner with third-party registered securities or commodities brokers or dealers, or exchanges, to facilitate purchase and swap transactions by Arculus Cold Storage Wallet customers. If the Company is not able to obtain such partnering arrangements or if a regulator determines that such partnering arrangements, standing alone, do not relieve the Company of an independent licensing obligation, and if the Company does not itself register as a broker, dealer or exchange, the inability to support purchase and swap transactions in such digital assets could have a material adverse effect on the Company's business, financial condition and results of operations.

It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, interpretations, policies, rules or guidance directly or indirectly affecting a digital asset network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use digital assets, or to exchange digital assets for either fiat currency or other virtual currency.

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies, including FinCEN, have been examining the operations of digital asset networks, with particular focus on the extent to which digital assets can facilitate money laundering or fund criminal or terrorist enterprises and ensure the safety and soundness of exchanges or other service providers that take custody of digital assets for users. Many of these state and federal agencies have established consumer advisories regarding the risks posed to investors in digital assets. In addition, federal and state agencies, and other regulatory bodies in other countries have issued rules or guidance about the treatment of digital asset transactions or requirements for businesses engaged in digital asset activity. Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against digital asset businesses or enacted restrictive regimes following adverse publicity arising from hacks, consumer harm, or criminal activity involving digital assets. Accordingly, government authorities may continue to interpret existing laws and regulations, or propose new ones, to regulate certain wallet providers as intermediaries in digital asset transactions. In addition, governments or regulatory authorities may impose new or additional licensing, registration or other compliance requirements on participants in the digital asset industry, which may include the Company's present or future Arculus Cold Storage Wallet activities. For an additional discussion of regulatory risks related to future government actions, please see "Risk Factors — Regulatory changes or actions may restrict the use of the Arculus Cold Storage Wallet or digital assets in a manner that adversely affects the Company's business, prospects or operations". These ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the nature of an investment in digital asset derivatives and/or the ability of the Arculus Cold Storage Wallet to continue to operate.

Various foreign jurisdictions may adopt policies, laws, regulations or directives that affect digital assets or a digital asset network, generally. The effect of any existing regulation or future regulatory change on the Arculus Cold Storage Wallet or digital assets is challenging to predict, but such changes could be substantial and adverse to the Arculus Cold Storage Wallet. Various foreign jurisdictions have adopted, and may continue to adopt in the near future, laws, regulations or directives that may impact digital assets, particularly with respect to digital asset exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of digital assets by users, merchants and service providers outside the United States. In addition, despite what appears to be a more favorable U.S. governmental approach, under the Trump Administration, to digital assets, the occurrence of adverse digital asset market events could materially and negatively affect the U.S. regulatory and legislative outlook for digital assets, and could result in greater restrictions being placed on digital assets market participants or increased regulatory enforcement and other litigation. This could impede the growth or sustainability of the digital asset economy in these jurisdictions as well as in the United States and elsewhere, or otherwise negatively affect the value of digital assets.

Positively Impacting our Environment and Community

To solidify the Company's long-standing commitment to making sustainable choices, in 2022 and 2023, the Company began a strategic project to formalize its approach to environment, social and governance matters ("ESG"). The Company's ESG efforts are driven by a management ESG Committee, led by the Chief Operations Officer, joined by the Chief Transformation Officer, General Counsel and Head of Corporate Communications. The ESG Committee, working across all key business functions, is responsible for the development and implementation of the Company's ESG program, which includes assessing our existing ESG efforts, understanding stakeholder perspectives, identifying areas for improvement that align with our business, and working collaboratively to support programs designed to implement and assess our ESG initiatives. The Company's Board of Directors provides support for and oversight of our ESG program.

The pillars of the Company's ESG program are:

- Positively impacting our environment and community; and
- Doing business in a responsible way.

The Company's approach to ESG has included identifying programs and activities already in place, as well as initiating new programs and practices, and developing qualitative and quantitative ways to measure the Company's achievements and impact across various aspects of ESG. In the following sections, the Company has included a summary of its initiatives and activities in this report and expects to issue a standalone ESG report within the next several months.

Sustainability & Environmental Protection

The Company has been proactively pursuing environmentally friendly products for over 20 years and achieved carbon neutral operations in 2023 and 2024 through a combination of production efficiencies and purchasing carbon offsets. The use of recycled stainless steel plays an important role in the Company's sustainable design as most of the Company's metal card products contain 65% post-consumer recycled stainless steel.

In 2023, the Company:

- was awarded the EcoVadis Silver Medal. EcoVadis is an independent provider of business sustainability ratings, and the EcoVadis Medals recognize eligible companies that have completed the EcoVadis assessment process and demonstrated a relatively strong management system that addresses sustainability criteria. The Silver Medal is awarded to companies in the top 15% (85+ percentile) compared to all 150,000+ EcoVadis-rated companies over the previous 12 months.
- renewed its ISO 14001 certification continuing to improve its sustainability operations by reducing waste, improving efficiency and enhancing operations using a systematic approach;
- reduced water usage by approximately 31.5% compared to 2022, resulting in water savings of about 1.5 million gallons through the introduction of new production processes;
- improved its energy efficiency by converting approximately 70% of lighting fixtures in our facilities to LED;
- implemented a card return/recycling program to support closed-loop material use;
- developed new shipment packaging designs utilizing 100% recycled cardboard components; and
- initiated an enhanced supplier engagement program to align the Company's ESG initiatives to customer and supplier activities.

In 2024, the Company:

- was awarded the EcoVadis Silver Medal for the second consecutive year, and improved its EcoVadis score by seven points (from 60 in 2023 to 67 in 2024), demonstrating significant progress in integrating ESG principles into its operations;
- renewed its ISO 14001 certification;
- achieved ISO/IEC 27001 certification, a globally recognized information security management system standard, for its premium card manufacturing operations; and
- further improved its energy efficiency by converting approximately 100% of lighting fixtures in our facilities to LED.

The Company's manufacturing operations are subject to compliance with Federal, state and local environmental protection regulations, including those governing the emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and groundwater contamination. The Company believes that its operations are in material compliance with environmental requirements and that environmental matters will not have a material adverse effect on its business, operations, financial condition or results of operations.

The metal raw material used in the manufacture of the Company's metal payment cards is typically comprised of mostly post-consumer recycled materials. In addition, the Company believes that its metal form factors permit a greater opportunity for recycling and/or repurposing expired payment cards as compared to plastic cards. Some card issuers provide postage paid return shipping materials to their cardholders so that the expired cards are

returned for destruction/recycling (as metal payment cards cannot typically be shredded with consumer shredding machines).

Human Capital/Employees

As of March 1, 2025, the Company had approximately 1,000 full-time employees, and 7 part-time employees, including approximately 46% female and 54% male employees, and representing over 85% racial/ethnic minorities.

The Company is committed to upholding and promoting human rights in all aspects of its operations. The Company believes in the inherent dignity and equal rights of every individual, and recognizes a responsibility to respect and protect these rights. As an Equal Opportunity Employer, the Company does not discriminate against any employee or job applicant based on race, ethnicity, religion, national origin, sex, physical or mental disability, or age.

The Company focuses human capital efforts on attracting and retaining employees with skills and experience which benefit the business and support the Company's mission and values. Compensation programs are competitive, including base wage and salary rates, annual cash incentives, long-term equity incentives, medical, dental and vision insurance an employee stock purchase plan, paid time off, and employee assistance program, and other benefits. The Company also fosters ongoing management development through training and promotions, and conducts annual employee surveys to measure employee engagement and satisfaction.

The Company promotes honest, ethical and respectful conduct. The Company's Code of Conduct, which we updated in 2024, sets the standards for appropriate behavior, and employees are required to follow these standards and participate in regular training programs. The Company encourages employees to bring forward issues and concern, and maintain a whistleblower hotline system. The Company conducts ongoing employee training programs for ethics, anti-harassment and other important programs and policies. The Company and its employees participate in community initiatives to enhance the lives of people in the communities in which the Company and its employees work and live through volunteerism, charitable giving and other support.

The Company considers relations with its employees to be good and has never experienced any work stoppages or strikes as a result of labor disputes.

Additional Information

Our website is www.composecure.com. We make available through the "Investors" section at www.ir.composecure.com, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Proxy Statements and Forms 3, 4 and 5, and amendments to those reports, as soon as reasonably practicable after filing such materials with or furnishing such documents to the Securities and Exchange Commission (the "SEC"). The information found on our website is not a part of this or any other report filed with or furnished to the SEC. The SEC maintains a site that contains reports, proxy and information statements, and other information regarding issues, such as the Company, that file electronically with the SEC at www.sec.gov.

Item 1A. Risk Factors

Summary of Risk Factors

An investment in our securities involves substantial risk. The occurrence of one or more of the events or circumstances described in the section entitled "Risk Factors," alone or in combination with other events or circumstances, may have a material adverse effect on our business, cash flows, financial condition and results of operations. Important factors and risks that could cause actual results to differ materially from those in the forward-looking statements include, among others, the following:

- Risks Related to our Business

- Rapidly evolving domestic and global economic conditions are beyond our control and could materially adversely affect our business, operations, and results of operations.
- Failure to retain existing customers or identify and attract new customers could adversely affect our business, financial condition and results of operations.
- Any failure by us to identify, manage, integrate and complete acquisitions and other significant transactions successfully could harm our financial results, business and prospects.
- Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage, and increase risks of litigation, which could adversely affect our business, financial condition and results of operations.
- System outages, data loss or other interruptions affecting our operations could adversely affect our business and reputation.
- We may not be able to recruit, retain and develop qualified personnel, including for areas of newer specialized technology which could adversely affect our ability to grow our business.
- Our future growth may depend upon our ability to develop and commercialize new products, and we may be unable to introduce new products and services in a timely manner.
- A disruption in our operations or supply chain or the performance of our suppliers and/or development partners could adversely affect our business and financial results.
- We have limited experience in the digital assets industry and may not succeed in fully commercializing the products and solutions derived from the Arculus technology.
- Security markets, including the market for authentication solutions, are rapidly evolving to address increasing and challenging cyber threats, including identity theft, and the Company's Arculus Authenticate solutions may not achieve widespread market acceptance.
- Our Arculus Authenticate solutions may not achieve widespread market acceptance or may not provide sufficient protection.
- Production quality and manufacturing process disruptions could adversely affect our business.
- Risks Related to the Resolute Transaction
 - We are a controlled company following the completion of the Resolute Transaction, and are subject to the significant influence of Resolute, which may result in conflicts of interest and limit the governance protections available to other shareholders.
- Risks Related to Management Agreement
 - Our reliance on Resolute Holdings for management services under the Management Agreement exposes us to risks including those related to Resolute Holdings' substantial influence over our business, operations, and strategy.
- Risks Related to our Indebtedness
 - Our indebtedness may limit our operating flexibility.
 - Upon the occurrence of an event of default in our credit facility, the lenders could elect to accelerate payments due and terminate all commitments to extend further credit.
 - The debt outstanding under the Company's existing credit facility has a variable rate of interest that is currently based on the Secured Overnight Financing Rate ("SOFR"). These rates may have consequences that cannot be reasonably predicted and may increase the Company's cost of borrowing in the future.
- Risks Related to the ownership of our Securities
 - Our only significant asset is our ownership of Holdings. If the business of Holdings is not profitably operated, Holdings may be unable to make distributions to enable us to satisfy our financial obligations.
 - Provisions in our charter (the "Charter") and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our common stock and could entrench management.
 - As an "emerging growth company," we cannot be certain if the reduced disclosure requirements applicable to "emerging growth companies" will make our common stock less attractive to investors.
 - If our performance does not meet market expectations, the price of our securities may decline.

- The warrants, each of which entitles the registered holder to purchase one share of the Company's Class A Common Stock at a price of \$7.97 per share (as adjusted effective February 28, 2025) (the "Warrants") may not remain in the money, and they may expire worthless.

Investing in our securities involves risks. Before you make a decision to buy our securities, in addition to the risks and uncertainties discussed above under "Cautionary Note Regarding Forward-Looking Statements," you should carefully consider the specific risks set forth herein. If any of these risks actually occur, it may materially harm our business, financial condition, liquidity and results of operations. As a result, the market price of our securities could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described in this report, or in any document incorporated by reference herein, are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business.

Risks Related to Our Business

Rapidly evolving domestic and global economic conditions are beyond our control and could materially adversely affect our business, operations, and results of operations.

U.S. and international markets and, in particular, the rapidly evolving digital assets industry, are experiencing uncertain and volatile economic conditions, including from the after-effects of the COVID-19 pandemic, the war in Ukraine, the conflict in Israel, Gaza and the surrounding areas, inflation, threats or concerns of recession, and supply chain disruptions. These conditions make it extremely difficult for us and our suppliers to accurately forecast and plan future business activities. Additionally, a significant downturn in the domestic or global economy may cause our existing customers to pause or delay orders and prospective customers to defer new projects. Together, these circumstances create an environment in which it is challenging for us to predict future operating results, particularly for our Arculus products and services. If these uncertain business, macroeconomic or political conditions continue or further decline, our business, financial condition and results of operations could be materially adversely affected.

We may not be able to sustain our revenue growth rate in the future.

We may not continue to achieve sales growth in the future and you should not consider our sales growth in fiscal 2024 as indicative of future performance. It is also possible that our growth rate may slow in future periods due to a number of factors, which may include slowing demand for our products, increased competition, decreasing growth of the overall market, or inability to engage and retain customers. If we are unable to maintain consistent sales or continue our sales growth, it may be difficult for us to maintain profitability.

Failure to retain existing customers or identify and attract new customers could adversely affect our business, financial condition and results of operations.

Our two largest customers are JPMorgan Chase and American Express. Together, these customers represented approximately 63% and 71% of our net sales for the years ended December 31, 2024 and 2023, respectively. Our ability to meet our customers' high-quality standards in a timely manner is critical to our business success. If we are unable to provide our products and services at high quality and in a timely manner, our customer relationships may be adversely affected, which could result in the loss of customers.

Our ability to maintain relationships with our customers or attract new customers may be affected by several factors beyond our control, including more attractive product offerings from our competitors, widespread industry disruptions (such as adverse crypto market disruptions, adoption or enactment of new legislation or agency rules and the outcomes of regulatory enforcement actions and other major litigation), pricing pressures or the financial health of these customers, many of whom operate in competitive businesses and depend on favorable macroeconomic conditions. In addition, we may also be limited in the products we can offer and the pricing we can receive for such products due to restrictions present in certain of our customer contracts, which may negatively impact our ability to retain existing customers or attract new customers. If we experience difficulty retaining

customers and attracting new customers, our business, financial condition and results of operations may be materially and adversely affected.

Any failure by us to identify, manage, integrate and complete acquisitions and other significant transactions successfully could harm our financial results, business and prospects.

As part of our business strategy, we may from time to time seek to acquire businesses or interests in businesses, including non-controlling interests, or form joint ventures or create strategic alliances. The due diligence we undertake with respect to potential targets may not reveal or highlight all relevant facts that are necessary or helpful in evaluating the potential target, and we will incur expenses in connection with performing such due diligence whether or not an acquisition is ultimately completed. Whether we realize the anticipated benefits from such activities may depend, in part, upon the successful integration between the businesses involved, the performance and development of the underlying products, capabilities or technologies, our correct assessment of assumed liabilities and the management of the operations. Accordingly, our financial results could be adversely affected by unanticipated performance and liability issues, our failure to achieve synergies and other benefits we expected to obtain, transaction-related charges, amortization related to intangibles, and charges for impairment of long-term assets.

Our ability to realize the expected synergies and benefits of an acquisition may be subject to, among other things, our ability to complete the timely integration of operations and systems, standards, controls, procedures, policies and technologies, difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the combination, and difficulties in managing the expanded operations of a significantly larger and more complex combined business.

Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage, and increase risks of litigation, which could adversely affect our business, financial condition and results of operations.

Our information technology ("IT") infrastructure's ability to reliably and securely protect the sensitive confidential information of our customers, which include large financial institutions, is critical to our business. Security breaches have become more common across many industries. Cyber incidents have been increasing in sophistication and can include third parties gaining access to employee or customer data using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks, ransomware, card skimming code, and other deliberate attacks and attempts to gain unauthorized access. The occurrence of these types of incidents in our computer networks, databases or facilities could lead to the inappropriate use or disclosure of personal information, including sensitive personal information of customers and employees, which could harm our business and reputation, adversely affect consumers' confidence in our business and products, result in inquiries and fines or penalties from regulatory or governmental authorities, cause a loss of customers, pose increased risks of lawsuits and subject us to potential financial losses.

Additionally, it is possible that unauthorized access to sensitive customer and business data may be obtained through inadequate use of security controls by our customers, suppliers or other vendors.

We have administrative, technical, and physical security measures in place, and we have policies and procedures in place to both evaluate the security protocols and practices of our vendors and to contractually require service providers to whom we disclose data to implement and maintain reasonable privacy and security measures. However, although cybersecurity remains a high priority, our activities and investment may not sufficiently protect our system or network against cyber threats, nor sufficiently prevent or limit the damage from any future security breaches. As these threats continue to evolve, we may be required to expend significant capital and other resources to protect against these security breaches or to alleviate problems caused by these breaches, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants, which could materially and adversely affect our business, financial condition and results of operations. Although we maintain cyber liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or

at all. Furthermore, any material breach of our security systems could harm our competitive position, result in a loss of customer trust and confidence, and cause us to incur significant costs to mitigate or remedy any damage resulting from system or network disruptions, whether caused by cyberattacks, security breaches or otherwise, which could ultimately adversely affect our business, financial condition and results of operations.

System outages, data loss or other interruptions affecting our operations could adversely affect our business and reputation.

The ability to efficiently execute and operate business functions and systems without interruption is critical to our business. A significant portion of the communication between our employees, customers, and suppliers rely upon our integrated and complex IT systems. We depend on the reliability of our IT infrastructure and software, and our ability to expand and innovate our technologies and technological processes in response to changing needs. A system outage or data loss or interruption could cause damage to our brand and reputation. Such operational interruptions could also cause us to become liable to third parties, including our customers. We must be able to protect our processing and other systems from interruption to successfully operate our business. In an effort to do so, we have taken preventative actions and adopted protective procedures to ensure the continuation of core business operations in the event that normal operations could not be performed because of events outside of our control. These actions and procedures taken and adopted by us may, however, insufficiently prevent or limit the damage from future disruptions, if any, and any such disruptions could adversely affect our business, financial condition and results of operations.

Disruptions at our primary production facility may adversely affect our business, results of operations and/or financial condition.

A substantial portion of our manufacturing capacity is located at our primary production facility. Any serious disruption at such facility could impair our ability to manufacture enough products to meet customer demand, and could increase our costs and expenses and adversely affect our revenues. Our other facilities may not have the requisite equipment or sufficient capacity, may have higher costs and expenses, or may experience significant delays to adequately increase production to satisfactorily meet our customers' expectations or requirements. Long-term production disruptions may cause our customers to modify their payment card programs to use plastic cards or to seek an alternative supply of metal cards. Any such production disruptions could adversely impact our business, financial condition and results of operations.

Our future growth may depend upon our ability to develop, introduce, manufacture and commercialize new products, which can be a lengthy and complex process. 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 and evolving industry standards. The process for developing innovative or technologically enhanced products can deplete time, money and resources, and requires the ability to accurately forecast technological, market and industry trends. For example, we have historically focused on the payment card industry, but we are a new entrant into the digital assets industry. In order to achieve successful technical execution of new products, we may need to undertake time-consuming and expensive research and development activities, which could negatively impact the servicing of our existing customers. We may also experience difficult market conditions, such as the recent widespread disruptions in the digital asset industry, that could delay or prevent the successful research and development, marketing launches and consumer deployment of such newly designed products, whereby we could incur significant additional cost and expense. If the products and solutions derived from the Arculus platform fail to gain market acceptance, our ability to achieve future growth could be significantly impaired. In addition, competitors may develop and commercialize competing products faster and more efficiently than we are able to do so, which could further negatively impact our business.

Our product and service offerings could be rendered obsolete if we are unable to develop and introduce innovative products in a cost-effective and timely manner. In particular, the rise in the adoption of wireless or mobile payment systems may make physical metal cards less attractive as a method of payment, which could result in less demand for these products. Although to date we have not witnessed a material reduction in card-based

payments in the United States resulting from the emergence of wireless or mobile payment systems, such payment systems offer consumers an alternative method to make purchases without the need to carry a physical card by relaying on cellular telephones or other technological products to make payments. If these wireless or mobile payment systems are widely adopted, it could result in a reduction of the number of physical payment cards issued to consumers. Moreover, other developing or unforeseen technology solutions and products could render our existing products unpopular, irrelevant or obsolete altogether.

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; develop and implement new processes for the manufacture or offer of new products or services; 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 certification for our products; and retain and hire talent experienced in developing new products and services. Our business and growth also depend in part on the success of our strategic relationships with third parties, including technology partners or other technology companies whose products are integrated with our products. Failure of any of these technology companies to maintain, support or secure their technology platforms in general, and our integrations in particular, or errors or defects in their technologies or products, could adversely affect our relationships with customers, damage our brand and reputation, and could adversely affect our business, financial condition and results of operations.

Our ability to enhance our existing products and to develop and introduce innovative new products that continue to meet the needs of our customers may affect our future success. We may experience difficulties that could delay or prevent the successful development, marketing or deployment of these products, or our newly enhanced services may not meet market demands or achieve market traction. Our potential failure to complete or gain market acceptance of new products, services and technologies could adversely affect our ability to retain existing customers or attract new ones.

A disruption in our operations or supply chain or the performance of our suppliers, liquidity partners and/or development partners could adversely affect our business and financial results.

As a company engaged in manufacturing and distribution, we are subject to the risks inherent in such activities, including disruptions or delays in supply chain or information technology, product quality control, as well as other external factors over which we have no control. Some of the key components used in the manufacture of our products are metals, NFC-enabled chips and EMV chips, which we source from several key suppliers. We obtain our components from multiple suppliers located in the United States and abroad, on a purchase order basis. Changes in the financial or business condition of our suppliers and/or development partners could subject us to losses or adversely affect our ability to bring products to market. Additionally, the failure of our suppliers and/or development partners to comply with applicable standards, perform as expected, and deliver goods and services in a timely manner in sufficient quantities could adversely affect our customer service levels and overall business. Any increases in the costs of goods and services for our business may also adversely affect our profit margins particularly if we are unable to achieve higher price increases or otherwise increase cost or operational efficiencies to offset the higher costs.

Additionally, we partner with third-party providers to offer certain Arculus-related services to our customers. If any of these third parties experiences operational interference or disruptions, fails to perform its obligations and meet our expectations, experiences a cybersecurity incident, fails to comply with applicable regulatory and/or licensing requirements which may evolve over time, or is subject to regulatory enforcement proceedings concerning their operations, the operations of the Arculus solutions could be disrupted or otherwise adversely affected.

Security markets, including the market for authentication solutions, are rapidly evolving to address increasing and challenging cyber threats, including identity theft, and the Company's Arculus Authenticate solutions may not achieve widespread market acceptance. In addition, there is a risk that the Arculus Authenticate solutions may not provide protection against all or a sufficient amount of the ever-changing security vulnerabilities, exploits or cyber attacks.

Cybersecurity markets are experiencing significant and fast-paced technological change, evolving industry standards and customer needs. The Company's Arculus Authenticate solutions represent a new and innovative approach to identity protection, and may not achieve widespread market acceptance. Other methods, technologies, products or services may offer similar or better authentication solutions than our hardware authentication solutions. If the Company is unable to adapt to such changes, our ability to compete effectively may be adversely impacted, which could have a negative effect on our business, financial condition or results of operations. In addition, there is a risk that the Arculus Authenticate solutions may not provide protection against all or a sufficient amount of the ever-changing security vulnerabilities, exploits or cyber attacks. Internal and external factors, including possible defects in the Company's products, or system failures in services provided by third parties for use with Arculus Authenticate solutions, could cause the Company's products and/or services to become vulnerable to security attacks which could result in the loss of identity protection for businesses and consumers. As the Arculus Authenticate solutions include hardware tokens which are expected to be replaced from time to time as needed (similar to payment cards), the Company does not intend to provide remote updates or upgrades to its hardware products. There is, therefore, a risk that the Company's hardware authentication products could become ineffective against evolving cybersecurity threats. Any such developments, real or perceived, may have a negative impact on our reputation, which could have a negative effect upon our business, financial condition or results of operations.

Digital asset storage systems, such as the Arculus Cold Storage Wallet, are subject to potential illegal misuse, risks related to a loss of funds due to theft of digital assets, security and cybersecurity risks, system failures and other operational issues, which could cause damage to our reputation and brand.

Digital assets have the potential to be used for financial crimes or other illegal activities. Even if we comply with all laws and regulations, we have no ability to ensure that our customers, partners or others to whom we license or sell our products and services comply with all laws and regulations applicable to them and their transactions. Any negative publicity we receive regarding any allegations of unlawful uses of the Arculus Cold Storage Wallet could damage our reputation and such damage could be material and adverse, including to aspects of our business that are unrelated to the Arculus platform. More generally, any negative publicity regarding unlawful uses of digital assets in the marketplace could materially reduce the demand for our products and solutions derived from the Arculus platform.

The Arculus Cold Storage Wallet uses an architecture where the private keys needed to access digital assets are stored outside of the Internet. Through the use of the Arculus Cold Storage Wallet, our three-factor authentication technology may be able to increase the safety of users' assets during storage, as compared to storing such digital assets in a hot storage wallet, which is constantly connected to the internet. Further, digital assets are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet's public key or address is reflected in the public network. There is no guarantee that these security measures or any that we may develop in the future will be effective. Notwithstanding the increased security of the Arculus Cold Storage Wallet as compared to a hot storage wallet system, any loss of private keys, or hack or other compromise or failure of, the Arculus Cold Storage Wallet and its security features could materially and adversely affect our customers' ability to access or sell their digital assets and could cause significant reputational harm to our Arculus Cold Storage Wallet business, which could have a material adverse effect on our business, financial condition and results of operations.

Regulatory changes or actions may restrict the use of the Arculus Cold Storage Wallet or digital assets in a manner that adversely affects our business, prospects or operations.

Regulatory uncertainty surrounding the digital asset environment, and the regulatory classification of such digital assets

As digital assets have grown in both popularity and market size, the regulatory approach by governments worldwide has varied significantly, with some deeming them illegal and others permitting their use and trade under specified conditions. Currently, there is no uniformly applicable legal or regulatory regime governing digital assets in most jurisdictions, including in the U.S.

The occurrence of adverse market events, such as bankruptcies of prominent digital asset entities (like FTX), may increase regulatory scrutiny and may prompt new compliance requirements that could adversely affect our ability to develop and offer digital asset-related services and products, such as the Arculus Cold Storage Wallet, or impose significant costs on the Company.

In the U.S., the legal and regulatory landscape applicable to digital assets remains uncertain, with overlapping authority existing between and among various U.S. federal agencies, including the CFTC and SEC. This regulatory overlap contributes to ongoing legal and regulatory ambiguity, particularly concerning whether and, if so, when certain transactions in digital assets constitute transactions in securities.

U.S. regulators, courts and lawmakers alike are grappling with these questions, and the legal landscape remains uncertain.

While the SEC has brought multiple enforcement actions against digital asset projects, including trading platforms that the SEC believes were operating, among other things, as unregistered exchanges, thus far, such cases have not resolved the legal uncertainty in the U.S. concerning digital assets, including questions concerning the very application of the U.S. federal securities laws to digital assets and digital asset-related activities, including in the secondary trading market. Several of such recent enforcement actions are court cases that remain ongoing and, to the extent that courts have rendered opinions, those opinions, and the reasoning in support of them, have not necessarily been consistent with one another.

While actions taken by President Trump following his January 2025 inauguration have appeared to signal the beginning of a much more favorable U.S. governmental approach to digital assets, legal and regulatory uncertainty remains, including concerning the regulatory characterization and treatment of various digital asset-related products, services, platforms, markets and activities, including NFTs, decentralized finance (“DeFi”) and decentralized autonomous organizations (“DAOs”), all of which have drawn regulatory attention in recent years.

In particular, as a result of actions by private plaintiffs and regulators alike, under various theories of liability, among other things, DAOs have been characterized by certain plaintiffs as unincorporated associations or general partnerships, with some plaintiffs asserting that liability should be assigned to participants in DAO governance, while others have sought to establish joint and several liability for DAO members generally, including on negligence theories of liability. The terms “DeFi” and “DAO” may be interpreted broadly to encompass a wide variety of projects, services and participants, and if a regulator or private plaintiff were to claim that Arculus is deemed to have participated in or facilitated DeFi- or DAO-related activities that were in violation of applicable law, there may be significant associated risks, including the potential for joint and several liability.

In addition to the U.S. regulatory questions before the courts, multiple Congressional digital asset-related bills have been published, including some with a focus on digital asset market structure. While multiple bills describe joint oversight by the SEC and CFTC over the digital assets markets and focus on market structure, at this time, it is unclear whether any of these bills ultimately will become law.

Moreover, given recent geopolitical conflict and instability, certain U.S. legislators and regulators have signaled heightened concerns about national security and the importance of “know your customer” (“KYC”), anti-money laundering (“AML”), counter financing of terrorism (“CFT”) and sanctions checks and compliance, including concerns about potential use by certain terrorist groups of digital assets to fund their operations or evade U.S. sanctions. In addition to the introduction of potential digital asset-focused legislation in Congress aimed at addressing such concerns, regulators have focused on enforcement. In 2022 and 2023, OFAC sanctioned digital assets market participants alleged to have supported sanctioned countries and/or terrorist operations, and, in 2023, the U.S. Treasury’s FinCEN, pursuant to seldom-used powers granted to it under Section 311 of the USA PATRIOT Act, designated an entire class of transactions, namely transactions associated with digital asset mixers, as being of primary money laundering concern. At present, as a result of ongoing litigation concerning the virtual currency mixer known as Tornado Cash, uncertainty exists concerning the ability of OFAC to impose sanctions in the digital asset space, particularly in the case of immutable smart contracts.

In addition, the U.S. Treasury, the IRS and other agencies also continue to propose new rules and guidance applicable to digital assets, such as regulations on tax information reporting and withholding obligations. In

December 2024, the U.S. Treasury finalized a rule requiring digital asset brokers, including non-custodial brokers, to report additional user information, although such rule is the subject of ongoing litigation.

In addition to a lack of clarity at the U.S. federal level, the various U.S. states and the District of Columbia take a variety of differing approaches to digital asset regulation and legislation, which may not be consistent with the positions of other U.S. states or other jurisdictions, or with the U.S. federal government’s approach. For that reason, even if the U.S. federal government under the Trump administration takes a more crypto-friendly stance to digital asset regulations, that does not necessarily mean that U.S. states or other jurisdictions will adopt a consistent or similar approach.

In sum, the U.S. federal regulators and courts, and various U.S. state and non-U.S. regulators, are still developing their frameworks for regulating digital assets. If we are found to have supported purchase and swap transactions in the Arculus Cold Storage Wallet for digital assets which subsequently are determined to be securities, it is possible that we could be viewed as inadvertently acting as an unlicensed broker-dealer which could subject us to, among other things, regulatory enforcement actions, censure, monetary fines, restrictions on the conduct of our Arculus activities and/or rescission/damages claims by customers who use the Arculus Cold Storage Wallet. Our failure to comply with applicable laws or regulations, or the costs associated with defending any action alleging our noncompliance with applicable laws or regulations, could materially and adversely affect us, our business and our results of operations.

Further, a particular digital asset’s status as a “security” or other regulatory investment or the treatment of digital currency for tax purposes, in any relevant jurisdiction is subject to a high degree of uncertainty and potential inconsistency across regulatory regimes, and if we are unable to properly characterize a digital asset or assess our tax treatment, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect our business, operating results, and financial condition.

In order to determine whether a particular digital asset is a security (or whether transactions in such digital assets would constitute an offer or sale of a security), prior to supporting purchase and swap transactions on the Arculus Cold Storage Wallet in such digital asset, we rely upon legal and regulatory analysis of legal counsel with expertise in the digital asset industry. While the methodology we have used, and expect to continue to use, to determine if purchase and swap transactions in a digital asset will be supported in the Arculus Cold Storage Wallet is ultimately a risk-based assessment, it does not preclude legal or regulatory action based on the presence of a security.

Because the Arculus Cold Storage Wallet may facilitate purchase and swap transactions in digital assets that could be classified as “securities,” our business may be subject to additional risk because such digital assets are subject to heightened scrutiny, including under customer protection, anti-money laundering, counter terrorism financing and sanctions regulations. To the extent the Arculus Cold Storage Wallet supports purchase and swap transactions in any digital assets that are deemed to be securities under any of the laws of the U.S. or another jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences. To counter such risks, we may have to remove Arculus Cold Storage Wallet support for purchase and swap transactions in certain digital assets if and when such digital assets are designated as securities, which could hurt sales of our Arculus products and services. Alternatively, we may be required to partner with third-party registered securities broker/dealers to facilitate securities trading by Arculus customers, and we may be unsuccessful in efforts to establish such a partnership.

In addition, we do not currently intend to effect or otherwise facilitate trading in securities by our Arculus customers through the use of our Arculus Cold Storage Wallet if such activities would require the use of a registered broker-dealer or investment adviser. Despite implementing policies and procedures to monitor compliance with relevant laws, with a goal of ensuring that our Arculus activities do not result in us inadvertently acting as an unregistered broker-dealer or investment advisor, we cannot assure that these measures will be completely effective. Should regulators challenge our stance regarding our non-obligations under various securities regulations, this could have a material and adverse impact on our operations. If we are found by relevant regulatory agencies to have inadvertently acted as an unregistered broker-dealer with respect to purchase and swap transactions in particular digital assets, we would expect to immediately cease supporting purchase and swap transactions in those digital

assets unless and until either the digital asset at issue is determined by the SEC or a judicial ruling to not be a security, or we partner with a third-party registered broker-dealer or investment adviser, acquire a registered broker-dealer or investment adviser or register the Company as a securities broker-dealer or investment adviser, any of which we may elect not to do or may not be successful in doing. For any period of time during which we are found to have inadvertently acted as an unregistered broker-dealer or investment adviser, we could be subject to, among other things, regulatory enforcement actions, monetary fines, censure, restrictions on the conduct of our Arculus activities and/or rescission/damages claims by customers who use the Arculus Cold Storage Wallet. Our failure to comply with applicable laws or regulations, or the costs associated with defending any action alleging our noncompliance with applicable laws or regulations, could materially and adversely affect us, our business and our results of operations.

We believe the storage and peer-to-peer/send & receive functionality provided by the Arculus Cold Storage Wallet does not involve any purchase, sale or other transaction effected by us (or any party other than the sender and the recipient). Further, we are not compensated for such user-directed activities. However, regulators may determine that user-directed peer-to-peer transfers using the Arculus Cold Storage Wallet, or other Arculus-related activities would require registration and compliance with broker-dealer and/or securities exchange regulations.

Regulatory Risks of Operating as an Unregistered Exchange or as Part of an Unregistered Exchange Mechanism

Any venue that brings together purchasers and sellers of digital assets that are characterized as securities in the United States is generally subject to registration as a national securities exchange, or must qualify for an exemption, such as by being operated by a registered broker-dealer as an alternative trading system (or ATS). To the extent that any venue accessed via the Arculus Cold Storage Wallet is not so registered (or appropriately exempt), we may be unable to permit continued support for purchase and swap transactions for digital assets that become subject to characterization as securities and due to operation of an unregistered exchange or as part of an unregistered exchange mechanism, we could be subject to significant monetary penalties, censure or other actions that may have a material and adverse effect on us. While we do not believe that the Arculus Cold Storage Wallet, which facilitates purchase and swap transactions in certain digital assets, is itself a securities exchange or ATS or is part of an unregistered exchange mechanism, regulators may determine that this is the case, and we would then be required to register as a securities exchange or qualify and register as an ATS, either of which could cause us to discontinue our purchase and swap support for such digital assets or otherwise limit or modify Arculus Cold Storage Wallet functionality or access.

In September 2022, the SEC proposed a rule change concerning the definition of “exchange.” Especially in light of the recent political developments in the U.S., it is not yet clear whether or in what form such proposed rule change may be adopted. Nevertheless, it remains possible that a change to the definition of “exchange” could result in regulators determining that the Arculus Cold Storage Wallet is functioning as a securities exchange or ATS or is part of an unregistered exchange mechanism, in which case, the potential registration requirements, or cessation, limitation or other modifications contemplated above could become necessary or advisable. Any such discontinuation, limitation or other modification could negatively affect our business, operating results, and financial condition.

Our inability to safeguard against misappropriation or infringement of our intellectual property may adversely affect our business.

Our patents, trade secrets and other intellectual property rights are critical to our business. Our ability to safeguard our proprietary product designs and production processes against misappropriation by third parties is necessary to maintain our competitive position within our industry. Therefore, we routinely enter into confidentiality agreements with our employees, consultants and strategic partners to limit access to, and distribution of, our proprietary information in an effort to safeguard our proprietary rights and trade secrets. However, such efforts may not adequately protect our intellectual property against infringement and misappropriation by unauthorized third parties. Such third parties could interfere with our relationships with customers if successful in attempts to misappropriate our proprietary information or copy our products designs, or portions thereof. Additionally, because some of our customers purchase products on a purchase order basis and not pursuant to a detailed written contract, where we do not have the benefit of written protections with respect to certain intellectual property terms beyond standard terms and conditions, we may be exposed to potential infringement of our intellectual property rights.

Enforcing our intellectual property rights against unauthorized use may be expensive and cause us to incur significant costs, all of which could adversely affect our business, financial condition and results of operations. There is no assurance that our existing or future patents will not be challenged, invalidated or otherwise circumvented. The patents and intellectual property rights we obtain, including our intellectual property rights which are formally registered in the United States and abroad, may be insufficient to provide meaningful protection or commercial advantage. Moreover, we may have difficulty obtaining additional patents and other intellectual property protections in the future. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which we provide our products or services. Any of the foregoing factors may have a material adverse effect on our business.

We may incur substantial costs because of litigation or other proceedings relating to patents and other intellectual property rights.

Companies in our industry have commenced litigation to properly protect their intellectual property rights. Any proceedings or litigation that we initiate to enforce our intellectual property rights, or any intellectual property litigation asserted against us, could be costly and divert the attention of managerial and other personnel and further, could result in an adverse judgement or other determination that could preclude us from enforcing our intellectual property rights or offering some of our products to our customers. Royalty or other payments arising in settlements could negatively impact our profit margins and financial results. If we are unable to successfully defend against claims that we have infringed the intellectual property rights of others, we may need to indemnify some customers and strategic partners related to allegations that our products infringe the intellectual property rights of others. Additionally, some of our customers, suppliers and licensors may not be obligated to indemnify us for the full costs and expenses of defending against infringement claims. We may also be required to defend against alleged infringement of the intellectual property rights of third parties because our products contain technologies properly sourced from suppliers or customers. We may be unable to determine in a timely manner or at all whether such intellectual property use infringes the rights of third parties. Any such litigation or other proceedings could adversely affect our business, financial condition and results of operations.

Production quality and manufacturing process disruptions could adversely affect our business.

Our products and our technological processes are highly complex, require specialized equipment to manufacture and are subject to strict tolerances and requirements. We have experienced in the past, and may experience in the future, production disruptions due to machinery or technology failures, or as a result of external factors such as delays or quality control issues regarding materials provided by our suppliers. Utilities interruption or other factors beyond our control like natural disasters may also cause production disruptions. Such disruptions can reduce product yields and product quality, or interrupt or halt production altogether. As a result, we may be required to deliver products at a lower quality level in a less timely or cost-effective manner, rework or replace products, or may not be able to deliver products at all. Any such event could adversely affect our business, financial condition and results of operations.

We are dependent on certain distribution partners for distribution of our products and services. A loss of distribution partners could adversely affect our business.

A small number of distribution partners currently deliver a significant percentage of our products and services to customers. We intend to continue devoting resources in support of our distribution partners, but there are no guarantees that these relationships will remain in place over the short-or long-term. In addition, we cannot be assured that any of these distribution partners will continue to generate current levels of customer demand. A loss of any of these distribution partners could have a material adverse effect on our business, financial condition and results of operations.

We face competition that may result in a loss of our market share and/or a decline in profitability.

Our industry is highly competitive and we expect it to remain highly competitive as competitors cut production costs, new product markets develop, and other competitors attempt to enter the markets in which we

operate or new markets in which we may enter. Some of our existing competitors have more sales, greater marketing, more specialized manufacturing, and highly efficient distribution processes. We may also face competition from new competitors that may enter our industry or specific product market. Such current or new competitors may develop technologies, processes or products that are better suited to succeed in the marketplace as a result of enhanced features and functionality at lower costs, particularly as technological sophistication of such competitors and the size of the market increase. These factors could lower our average selling prices and reduce gross margins. If we cannot sufficiently reduce our production costs or develop innovative technologies or products, we may not be able to compete effectively in our product markets and maintain market share, which could adversely affect our business, financial condition and results of operations.

Our long-lived assets represent a significant portion of our total assets, and their full value may never be realized.

Our long-lived assets recorded as of December 31, 2024 were \$28.9 million, representing approximately 6.1% of our total assets, of which we have recorded plant, equipment and leasehold improvements of \$23.4 million, as our operations require significant investments in machinery and equipment.

We review other long-lived assets for impairment on an as-needed basis and when circumstances, alterations, or other events indicate that an asset group or carrying amount of an asset may not be recoverable. Examples of these other long-lived assets include intangible but identifiable assets and plant, equipment, and leasehold improvements. Such write-downs of long-lived assets may result from a drop in future expected cash flows and worsening performance, among other factors. If we must write-down long-lived assets, we record the appropriate charge, which may adversely affect our results of operations.

Our failure to operate our business in compliance with the security standards of the payment card industry or other industry standards applicable to our customers, such as payment networks certification standards, could adversely affect our business.

Many of our customers issue their cards on the payment networks that are subject to the security standards of the payment card industry or other standards and criteria relating to product specifications and supplier facility physical and logical security that we must satisfy in order to be eligible to supply products and services to such customers. Our contractual arrangements with our customers may be terminated if we fail to comply with these standards and criteria.

We make significant investments in our facilities in order to meet these industry standards, including investments required to satisfy changes adopted from time to time in industry standards. We may become ineligible to provide products and services to our customers if we are unable to continue to meet these standards. Many of the products we produce and services we provide are subject to certification with one or more of the payment networks. We may lose the ability to produce cards for or provide services to banks issuing credit or debit cards on the payment networks if we were to lose our certification from one or more of the payment networks or payment card industry certification for one or more of our facilities. If 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 payment 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.

As consumers and businesses spend less, our business, operation outcomes, and financial state may be adversely affected.

Companies that rely heavily on consumer and business spending are exposed to changing economic conditions and are impacted by changes in consumer confidence, consumer spending, discretionary income levels or consumer purchasing habits. A continuous decline in general economic conditions, particularly in the United States, or increases in interest rates, may reduce demand for our products, which could negatively impact our sales. An economic downturn could cause credit card issuers to switch card programs to plastic cards, seek lower-priced metal hybrid card suppliers, reduce credit limits, close accounts, and become more selective with respect to whom they

issue credit cards. Such conditions and potential outcomes could adversely affect our financial performance, business, and results of operations.

Product liability and warranty claims and their associated costs may adversely affect our business.

The nature of our products is highly complex. As a result, we cannot guarantee that defects will not occur from time to time. We may incur extensive costs as a result of these defects and any resulting claims. For example, product recalls, writing down defective inventory, replacing defective items, lost sales or profits, and third-party claims can all give rise to costs incurred by us. We may also face liability for judgments and/or damages in connection with product liability and warranty claims. Damage to our reputation could occur if defective products are sold into the marketplace, which could result in further lost sales and profits. To the extent that we rely on purchase orders to govern our commercial relationships with our customers, we may not have specifically negotiated the allocation of risk for product liability obligations. Instead, we typically rely on warranties and limitations of liability included in our standard forms of order acceptance, invoice and other contract documents with our customers. Similarly, we obtain products and services from suppliers, some of which also use purchase order documents which may include limitations on product liability obligations with respect to their products and services. As a result, we may bear all or a significant portion of any product liability obligations rather than transferring this risk to our customers. Our reputation would be harmed and there could be a material adverse effect on our business, financial condition and results of operations if any of these risks materialize.

If tariffs and other restrictions on imported goods are imposed by the U.S. government, our revenue and operations may be materially and adversely affected.

A portion of the raw materials used by us to manufacture our products are obtained, directly or indirectly, from companies located outside of the United States. There is currently significant uncertainty about the future relationship between the U.S. and various other countries with respect to trade policies and tariffs. Recently, tariffs have been imposed on imports from certain countries outside of the United States. For example, the Trump administration has instituted substantial changes to U.S. foreign trade policy with respect to China and other countries, including a significant increase in tariffs on goods imported into the U.S., and has signaled possibly imposing further restrictions on international trade. As a result, further trade restrictions and/or tariffs may be forthcoming. Certain international trade agreements may also be at risk, as the current U.S. administration has voiced some opposition in respect thereof. These factors may stagnate the economy, impact relationships with and access to suppliers, increase the costs of certain raw materials we purchase, and/or materially and adversely affect our business, financial condition and results of operations. These and future tariffs, as well as any other global trade developments, bring with them uncertainty. We cannot predict future changes to imports covered by tariffs or which countries will be included or excluded from such tariffs. The reactions of other countries and resulting actions on the United States and similarly situated companies could negatively impact our business, financial condition and results of operations.

Our international sales subject us to additional risks that can adversely affect our business, operating results and financial condition.

During each of 2024 and 2023, we derived 18% of our revenue from sales to customers located outside the U.S. Our ability to convince customers to expand their use of our products or renew their agreements with us are directly correlated to our direct engagement with such customers. To the extent that we are unable to engage with non-U.S. customers effectively, we may be unable to grow sales to international customers to the same degree we have experienced in the past.

Our international operations subject the Company to a variety of risks and challenges, including:

- fluctuations in currency exchange rates and related effects on our operating results;
- general economic and geopolitical conditions, including wars, in each country or region;
- the impact of Brexit; reduction in billings, foreign currency exchange rates, and trade with the EU;
- the effects of a widespread outbreak of an illness or disease, or any other public health crisis, such

as a resurgence of the COVID-19 pandemic, in each country or region;

- economic uncertainty around the world; and
- compliance with U.S. and foreign laws and regulations imposed by other countries on foreign operations, including the Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our products in certain foreign markets, and the risks and costs of non-compliance.

For example, in response to the rapidly developing conflict between Russia and Ukraine, the United States has imposed and may further impose, and other countries may additionally impose, broad sanctions or other restrictive actions against governmental and other entities in Russia. We presently produce metal credit cards for a distributor that distributes such cards for resale by a Russian-based bank. While the existing sanctions do not currently prohibit the production and sale of our metal credit cards to this customer, additional sanctions may be imposed in the future that could prevent us from selling to this customer or other customers in the affected regions. Additionally, further escalation of geopolitical tensions could have a broader impact that extends into other markets where we do business. Any of these risks could adversely affect our international sales, reduce our international revenues or increase our operating costs, adversely affecting our business, financial condition and operating results.

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.

Some of our products integrate third-party technologies that we license or otherwise obtain the right to use. We have entered into licensing agreements that provide access to technology owned by third parties. The terms of our licensing arrangements vary. These different terms could have a negative impact on our performance to the extent new or existing licensees demand a greater proportion of royalty revenues under our licensing arrangements. Additionally, such third parties may not continue to renew their licenses with us on similar terms or at all, which could negatively impact our net sales. If we are unable to continue to successfully renew these agreements, we may lose our access to certain technologies relied upon to develop certain of our products. The loss of access to those technologies, if not replaced with internally-developed or other licensed technology, could have a material adverse effect on our business and result of operations.

The adoption of new tax legislation could affect our financial performance.

We are subject to income and other taxes in the United States. Our effective tax rate in the future could be adversely affected by changes in tax laws. More generally, it is possible that U.S. federal income or other tax laws or the interpretation of tax laws will change. It is difficult to predict whether and when there will be tax law changes having a material adverse effect on our business, financial condition, results of operations and cash flows.

Pandemics or a resurgence of a pandemic may adversely affect our business, financial condition, liquidity or results of operations.

The COVID-19 pandemic negatively impacted certain aspects of our business and operations. The resurgence of the COVID-19 pandemic, or a future pandemic or health epidemic, could adversely affect our business, financial condition, liquidity or results of operations. These adverse effects include, but are not limited to, the potential adverse effects on the global economy, our manufacturing processes, including our supply chain, or on our employees. The ultimate impact will depend on the severity and duration of the pandemic and actions taken by governmental authorities and other third parties in response, each of which is uncertain and difficult to predict.

Risks Related to the Resolute Holdings Management Agreement

Our business is managed for a fee by Resolute Holdings, which has substantial influence over our business, operations and strategy and upon which our business is heavily reliant.

Pursuant to the Management Agreement between Holdings and Resolute Holdings, Resolute Holdings exercises substantial influence over our business, including being responsible for, among other things: establishing

and monitoring business objectives, financing activities and operating performance; selecting and overseeing the management team and their operating performance; reviewing and approving compensation and benefit plans, programs, policies and agreements, including with respect to any grants of equity awards to persons providing services; devising capital allocation strategies, plans and policies; setting budget parameters and expense guidelines and monitoring compliance therewith; identifying, analyzing and overseeing the consummation of business opportunities and potential acquisitions, dispositions and other business combinations; originating and recommending opportunities to form or acquire, and structuring and managing, any joint ventures; leading or overseeing negotiations with potential participants in any business opportunity under consideration and determining (or delegating to any officer of Holdings the decision to determine) if and when to proceed; engaging and supervising independent contractors and third-party service providers; reviewing and approving compensation and benefit plans, programs, policies and agreements; communicating with the holders of any securities (i) as required to satisfy any reporting and other requirements of any governmental authority having jurisdiction over Holdings and (ii) to maintain effective relations with such holders; overseeing all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) (other than with Resolute Holdings or its affiliates); counselling Holdings in connection with decisions required by Delaware law to be made by the Company's Board; and performing such other services from time to time in connection with the management of the business and affairs of Holdings and its activities as the Company's Board shall reasonably request and/or Resolute Holdings shall deem appropriate under the particular circumstances, in each case to the fullest extent permitted by Delaware law, federal securities laws, the Nasdaq listing rules and any other applicable rules and regulations.

Determinations by Resolute Holdings with respect to these matters will impact our day-to-day business and operations, our strategy, and the manner in which we present our results and operations to our stockholders, all of which may change at the discretion of Resolute Holdings. We have also delegated by resolution of the Company's Board authority to approve issuances of our equity for M&A and equity awards, and we have agreed to issue the Company's equity pursuant to those delegations, which could result in existing holders of our Class A Common Stock experiencing dilution.

The success of our business depends on the ability of Resolute Holdings to effectively manage our business and operations. We rely heavily on the skill and expertise of Resolute Holdings and its management team, particularly David Cote and Thomas Knott. The extent and nature of the experience of Mr. Cote, Mr. Knott and Resolute Holdings' other personnel and the nature of the relationships they have with external contacts, although not guarantees of positive results, are critical to the success of our business. Personnel of Resolute Holdings, including its directors and executive officers, can be replaced or added over time or be required to recuse themselves or otherwise be restricted from participating in their duties, which may impact Resolute Holdings' performance when managing our business and operations. Additionally, while we believe that Resolute Holdings has access to the resources, relationships, and expertise necessary to manage our business, there can be no assurance that such resources, relationships, and expertise will be available in the future.

The Management Agreement does not create a mutually exclusive relationship between Holdings and Resolute Management.

The Management Agreement and the obligations thereunder to provide Holdings with management services does not create a mutually exclusive relationship between Resolute Holdings, on the one hand, and any of the companies that Resolute Holdings manages, including Holdings, on the other. The allocation of Resolute Holdings' resources is within Resolute Holdings' sole discretion, and the resources of Resolute Holdings are not required to be, nor are they, fully dedicated to our business and operations. Resolute Holdings is responsible for its own business activities and, as a result, not all of the business time of Resolute Holdings' personnel will be devoted to our business. Furthermore, we expect that Resolute Holdings will from time to time pursue new business activities, including the management of additional businesses. Accordingly, in addition to the management of Holdings, Resolute Holdings may alternatively focus its efforts on the business(es) of one or more of its other managed companies, the pursuit of additional management agreements with additional managed companies, other strategies, or a combination thereof, each of which could require Resolute Holdings to divert some of its personnel's time and attention away from the management of our business.

The Management Agreement may be terminated by Resolute Holdings or Holdings, and a termination fee may be payable in certain circumstances.

The Management Agreement has an initial term of 10 years, following which it will be subject to automatic renewal for successive 10-year periods. Resolute Holdings may terminate the Management Agreement for any reason upon 180 days' notice before the last day of the initial term or a renewal term, and no termination fee would be payable upon such termination. Each of Holdings and Resolute Holdings may terminate the Management Agreement upon the occurrence of certain other limited events, and in connection with certain of these limited events, Resolute Holdings has the right to require Holdings to pay a termination fee. The termination fee that may become payable by us in connection with these events could be significant and may have a material adverse effect on our results of operations, or if paid all or partially in shares of our Class A Common Stock, could result in significant dilution to the holders of our Class A Common Stock. We can offer no assurance that Resolute Holdings will continue to manage our business and provide services to us in the future or that we will continue to have access to Resolute Holdings' personnel. The loss of services or departure of one or more members of Resolute Holdings' management team could adversely affect our financial performance, business, and results of operations. See "Business — Recent Developments."

Resolute Holdings maintains a contractual as opposed to a fiduciary relationship with Holdings, and has limited liability under the Management Agreement for which they may be indemnified.

The Management Agreement does not impose on Resolute Holdings an express or implied fiduciary duty to Holdings, any of its controlled affiliates or any holders of equity or voting interests in Holdings or such controlled affiliates, and under the Management Agreement, Resolute Holdings does not assume any responsibility other than to render to Holdings the services called for thereunder in good faith. Under the terms of the Management Agreement, Resolute Holdings and its affiliates and their respective directors, officers, employees, managers, trustees, control persons, partners, stockholders and equity holders (collectively, the "Resolute Holdings Indemnified Parties") are not liable to Holdings, us or our stockholders for any acts or omissions performed in accordance with and pursuant to, or in furtherance of, the Management Agreement. Holdings has agreed to indemnify the Resolute Holdings Indemnified Parties with respect to all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (excluding certain limited documented and reasonable out-of-pocket expenses incurred in connection with investigating, preparing or defending any acts or omissions by Holdings or its officers, employees or affiliates performed in accordance with, pursuant to or in furtherance of the Management Agreement) arising from any acts or omissions performed in good faith in accordance with, pursuant to, or in furtherance of the Management Agreement and not constituting bad faith, fraud, willful misconduct, gross negligence or reckless disregard of duties, performed or not performed in good faith in accordance with and pursuant to the Management Agreement. Accordingly, under the management of Resolute Holdings, our business may experience poor performance or losses or incur expenses for which Resolute Holdings will not be liable.

We may have conflicts of interest with Resolute Holdings and its other affiliates.

In addition to providing management services to Holdings, Resolute Holdings may provide management services to other companies, including those that are in the same or similar lines of business as ours. Moreover, some of our executive officers and/or directors, including David Cote and Thomas Knott, are also executive officers and/or directors of Resolute Holdings and may serve in similar positions at other companies managed by Resolute Holdings. As a result, certain of our directors may have duties to Resolute Holdings which duties could conflict with the duties they owe to us, which could require them to recuse themselves from certain determinations, and could result in action or inaction that is detrimental to our business. In addition, we may from time to time have conflicts of interest with Resolute Holdings in its management of our business as operated through Holdings, which may arise primarily from the involvement of Resolute Holdings and its affiliates in other activities that may conflict with our business, including conflicts between our business activities as operated through Holdings and the business activities of other companies managed by Resolute Holdings. Under the Management Agreement, Resolute Holdings and its affiliates are permitted to engage in such activities, and Resolute Holdings and its affiliates' engagement in such activities may not be favorable to us and may be contrary to our interests. These and other potential conflicts of interest between us and Resolute Holdings and its affiliates could have an adverse effect on the operation of our business.

Risks Related to the Tax Receivable Agreement

Our only significant asset is our ownership interest in Holdings, and such ownership may not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our Class A Common Stock or satisfy our other financial obligations, including our obligations under the Tax Receivable Agreement.

We have no direct operations and no significant assets other than our ownership interest in Holdings. We will depend on Holdings for distributions, loans and other payments to generate the funds necessary to meet our financial obligations, including our expenses as a publicly traded company, to pay any dividends with respect to our Class A Common Stock, and to satisfy our obligations under the Tax Receivable Agreement. The financial condition and operating requirements of Holdings may limit our ability to obtain cash from Holdings. The earnings from, or other available assets of, Holdings may not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our Class A Common Stock or satisfy our other financial obligations, including our obligations under the Tax Receivable Agreement.

We may be required to pay certain parties for most of the realized benefits relating to any additional tax depreciation or amortization deductions that we may claim.

In connection with the merger with Roman DBDR Tech Acquisition Corp. ("Roman DBDR") completed in December 2021 (the "Business Combination"), we entered into the Tax Receivable Agreement with Holdings and the TRA Parties (as defined therein). The Tax Receivable Agreement provides for the payment by us to certain TRA Parties of 90% of the benefits, if any, that we are deemed to realize (calculated using certain assumptions) as a result of (i) our allocable share of existing tax basis in the assets of Holdings and its subsidiaries acquired (A) in the Business Combination and (B) upon sales or exchanges of Holdings Units pursuant to the Exchange Agreement after the Business Combination, (ii) certain increases in tax basis that occurred as a result of (A) the Business Combination and (B) sales or exchanges of Holdings Units pursuant to the Exchange Agreement after the Business Combination, and (iii) certain other tax benefits, including tax benefits attributable to payments under the Tax Receivable Agreement. These tax attributes may increase (for tax purposes) our depreciation and amortization deductions and, therefore, may reduce the amount of tax that we would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of such tax attributes, and a court could sustain such a challenge. Such tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets. Actual tax benefits realized by us may differ from tax benefits calculated under the Tax Receivable Agreement as a result of the use of certain assumptions in the Tax Receivable Agreement, including the use of an assumed weighted-average state and local income tax rate to calculate tax benefits. The payment obligations under the Tax Receivable Agreement are an obligation of ours, but not of Holdings. We expect to benefit from the remaining 10% of realized cash tax benefits. While the amount of existing tax basis, the anticipated tax basis adjustments, and the actual amount and utilization of tax attributes, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A Common Stock at the time of exchanges, and the amount and timing of our income, we expect that as a result of the size of the transfers and increases in the tax basis of the tangible and intangible assets of Holdings and our possible utilization of tax attributes, the payments that the Company may make under the Tax Receivable Agreement will be substantial.

In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

Our payment obligations under the Tax Receivable Agreement may be accelerated in the event of certain changes of control and will be accelerated in the event it elects to terminate the Tax Receivable Agreement early. The accelerated payments will relate to all relevant tax attributes that would subsequently be available to us. The accelerated payments required in such circumstances will be calculated by reference to the present value (at a discount rate equal to 15% per annum (as amended in September 2024) of all future payments that TRA Parties would have been entitled to receive under the Tax Receivable Agreement, and such accelerated payments and any other future payments under the Tax Receivable Agreement will utilize certain valuation assumptions, including that we will have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and

tax basis and other benefits related to entering into the Tax Receivable Agreement, as well as sufficient taxable income to fully utilize any remaining net operating losses subject to the Tax Receivable Agreement on a straight line basis over the shorter of the statutory expiration period for such net operating losses and the five-year period after the early termination or change of control. In addition, recipients of payments under the Tax Receivable Agreement will not reimburse us for any payments previously made under the Tax Receivable Agreement if such tax basis and our utilization of certain tax attributes is successfully challenged by the IRS (although any such detriment would be taken into account in future payments under the Tax Receivable Agreement). Our ability to achieve benefits from any existing tax basis, tax basis adjustments or other tax attributes, and the payments to be made under the Tax Receivable Agreement, will depend upon a number of factors, including the timing and amount of our future income. As a result, even in the absence of a change of control or an election to terminate the Tax Receivable Agreement, payments under the Tax Receivable Agreement could be in excess of 90% of our actual cash tax benefits.

Accordingly, it is possible that the actual cash tax benefits realized by us may be significantly less than the corresponding Tax Receivable Agreement payments or that payments under the Tax Receivable Agreement may be made years in advance of the actual realization, if any, of the anticipated future tax benefits. There may be a material negative effect on our liquidity if the payments under the Tax Receivable Agreement exceed the actual cash tax benefits that we realize in respect of the tax attributes subject to the Tax Receivable Agreement and/or payments to us by Holdings are not sufficient to permit us to make payments under the Tax Receivable Agreement after it has paid taxes and other expenses. We may need to incur additional indebtedness to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement as a result of timing discrepancies or otherwise, and these obligations could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control.

The acceleration of payments under the Tax Receivable Agreement in the case of certain changes of control may impair our ability to consummate change of control transactions or negatively impact the value received by owners of our Class A Common Stock.

In the case of certain changes of control, payments under the Tax Receivable Agreement may be accelerated and may significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement. We expect that the payments that we may make under the Tax Receivable Agreement in the event of a change of control will be substantial. As a result, our accelerated payment obligations and/or the assumptions adopted under the Tax Receivable Agreement in the case of a change of control may impair our ability to consummate change of control transactions or negatively impact the value received by owners of our Class A Common Stock in a change of control transaction.

Risks Related to Our Indebtedness

We have a substantial amount of indebtedness, which may limit our operating flexibility and could adversely affect our business, financial condition and results of operations.

We had approximately \$197.5 million of indebtedness as of December 31, 2024, consisting of amounts outstanding under our senior secured credit facility.

Our indebtedness could have important consequences to our investors, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to servicing debt, including interest payments and excess cash flow prepayment obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment; and

- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

The interest rates in our credit facility are set based upon stated margins above the lender's base rate and the SOFR, an interest rate at which banks can borrow funds, which is subject to fluctuation. In addition, the interest rate margin applicable to our term loan and revolving loans can vary by one hundred (100) basis points depending on our total leverage ratio. An increase in interest rates would adversely affect our profitability.

Upon the occurrence of an event of default relating to our credit facility, the lenders could elect to accelerate payments due and terminate all commitments to extend further credit.

Under our credit facility, upon the occurrence of an event of default, the lenders will be able to elect to declare all amounts outstanding under the credit agreement to be immediately due and payable and terminate all commitments to lend additional funds. If we are unable to repay those amounts, the lenders under the credit agreement could proceed to foreclose against our collateral that secures that indebtedness. We have granted the lenders a security interest in substantially all of our assets.

The debt outstanding under our existing credit facility has a variable rate of interest that is based on the SOFR which may have consequences for us that cannot be reasonably predicted and may increase our cost of borrowing in the future.

On February 28, 2023, we amended our credit facility to transition from bearing interest based on London Interbank Offered Rate ("LIBOR") to SOFR. The future performance of SOFR cannot be predicted based on historical performance and the future level of SOFR may have little or no relation to historical levels of SOFR. Any patterns in market variable behaviors, such as correlations, may change in the future. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR.

Our credit facility contains restrictive covenants that may impair our ability to conduct business.

Our credit facility contains operating covenants and financial covenants that may in each case limit management's discretion with respect to certain business matters. We must comply with a maximum senior secured leverage ratio and a minimum debt service coverage ratio. Among other things, these covenants restrict our and our subsidiaries' ability to grant additional liens, consolidate or merge with other entities, purchase or sell assets, declare dividends, incur additional debt, make advances, investments and loans, transact with affiliates, issue equity interests, modify organizational documents and engage in other business. As a result of these covenants and restrictions, we will be limited in how we conduct our business and we may be unable to raise additional debt or other financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. Failure to comply with such restrictive covenants may lead to default and acceleration under our credit facility and may impair our ability to conduct business. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, we may not be able to obtain waivers from the lenders and/or amend the covenants, which may result in foreclosure of our assets. See Note 6 of Notes to Consolidated Financial Statements in the Audited Consolidated Financial Statements of the Company in this report for additional information.

General Risks Related to Ownership of our Securities

Our only significant asset is our ownership of our subsidiaries' business. If the business of our subsidiaries is not profitably operated, they may be unable to make distributions to enable us to pay any dividends on our common stock or satisfy our other financial obligations.

CompoSecure, Inc. has no direct operations and no significant assets other than the ownership of its subsidiaries, which operate the Company's business. CompoSecure, Inc. depends on profits generated by its subsidiaries' business for debt repayment and other payments to generate the funds necessary to meet its financial obligations, including its expenses as a publicly traded company, to pay any dividends with respect to its capital.

stock and to make distributions. Legal and contractual restrictions in agreements governing the indebtedness of the Company or its subsidiaries, as well as their financial condition and operating requirements, may limit the ability of our subsidiaries to make distributions to the Company.

Provisions in our Charter and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our Class A Common Stock and could entrench management.

Our Charter contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions include the classification of our Board and the ability of our Board to designate the terms of and issue new series of preferred shares, which may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

In addition, while we have opted out of Section 203 of the DGCL, our Charter contains similar provisions providing that we may not engage in certain “business combinations” with any “interested stockholder” for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our Board approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our Board and by the affirmative vote of holders of at least two-thirds of our outstanding voting stock that is not owned by the interested stockholder.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of the Company. These provisions could also discourage proxy contests and make it more difficult for public stockholders to elect directors of their choosing.

We may be unable to satisfy the Nasdaq Global Market listing requirements in the future, which could limit investors’ ability to effect transactions in our securities and subject us to additional trading restrictions.

We may be unable to maintain the listing of our securities on the Nasdaq Global Market in the future. If our securities are delisted from the Nasdaq Global Market, there could be significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- a limited amount of news and analyst coverage about the Company; and
- a decreased ability to obtain capital or pursue acquisitions by issuing additional equity or convertible securities.

We incur significant costs and obligations as a result of being a public company.

As a public company, we incur significant legal, accounting, insurance and other expenses. These expenses will increase once we are no longer an “emerging growth company” as defined under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. In addition, new and changing laws, regulations and standards relating to corporate governance and public disclosure for public companies, including Dodd Frank, the Sarbanes-Oxley Act, regulations related thereto and the rules and regulations of the SEC and the Nasdaq Global Market, have increased the costs and the time that must be devoted to compliance matters.

For as long as we remain an “emerging growth company” as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” We may remain an “emerging growth company” for up to five years from the consummation of our initial public offering or until such earlier time that we have \$1.23 billion or more in annual revenues, have more than \$700.0 million in market value of our common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period. To the extent we choose not to use exemptions from various reporting requirements under the JOBS Act, or if we no longer can be classified as an “emerging growth company,” we expect that we will incur additional compliance costs, which will reduce our ability to operate profitably.

We are a "controlled company" within the meaning of the Nasdaq listing rules and, as a result, qualify for and rely on certain exemptions from certain corporate governance requirements.

Because Resolute holds a majority of our Class A Common Stock and accordingly has the ability to control us, including the ability to control any action requiring the general approval of our stockholders, including the election of our Board, the adoption of amendments to our certificate of incorporation and bylaws and the approval of any merger or sale of all or substantially all of our assets, we are a "controlled company" under the Sarbanes-Oxley Act and the Nasdaq listing rules. A controlled company does not need its board of directors to have a majority of independent directors or to form an independent compensation or nominating and corporate governance committee. We currently comply with the requirements for a majority of independent directors; however our Board may from time to time elect to rely on the exemption from such requirement. As a controlled company, we will remain subject to rules of the Sarbanes-Oxley Act and the Nasdaq listing rules that require us to have an audit committee composed entirely of independent directors.

If at any time we cease to be a controlled company, we will take all actions necessary to comply with the Sarbanes-Oxley Act and the Nasdaq listing rules, including ensuring that we have a compensation committee and nominating and governance committee each composed entirely of independent directors, subject to a permitted "phase-in" period.

As an “emerging growth company,” we cannot be certain if the reduced disclosure requirements applicable to “emerging growth companies” will make our securities less attractive to investors.

As an “emerging growth company,” we take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to obtain an assessment of the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and obtaining stockholder approval of any golden parachute payments not previously approved. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, which we have elected to do. We expect to cease to be an “emerging growth company” in 2025.

We cannot predict if investors will find our securities less attractive because we rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active market for our securities, our share price may be more volatile and the price at which our securities trade could be less than if we did not use these exemptions.

If we do not properly maintain and implement all required accounting practices and policies, including new accounting practices and policies, as applicable, we may be unable to provide the financial information required of a United States publicly traded company in a timely and reliable manner.

We are required to implement and maintain the financial reporting and disclosure procedures and controls required of a United States publicly traded company. If we fail to properly maintain and implement all required accounting practices and policies, including new accounting practices and policies, as applicable, or maintain effective internal controls and procedures and disclosure procedures and controls, we may be unable to provide financial information and required SEC reports that are timely and reliable. Any such delays or deficiencies could harm us, including by limiting our ability to obtain financing, either in the public capital markets or from private sources or by damaging our reputation, which in either case, could impede our ability to implement our growth strategy. In addition, any such delays or deficiencies could result in our failure to meet the requirements for continued listing of our securities on the Nasdaq Global Market.

If our operating performance does not meet market expectations, the price of our securities may decline.

The trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Fluctuations in the price of our securities could result in the loss of all or part of your investment. Any of the factors listed below could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them.

Factors affecting the trading price of our securities may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- success of competitors;
- our operating results failing to meet market expectations in a particular period;
- our reliance on Resolute Holdings for management services under the Management Agreement exposes us to risks related to their substantial influence over our business, operations, and strategy;
- changes in financial estimates and recommendations by securities analysts concerning us or the financial payment card and digital asset industries and markets in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and innovative products on a timely basis;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our securities available for public sale;
- any significant change in our board or management;
- sales of substantial amounts of our securities by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may depress the market price of our securities irrespective of our operating performance. The stock market in general and the Nasdaq Global Market have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for financial technology stocks or the stocks of other companies which investors perceive to be similar to us could depress our securities prices regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Our Warrants may not remain in the money, and they may expire worthless.

The exercise price for our Warrants is \$7.97 per share (as adjusted effective February 28, 2025), subject to adjustment. There can be no assurance that the Warrants will remain in the money prior to their expiration and, as such, the Warrants may expire worthless.

The terms of our Warrants may be amended in a manner that may be adverse to the holders. The warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of a majority of the then outstanding Warrants to make any change that adversely affects the interests of the registered holders. Accordingly, we may amend the terms of the Warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding Warrants approve of such amendment. Our ability to amend the terms of the Warrants with the consent of at least a majority of the then outstanding Warrants is unlimited. Examples of such amendments could be amendments to, among other things, increase the exercise price of the Warrants, shorten the exercise period or decrease the number of shares of Class A Common Stock purchasable upon exercise of a Warrant.

Our Warrants may be redeemed prior to their exercise at a time that is disadvantageous to the holders, thereby making such Warrants worthless.

We have the ability to redeem outstanding Warrants at any time after they become exercisable and prior to their expiration, at \$0.01 per warrant, provided that the last reported sales price (or the closing bid price of our Class A Common Stock in the event the shares of our Class A Common Stock are not traded on any specific trading day) of the shares of Class A Common Stock equals or exceeds \$14.47 per share (as adjusted effective February 28, 2025 and subject to further adjustment) on each of 20 trading days within the 30 trading-day period ending on the third business day prior to the date on which we send proper notice of such redemption, provided that on the date we give notice of redemption and during the entire period thereafter until the time we redeem the Warrants, we have an effective registration statement under the Securities Act covering the shares of Class A Common Stock issuable upon exercise of the Warrants and a current prospectus relating to them is available. If and when the Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Warrants could force a Warrant holder: (i) to exercise your Warrants and pay the exercise price therefore at a time when it may be disadvantageous for you to do so, (ii) to sell your Warrants at the then-current market price when you might otherwise wish to hold your Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Warrants are called for redemption, could be substantially less than the market value of your Warrants.

Warrants to purchase our Class A Common Stock are presently exercisable, which could increase the number of shares of Class A Common Stock eligible for future resale in the public market and result in dilution to our stockholders.

Our outstanding Warrants to purchase an aggregate of 21,990,179 shares of our Class A Common Stock are exercisable in accordance with the terms of the warrant agreement governing those securities. Each Warrant entitles its holder to purchase one share of our Class A Common Stock at an exercise price of \$7.97 per share (as adjusted effective February 28, 2025, subject to further adjustment, and will expire at 5:00 p.m., New York time, on

December 27, 2026 or earlier upon redemption of our Class A Common Stock or our liquidation. To the extent Warrants are exercised, additional shares of our Class A Common Stock will be issued, which will result in dilution to our then existing stockholders and increase the number of shares of Class A Common Stock eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could depress the market price of our securities.

We may not be able to timely and effectively implement controls and procedures required by Section 404 of the Sarbanes-Oxley Act of 2002, which could have a material adverse effect on our business.

Under the Sarbanes-Oxley Act of 2002, we are required to provide management’s attestation on internal controls. The standards required for a public company under Section 404 of the Sarbanes-Oxley Act are significantly more stringent than those previously required of Holdings as a privately-held company. Management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that are applicable to us as a public company. If we are not able to implement the additional requirements of Section 404 in a timely manner or with adequate compliance, we may not be able to assess whether our internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could harm investor confidence and lead to a decrease in the market price of our securities.

Pursuant to the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act for so long as we are an “emerging growth company.”

Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, and generally requires in the same report a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, under the JOBS Act, our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an “emerging growth company.” We will be an “emerging growth company” until the earlier of (1) the last day of the fiscal year (a) following November 10, 2025, the fifth anniversary of the consummation of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.23 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our prior second fiscal quarter, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. Accordingly, until we cease being an “emerging growth company” stockholders will not have the benefit of an independent assessment of the effectiveness of our internal control environment.

Our ability to successfully operate our business largely depends upon the efforts of certain key personnel. The loss of such key personnel could adversely affect our operations and profitability.

Our ability to successfully operate our business depends upon the efforts of certain key personnel. The unexpected loss of key personnel may adversely affect our operations and profitability. In addition, our future success depends in part on our ability to identify and retain key personnel to expand and/or succeed senior management. Furthermore, while we have closely scrutinized the skills, abilities and qualifications of our key personnel, our assessment may not prove to be correct. If such personnel do not possess the skills, qualifications or abilities we expect or those necessary to manage a public company, the operations and profitability of our business may be adversely impacted.

Our ability to meet expectations and projections in any research or reports published by securities or industry analysts, or a lack of coverage by securities or industry analysts, could result in a depressed market price and limited liquidity for our securities.

The trading market for our securities may be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. Analyst projections may vary

widely and may not accurately predict the results we actually achieve. Prices for our securities may decline if our actual results do not match the projections of research analysts covering us. Similarly, if one or more of the analysts who write reports on us downgrades our securities or publishes inaccurate or unfavorable research about our business, prices for our securities could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, prices for our securities or trading volume could decline.

Future sales of our securities, including resale of securities issued to certain stockholders, may reduce the market price of our securities that you might otherwise obtain.

Future sales of our securities by stockholders which hold large amounts of our securities, including in underwritten offerings that we may be required to facilitate pursuant to such stockholders' registration rights, or in privately negotiated transactions, may reduce the price of our securities. The registration and availability of such a significant number of securities for trading in the public market may increase the volatility in the price of our securities or put significant downward pressure on the price of our securities. In addition, we may use shares of our Class A Common Stock as consideration for future acquisitions, which could further dilute our stockholders.

Because certain significant stockholders control a significant percentage of our Class A Common Stock, such stockholders may influence major corporate decisions of the Company and our interests may conflict with the interests of other holders of our Class A Common Stock.

At March 1, 2025, Resolute beneficially owns approximately 50.5% of the shares of our outstanding shares of Class A Common Stock. As a result of this control, Resolute is able to influence matters requiring approval by our stockholders and/or our Board, including the election of directors and the approval of business combinations or dispositions and other extraordinary transactions. Resolute may also have interests that differ from the interests of other holders of our securities and may vote in a way with which you disagree and which may be adverse to your interests. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Company and may materially and adversely affect the market price of our securities. In addition, Resolute may in the future own businesses that directly compete with the business of the Company.

Additionally, following the Spin-Off, our business, which we operate through Holdings, is managed by Resolute Holdings, a separate public company that is party to the Management Agreement with Holdings. Pursuant to the Management Agreement, Resolute Holdings has substantial influence over our business, operations and strategy. See "Risks Related to the Resolute Holdings Management Agreement."

Our Charter renounces any expectancy in or right to be offered an opportunity to participate in certain transactions or matters that may be investment, corporate or business opportunities and that are presented to the Company or our officers, directors or stockholders.

Our Charter provides that, to the fullest extent permitted by Delaware law, each member of Holdings, their respective affiliates (other than the Company and our subsidiaries) and, to the extent any member is a series limited liability company, any series thereof and all of their respective partners, principals, directors, officers, members, managers, equity holders and/or employees, including any of the foregoing who serve as officers or directors of the Company (each, an "Excluded Party"), shall not have any fiduciary duty to refrain from (a) directly or indirectly engaging in any opportunity in which we, directly or indirectly, could have an interest or expectancy or (b) otherwise competing with us. Our Charter also renounces, to the fullest extent permitted by Delaware law, any interest or expectancy that we have in any opportunity in which any Excluded Party engages, even if the opportunity is one in which we, directly or indirectly, could have had an interest or expectancy. To the fullest extent permitted by Delaware law, in the event that any Excluded Party acquires knowledge of an opportunity that may be an opportunity for itself, himself or herself and for us, such party shall have no duty to communicate or present such opportunity to us and shall not be liable to us or any of our stockholders for breach of any fiduciary duty as our stockholder, director or officer solely for having pursued or acquired such opportunity or for offering or directing such opportunity to another person. To the fullest extent permitted by Delaware law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity

under our Charter, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Our Bylaws designate the Court of Chancery in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by stockholders, which could limit the ability of stockholders to obtain a favorable judicial forum for disputes.

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware will be the sole and exclusive forum for any stockholder to bring any state law claims for (a) any derivative action or proceeding brought on behalf of us, (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or employees to us or our stockholders, (c) any action asserting a claim against us, our directors, officers or employees arising pursuant to any provision of the DGCL or our Charter or Bylaws or (d) any action asserting a claim against us, our directors, officers or employees governed by the internal affairs doctrine.

Notwithstanding the foregoing, these provisions of the Bylaws will not apply to any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery (including suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum), or for which the Court of Chancery does not have subject matter jurisdiction. While this exclusive provision applies to claims under the Securities Act, we note, however, that there is uncertainty as to whether a court would enforce this provision and that stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

This choice-of-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our Bylaws inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and Board.

We may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and securities prices, which could cause you to lose some or all of your investment.

If there are material issues in the business of our subsidiaries, or factors outside of our and our subsidiaries' control later arise, we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that could result in losses. Additionally, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about the Company or our securities. In addition, charges of this nature may cause us to be unable to obtain future financing on favorable terms or at all.

We may be subject to securities litigation, which is expensive and could divert management attention.

Our securities prices may be volatile and, in the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on business, financial condition, results of operations and prospects. Any adverse determination in litigation could also subject us to significant liabilities.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

Identifying, assessing, and managing material cybersecurity risks is an important component of our overall risk assessment and management program. Given our holding company structure, the management of cybersecurity risks involves coordination between the parent company and our subsidiaries, which are responsible for developing appropriate cybersecurity programs, including as may be required by applicable law or payment card industry (PCI) standards. We take a risk-based approach to cybersecurity and have implemented cybersecurity policies throughout our operations that are designed to address cybersecurity threats and incidents.

Our information security and data privacy programs are designed to protect the confidentiality of nonpublic, sensitive business and personal information, as well as the security of our information systems. Administrative and technical safeguards that seek to mitigate cybersecurity threats and secure the Company's information assets are addressed on a risk-based basis. We have designed our information security programs consistent with PCI standards using the National Institute of Standards and Technology Cybersecurity Framework, and other security standards. These programs also include processes designed to identify, mitigate and monitor cybersecurity risk relating to vendors and others who have access to our confidential information or our information systems. Among other things, these programs generally involve evaluations and assessments by third parties, vulnerability scanning, employee testing and training, threat exercises, incident response plans and data security assessments of third-party service providers as a part of vendor management.

Cybersecurity threats may cause material disruptions to our subsidiaries' operations, which may materially affect our results of operations and/or financial condition. For more information about these risks, see the risk factor titled *"Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage, and increase risks of litigation, which could adversely affect our business, financial condition and results of operations."* and other discussions of risk factors under Item 1A "Risk Factors" in this report.

Governance

Our board of directors (the "Board") oversees cybersecurity risks directly and through its Audit Committee. The Audit Committee oversees our overall risk management program, which focuses on the most significant risks we face in the short-, intermediate-, and long-term. Audit Committee meetings include discussions of specific risk areas throughout the year, including, among others, those relating to cybersecurity threats. Our Chief Information Officer (CIO) provides periodic updates on our cybersecurity risk profile to the Audit Committee and our board of directors. These updates are designed to enable the Audit Committee and the board of directors to assess the effectiveness of our cybersecurity program in the prevention, detection, mitigation, and remediation of cybersecurity incidents. In addition, the CIO undertakes the appropriate internal notifications of any such occurrence, and responsive activities, to the General Counsel, Chief Executive Officer, and Chief Financial Officer.

Our cybersecurity threat risk action plan is managed by our CIO, who is also our Chief Information Security Officer (CISO). Our CIO/CISO is responsible for the establishment and maintenance of our cybersecurity program, as well as the assessment and management of cybersecurity risks. Our CIO/CISO has more than 25 years of technology industry leadership, cybersecurity expertise and engineering and operations experience.

Our CIO/CISO leads the Information Security function, which manages the controls designed to identify, detect, protect against, respond to and recover from cybersecurity threats and cybersecurity incidents. This group includes a cybersecurity operations team that is responsible for information technology security monitoring and

incident response activities, the latter covering the response coordination to cyber-attacks under the leadership and pursuant to the direction of the CIO/CISO. The Company engages in a continuous risk monitoring process that seeks to identify the likelihood and impact of internal and external threats to our information security systems and data, and assesses the sufficiency of the controls in place to mitigate these threats to acceptable levels on a risk-based basis. The CIO/CISO leads efforts to design, implement and operate controls deemed necessary, commensurate with the materiality and criticality of identified risks and the sensitivity of the information assets and systems used throughout the organization.

To date, we do not believe that risks from cybersecurity threats have materially affected or are reasonably likely to materially affect the Company. Please refer to “*Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage, and increase risks of litigation, which could adversely affect our business, financial condition and results of operations.*” and other discussions of risk factors under Item 1A "Risk Factors" in this report. While we continually work to safeguard the information systems we use, and the proprietary, confidential and personal information residing therein, and mitigate potential risks, there can be no assurance that such actions will be sufficient to prevent cybersecurity incidents or mitigate all potential risks to such systems, networks and data or those of our third party providers.

Item 2. Properties

The Company maintains five (5) leased facilities, as set forth below, pursuant to lease agreements with remaining terms ranging from approximately 2 years to approximately 5 years, excluding options to extend. The Company believes its current facilities are suitable and adequate for its current and presently contemplated operations and production capacity needs and recognizes that future operations may require expanded and/or additional production capacity.

Location	Operations	Approximate Square Footage
Somerset, New Jersey (Pierce Street)	Sales, Quality Assurance, Design, Marketing and Production	116,000
Somerset, New Jersey (Memorial Drive)	Quality Assurance, Production	46,000
Somerset, New Jersey (Apgar Drive)	Prelams and Subassembly Production	11,000
Somerset, New Jersey (Roosevelt Avenue)	Warehouse and Related Activities	53,000
Somerset, New Jersey (Davidson Avenue)	Executive and Administrative Offices	15,000

Item 3. Legal Proceedings

As of March 1, 2025, the Company was not a party to, nor were any of its properties the subject of, any material pending legal proceedings, other than ordinary routine claims incidental to the business.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Since December 28, 2021, our Class A Common Stock and Warrants have been listed on the Nasdaq Global Market, under the symbols “CMPO” and “CMPOW,” respectively. On March 3, 2025, the closing price of a share of Class A Common Stock was \$12.15 and the closing price for our Warrants was \$4.71.

Holders

As of March 3, 2025, there were ten holders of record of Class A Common Stock (including DTC) and one holder of record of our Warrants (which was DTC). Those numbers do not include DTC participants or beneficial owners holding shares through nominee names. Based on available information, we believe there are approximately 8,000 beneficial owners of our Class A Common Stock and over 300 holders of our Warrants.

Dividend Policy and Securities Repurchase Program

On May 6, 2024, the Company declared (i) a special cash dividend of \$0.30 per share to holders of Class A Common Stock of the Company, and (ii) a corresponding distribution of \$0.30 per unit for holders of Class B units of Holdings (collectively, the "Special Dividend"). The Special Dividend was paid on June 11, 2024 to holders of record of shares of Class A Common Stock of the Company and Class B units of Holdings on May 20, 2024. The aggregate amount of the Special Dividend was approximately \$24.5 million and was funded by cash on the Company's balance sheet.

Other than the Special Dividend, we have not paid any cash dividends on our Common Stock to date. The Company has maintained a thoughtful approach to managing capital allocations focused on driving organic growth and reducing outstanding indebtedness, which has resulted in a long history of delivering profitable growth. Future allocations of capital may also include business acquisitions and/or repurchases of our outstanding securities, as described below. In addition, the Board may from time to time consider whether or not to institute a dividend policy. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and our general financial condition. The payment of any cash dividends will be within the discretion of our Board. Further, our ability to declare dividends may be limited by restrictive covenants contained in our debt agreements.

In February 2024, the Company adopted a repurchase program for up to \$40 million (increased for up to \$100 million in February 2025) of our outstanding shares of Class A Common Stock or warrants. The repurchase program is effective March 7, 2024 through March 7, 2027. Repurchases under this program may be made from time to time in the open market, through privately negotiated transactions, tender offers, or otherwise, and may be limited by restrictive covenants contained in our debt agreements. Repurchases of shares of Class A Common Stock will be conducted in accordance with applicable securities laws. To facilitate equity repurchases, we may enter into a Rule 10b5-1 repurchase plan with a third-party broker to allow us to repurchase shares of our Class A Common Stock at times when we otherwise might be prevented from doing so under insider trading laws or because of trading blackout periods imposed under our Insider Trading Policy. Any warrant repurchases will be conducted in accordance with applicable insider trading laws and our Insider Trading Policy. Any shares of Class A Common Stock repurchased under the program may either be returned to the status of authorized but unissued shares of Class A Common Stock or held as treasury stock. Subject to applicable law, we may elect to amend or cancel the repurchase program or amend the terms thereof.

Stock Performance Graph

Not applicable.

Sales of Unregistered Securities

On December 17, 2024, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated April 19, 2021, by and among Roman DBDR, Roman Parent Merger Sub, LLC (a wholly-owned subsidiary of Roman DBDR), and Holdings, the Company issued an aggregate of approximately 3.6 million shares of Class A Common Stock to certain current and former Holdings equity holders upon achieving a \$15.00 volume-weighted average price per share of Class A Common Stock. The issued shares were not registered under the Securities Act and were issued in reliance on the exemption from registration requirements provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering without any form of general solicitation, advertising or the involvement of any underwriters.

In accordance with the Holdings Second Amended and Restated LLC Agreement and the terms of the Exchange Agreement entered into in connection with the merger in December 2021, the Class B Units of Holdings may each be exchanged at the option of the holder, together with a corresponding cancellation of the corresponding number of shares of Class B Common Stock of the Company, on a one-for-one basis for shares of Class A Common Stock of the Company. There is no cash or other consideration paid by the holder in these transactions and, therefore, there is no cash or other consideration received by the Company. The shares of Class A Common Stock issued by the Company in such exchanges are exempt from registration pursuant to Section 4(a)(2) of the Securities Act. During the year ended December 31, 2024, the Company issued 59,958,422 shares of Class A Common Stock, respectively, upon the exchange of the same number of Class B Units and the cancellation of the same number of shares of Class B Common Stock held by the exchanging stockholders. There were no Class B Units outstanding at December 31, 2024.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable. See "Dividend Policy and Securities Repurchase Program" above.

Securities authorized for issuance under equity compensation plans

The information required to be disclosed by this Item with respect to our equity compensation plans is incorporated into this Annual Report on Form 10-K by reference from the section entitled "Executive Compensation" contained in our definitive proxy statement for our 2024 annual meeting of stockholders, which we intend to file with the SEC within 120 days of the end of our fiscal year ended December 31, 2024.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited consolidated financial statements and related notes included elsewhere in this annual report on Form 10-K. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere particularly in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this annual report on Form 10-K.

Overview

The Company creates innovative, highly differentiated and customized financial payment card products for banks and other payment card issuers to support and increase their customer acquisition, customer retention and organic customer spend. The Company's customers consist primarily of leading international and domestic banks

and other payment card issuers primarily within the United States ("U.S."), with additional direct and indirect customers in Europe, Asia, Latin America, Canada, and the Middle East. The Company is a platform for next generation payment technology, security, and authentication solutions. The Company maintains trusted, highly-embedded and long-term customer relationships with an expanding set of global issuers. The Company has established a niche position in the financial payment card market through over 20 years of innovation and experience and is focused primarily on this attractive subsector of the financial technology market. The Company serves a diverse set of direct customers and indirect customers, including some of the largest issuers of credit cards in the U.S.

Recent Developments

On June 11, 2024, the Company paid a special cash dividend to Class A shareholders of CompoSecure, Inc., and made a corresponding distribution to Class B unitholders of Holdings. As a result of the special cash dividend and distribution, the conversion price of the Exchangeable Notes was adjusted to \$10.98 per share, which resulted in an adjustment to the exchange rate to 91.0972 shares of the Company's Class A Common Stock per \$1,000 principal amount of notes exchanged.

On August 7, 2024, all of the holders of Class B Common Stock of the Company and Resolute entered into stock purchase agreements, pursuant to which the selling stockholders would exchange their 51,908,422 Class B units (and corresponding shares of Class B Common Stock) for shares of Class A Common Stock, eliminating the Company's existing dual-share class structure. On September 17, 2024, the Resolute Transaction closed and Resolute became the majority owner of the Company by acquiring 49,290,409 shares of Class A Common Stock of the Company for an aggregate purchase price of approximately \$372.1 million, or \$7.55 per share, representing an approximately 60% voting interest, and, as of February 28, 2025, Resolute owned approximately 51% of the voting interest in the Company's Class A Common Stock. The Company was not party to the stock purchase agreements. Prior to these transactions, holders of Class B Common Stock held Class B units in Holdings. Subsequent to the Resolute Transaction, the Company owned 100% of Holdings. As a result of the Resolute Transaction, the Company no longer has shares of Class B Common Stock outstanding or a non-controlling interest as of December 31, 2024. The Company's tax receivable agreement liability and future payments thereunder increased as the Company realized an increase in tax basis of Holdings' assets resulting from the exchange of Holdings' equity by unitholders in connection with the Resolute Transaction.

Effective September 19, 2024, Resolute's acquisition of a majority of the Company's Class A Common Stock caused a "Fundamental Change" as defined in the Indenture to the Exchangeable Notes (the "Indenture"). Triggering the Fundamental Change provision provided holders of the Exchangeable Notes a choice to: (1) exchange their Exchangeable Notes for shares of Class A Common Stock at a temporarily increased exchange rate of 104.5199 shares per \$1,000 principal amount of Exchangeable Notes until November 27, 2024 (with the exchange rate then reverting to the existing 91.0972 shares per \$1,000 principal amount of Exchangeable Notes). This temporary increase in the exchange rate resulted in an adjustment of the conversion price to \$9.57 per share from September 19, 2024 to November 29, 2024. (2) have the Company repurchase for cash of all of such holder's Exchangeable Notes on November 29, 2024 at a repurchase price equal to 100% of the principal amount of the Exchangeable Notes to be repurchased plus accrued and unpaid interest; or (3) continue to hold the Exchangeable Notes. A notice was sent to all holders of Exchangeable Notes on October 9, 2024 providing details of these choices. Through December 31, 2024, an aggregate of \$130.0 million of the Exchangeable Notes had been surrendered and exchanged for an aggregate of 13,587,565 newly-issued shares of Class A Common Stock. As of December 31, 2024 all of the Exchangeable Notes were exchanged into shares of Class A Common Stock.

On August 7, 2024, the Company entered into a Fourth Amended and Restated Credit Agreement with J.P. Morgan Change ("JPMC") and the lenders party thereto to refinance its senior secured indebtedness, which increased the maximum borrowing capacity of the credit facility to \$330.0 million comprising of a term loan of \$200.0 million and a revolving credit facility of \$130.0 million. The senior credit facility is set to mature on August 7, 2029.

During the year ended December 31, 2024, the trading price of the Company's Class A Common Stock increased from \$5.22 on January 2, 2024 to \$15.33 on December 31, 2024. The increase in the stock price was a primary driver of changes in the fair value of the Company's aggregate earnout consideration liability and warrant liability of \$171.8 million, which had a material effect on the Company's operating results included in this report.

As a result of the Business Combination discussed in Note 1 to the Company's audited consolidated financial statements, certain of Holdings' equity holders have the right to receive an aggregate of up to 7,500,000 additional shares of the Company's Class A Common Stock in earnout consideration (See Note 18 in Notes to Consolidated Financial Statements in this Form 10-K for further discussion) (the "Earnout Shares") based on the achievement of certain stock price thresholds (collectively, the "Earnouts"). The Earnouts are subject to two stock price thresholds, with half of the Earnout Shares awarded upon the achievement of each threshold. As described elsewhere in this report, the first Earnout threshold was achieved, and approximately 3,600,000 Earnout Shares were issued on December 17, 2024 (this represents one-half of the then-issuable 7,500,000 shares of Class A Common Stock net of tax withholding for employee recipients). Holdings' equity holders will receive the balance of the Earnout Shares if the applicable volume-weighted average price per share threshold is met prior to December 26, 2025.

On February 28, 2025, the Company completed the Spin-Off of Resolute Holdings. The distribution of all shares of Resolute Holdings Common Stock to holders of the Company's Class A Common Stock as a pro rata dividend occurred on February 28, 2025 and Resolute Holdings Common Stock began trading on Nasdaq on February 28, 2025 under the ticker "RHLD." Holders of the Company's Class A Common Stock received one (1) share of Resolute Holdings Common Stock for every twelve (12) shares of Class A Common Stock held on February 20, 2025, the record date for the distribution. The distribution of shares of Resolute Holdings will give rise to a taxable gain to the Company and will be treated as a taxable dividend to all existing stockholders of the Company for U.S. federal and applicable state and local tax purposes. Investors should note that Resolute Holdings Management, Inc. is a distinct entity from Resolute Compo Holdings LLC, which acquired CompoSecure shares in September 2024, as described above.

In connection with the Spin-Off, Resolute Holdings and CompoSecure Holdings L.L.C., a wholly-owned subsidiary of the Company ("Holdings"), entered into a management agreement (the "Management Agreement") on the Distribution Date, pursuant to which Resolute Holdings is responsible for, among other things: establishing and monitoring Holdings' objectives, financing activities and operating performance; selecting and overseeing Holdings' management team and their operating performance; devising capital allocation strategies, plans and policies of Holdings; identifying, analyzing and overseeing the consummation of business opportunities and potential acquisitions, dispositions and other business transactions; and reviewing and approving Holdings' compensation and benefit plans, programs, policies and agreements.

Holdings is required to pay Resolute Holdings a quarterly management fee equal to 2.5% of Holdings' last 12 months' Adjusted EBITDA, as defined in the Management Agreement. Holdings is also required to reimburse Resolute Holdings and its affiliates for their documented costs and expenses incurred on behalf of Holdings other than those expenses related to Resolute Holdings' or their affiliates' personnel who provide services to Holdings under the Management Agreement. The Management Agreement has an initial term of 10 years and shall automatically renew for successive ten-year terms unless terminated in accordance with its terms. Each of Holdings and Resolute Holdings may terminate the Management Agreement upon the occurrence of certain other limited events, and in connection with certain of these limited events, Resolute Holdings has the right to require us to pay a termination fee, which could be significant and may be paid in cash, shares of common stock or a combination of cash and stock. See "Business — Recent Developments."

Economic Conditions - globally and in the digital asset marketplace

U.S. and international markets, and particularly the rapidly evolving digital assets industry, are experiencing uncertain and volatile economic conditions, including the war in Ukraine, the ongoing conflict in Israel, Gaza and the surrounding areas, sustained inflation, threats or concerns of recession, and supply chain disruptions. These conditions make it extremely difficult for us and our suppliers to accurately forecast and plan

future business activities. Additionally, a significant downturn in the domestic or global economy may cause our existing customers to pause or delay orders and prospective customers to defer new projects. Together, these circumstances create an environment in which it is challenging for us to predict future operating results. If these uncertain business, macroeconomic or political conditions continue or further decline, our business, financial condition and results of operations could be materially adversely affected.

The Company’s Arculus platform offers a broad range of secure authentication and digital asset storage solutions and enables our consumer Arculus Cold Storage Wallet for digital assets. We believe consumers can achieve enhanced protection by controlling their private keys with a cold storage wallet, such as the Arculus Cold Storage Wallet. At the same time, this market cycle has created uncertainty in timing for our anticipated Arculus ramp up, as some of our partners and targets have been impacted. Therefore, we have been taking a measured approach to better target the timing of our investments to support near-term and long-term opportunities.

Key Components of Results of Operations

Net Sales

Net sales reflect the Company’s revenue generated primarily from the sale of its products. Product sales primarily include the design and manufacturing of metal cards, including contact and dual interface cards. The Company also generates revenue from the sale of Prelams (which refers to pre-laminated sub-assemblies consisting of a composite of material layers which are partially laminated to be used as a component in the multiple layers of a final payment card or other card construction). Net sales include the effect of discounts and allowances which consist primarily of volume-based rebates.

Cost of Sales

The Company’s cost of sales includes the direct and indirect costs related to manufacturing products and providing related services. Product costs include the cost of raw materials and supplies, including various metals, EMV® chips, holograms, adhesives, magnetic stripes, and NFC assemblies; the cost of labor; equipment and facilities; operational overhead; depreciation and amortization; leases and rental charges; shipping and handling; and freight and insurance costs. Cost of sales can be impacted by many factors, including volume, operational efficiencies, procurement costs, and promotional activity.

Gross Profit and Gross Margin

The Company’s gross profit represents its net sales less cost of sales, and its gross margin represents gross profit as a percentage of its net sales.

Operating Expenses

The Company’s operating expenses are comprised of selling, general, and administrative expenses, which generally consist of personnel-related expenses for its corporate, executive, finance, information technology, and other administrative functions, expenses for outside professional services, including legal, audit and accounting services, as well as expenses for facilities, depreciation, amortization, travel, sales and marketing.

Income from Operations and Operating Margin

Income from operations consists of the Company’s gross profit less its operating expenses. Operating margin is income from the Company’s operations as a percentage of its net sales.

Other Expense, net

Other expense primarily consists of changes in fair value of warrant liability, earnout consideration liability and interest expense, net of any interest income.

Net (Loss) Income

Net (loss) income consists of the Company's income from operations, less other expenses and income tax provision or benefit.

Factors Affecting the Company's Operating Results

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges. Please see the factors discussed elsewhere in this annual report on Form 10-K, including those discussed in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" for additional information.

Results of Operations

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

The following table presents the Company's results of operations for the periods indicated:

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
	(in thousands)			
Net sales	\$ 420,571	\$ 390,629	\$ 29,942	8 %
Cost of sales	201,344	181,547	19,797	11 %
Gross profit	219,227	209,082	10,145	5 %
Operating expenses:				
Selling, general and administrative expenses	111,605	89,995	21,610	24 %
Income from operations	107,622	119,087	(11,465)	(10 %)
Other expense, net	(188,597)	(2,011)	(186,586)	9278 %
(Loss) income before income taxes	(80,975)	117,076	(198,051)	(169 %)
Income tax expense	(2,187)	(4,556)	2,369	(52 %)
Net (loss) income	(83,162)	112,520	(195,682)	(174 %)
Net (loss) income attributable to redeemable non-controlling interests	(29,443)	93,281	(122,724)	(132 %)
Net (loss) income attributable to CompoSecure, Inc	\$ (53,719)	\$ 19,239	\$ (72,958)	(379 %)

	Year Ended December 31,	
	2024	2023
Gross Margin	52 %	54 %
Operating margin	26 %	30 %

Net Sales

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
	(in thousands)			
Net sales by region				
Domestic	\$ 343,465	\$ 321,470	\$ 21,995	7 %
International	77,106	69,159	7,947	11 %
Total	\$ 420,571	\$ 390,629	\$ 29,942	8 %

The Company's net sales for the year ended December 31, 2024 increased by \$29.9 million, or 8%, to \$420.6 million compared to \$390.6 million for the year ended December 31, 2023. The increase was driven by continued domestic growth in the Company's premium payment card business, which was up 7%, and international sales, which were up 11%.

Domestic: The Company's domestic net sales for the year ended December 31, 2024 increased \$22.0 million, or 7%, to \$343.5 million compared to \$321.5 million for the year ended December 31, 2023. The increase was primarily due to higher customer acquisition by the Company's clients as they continued to experience higher demand.

International: The Company's international net sales for the year ended December 31, 2024 increased \$7.9 million, or 11%, to \$77.1 million compared to \$69.2 million for the year ended December 31, 2023. The international customer base is comprised of a larger population of smaller customers relative to the domestic customer base. There were increased sales across the customer base driving growth in net sales during 2024.

In addition, the following table presents the Company's net sales for the three months ended December 31, 2024 compared to December 31, 2023:

	Three Months Ended December 31,			
	2024	2023	\$ Change	% Change
	(in thousands)			
Net Sales	\$ 100,859	\$ 99,900	\$ 959	1 %

The Company's net sales for the three months ended December 31, 2024 increased \$1.0 million, or 1%, to \$100.9 million compared to \$99.9 million for the three months ended December 31, 2023.

Gross Profit and Gross Margin

The Company's gross profit for the year ended December 31, 2024 increased \$10.1 million, or 5%, to \$219.2 million compared to \$209.1 million for the year ended December 31, 2023, while the gross profit margin decreased from 54% to 52%. The decrease in gross margin was partially driven by initial production of new and innovative card constructions, which resulted in lower production efficiencies, and the impact of inflationary pressure on wages and materials for the year ended December 31, 2024.

Operating Expenses

The Company's operating expenses for the year ended December 31, 2024 increased \$21.6 million, or 24%, to \$111.6 million compared to \$90.0 million for the year ended December 31, 2023. The increase was driven primarily by an increase in professional fees of \$10.4 million associated with the Resolute Transaction and Spin-Off, stock-based compensation of \$3.7 million, salaries and employee benefits of \$3.2 million, bonus expenses of \$3.3 million, computer software supplies of \$0.8 million and various other costs of \$1.4 million. These increases were partially offset by decreases in commission expenses of \$0.6 million and reductions in marketing expenses of \$0.6 million.

Income from Operations and Operating Margin

During the year ended December 31, 2024, the Company had income from operations of \$107.6 million compared to income from operations of \$119.1 million for the year ended December 31, 2023. The Company's operating margin for the year ended December 31, 2024 decreased to 26% compared to 30% for the year ended December 31, 2023. The decrease in operating margin was primarily due to the decrease in gross margin as a percentage of revenue and increase in operating expenses offset by revenue growth.

Other (Expenses), Net

Other expenses for the year ended December 31, 2024 increased \$186.6 million, or 9,278%, to \$188.6 million compared to \$2.0 million for the year ended December 31, 2023. The increase in other expenses was primarily due to changes in the fair value of earnout consideration liability, warrant liability and make-whole liability resulting in non-cash expenses of \$171.8 million for the year ended December 31, 2024, compared to income of \$22.1 million in the year ended December 31, 2023, resulting in an increase in operating expense of \$194.0 million. The increase in expense related to the changes in fair value was offset by lower interest expense resulting from principal payments made on the outstanding term

loan and the conversion of all outstanding Exchangeable Notes into shares of Class A Common Stock resulting in reduced interest expense on the Exchangeable Notes.

Income Tax Expense

The Company's income tax expense for the year ended December 31, 2024 was \$2.2 million, compared to \$4.6 million for the year ended December 31, 2023. The decrease in income tax expense was attributable to the valuation of non-cash items and the elimination of the Company's Up-C structure in connection with the Resolute Transaction during the third quarter of 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

The following table presents the Company's results of operations for the periods indicated:

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in thousands)			
Net sales	\$ 390,629	\$ 378,476	\$ 12,153	3 %
Cost of sales	181,547	158,832	22,715	14 %
Gross profit	209,082	219,644	(10,562)	(5 %)
Operating expenses:				
Selling, general and administrative expenses	89,995	104,749	(14,754)	(14 %)
Income from operations	119,087	114,895	4,192	4 %
Other (expense) income, net	(2,011)	21,280	(23,291)	(109 %)
Income before income taxes	117,076	136,175	(19,099)	(14 %)
Income tax expense	(4,556)	(4,360)	(196)	4 %
Net income	112,520	131,815	(19,295)	(15 %)
Net income attributable to redeemable non-controlling interests	93,281	113,158	(19,877)	(18 %)
Net income attributable to CompoSecure, Inc	\$ 19,239	\$ 18,657	\$ 582	3 %

	Year Ended December 31,	
	2023	2022
Gross Margin	54 %	58 %
Operating margin	30 %	30 %

Net Sales

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in thousands)			
Net sales by region:				
Domestic	\$ 321,470	\$ 295,423	\$ 26,047	9 %
International	69,159	83,053	(13,894)	(17 %)
Total	\$ 390,629	\$ 378,476	\$ 12,153	3 %

The Company's net sales for the year ended December 31, 2023 increased by \$12.2 million, or 3%, to \$390.6 million compared to \$378.5 million for the year ended December 31, 2022. The increase was primarily driven by continued domestic growth in the Company's premium payment card business, which was up 9%. This was offset by lower

international sales, which is a more variable market due to current global economic uncertainty, customer mix and a smaller sales base.

Domestic: The Company's domestic net sales for the year ended December 31, 2023 increased \$26.1 million, or 9%, to \$321.5million compared to \$295.4 million for the year ended December 31, 2022. The increase was primarily due to higher customer acquisition by the Company's clients as they continued to experience higher demand.

International: The Company's international net sales for the year ended December 31, 2023 decreased \$13.9 million, or 17%,to \$69.2 million compared to \$83.1 million for the year ended December 31, 2022. This decrease was primarily due to current global economic uncertainty and international markets being a more variable market due to customer mix and a smaller sales base.

Gross Profit and Gross Margin

The Company's gross profit for the year ended December 31, 2023 decreased \$10.6 million, or 5%, to \$209.1 million compared to \$219.7 million for the year ended December 31, 2022, while the gross profit margin decreased from 58% to 54%. The decrease in gross margin percentage was due to lower production efficiencies from new and innovative card constructions, as well as the impact of inflationary pressure on wages and materials for the year ended December 31, 2023.

Operating Expenses

The Company's prudent control on operating expenses led to a \$14.7 million, or 14%, expense decrease for the year ended December 31, 2023 compared to the year ended December 31, 2022. Total operating expenses for the year ended December 31, 2023 were \$90.0 million compared to \$104.7 million for the year ended December 31, 2022. The decrease was driven primarily by a decrease in bonus expenses of \$2.7 million, commission expenses of \$8.1 million, reductions in marketing expenses of \$7.2 million, insurance expenses of \$4.2 million and professional fees of \$0.5 million, as well as a decrease in various other costs aggregating \$1.6 million. This was partially offset by increases in stock-based compensation of \$6.1 million and increases in salaries and employee benefits of \$3.5 million.

Income from Operations and Operating Margin

During the year ended December 31, 2023, the Company had income from operations of \$119.1 million compared to income from operations of \$114.9 million for the year ended December 31, 2022. The Company's operating margin for the year ended December 31, 2023 remained consistent, at 30%, with the year ended December 31, 2022.

Other (Expenses) Income, Net

Interest expense for the year ended December 31, 2023 increased \$1.6 million, or 7%, to \$24.2 million compared to \$22.5 million for the year ended December 31, 2022. An interest rate swap which the Company entered in January 2022 provided a benefit of \$4.9 million for the year ended December 31, 2023. See Liquidity and Capital Resources below for more detail on the existing credit facility. There was an overall increase in other expenses due to the reduction in favorable changes to the fair value of mark-to-market instruments compared to December 31, 2022. The decrease in favorable changes in the fair value of mark-to-market instruments were primarily due to the increase in the price of the Company's Class A common stock compared to December 31, 2022.

Net Income

The Company's net income for the year ended December 31, 2023 was \$112.5 million, compared to net income of \$131.8 million for the year ended December 31, 2022. The decrease was driven by the decrease in gross profit, changes to the fair value of warrant liabilities, earnout consideration liability and derivative liability, offset by the decrease in operating expenses.

Use of Non-GAAP Financial Measures

This Form 10-K includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and that may be different from non-GAAP financial measures used by other companies. The Company believes EBITDA, Adjusted EBITDA and non-GAAP earnings per share are useful to investors in evaluating the Company’s financial performance. The Company uses these measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and to measure incentive compensation, as we believe that these non-GAAP financial measures depict the true performance of the business by encompassing only relevant and controllable events, enabling the Company to evaluate and plan more effectively for the future. In addition, the Company’s debt agreements contain covenants that use a variation of these measures for purposes of determining debt covenant compliance. The Company believes that investors should have access to the same set of tools that its management uses in analyzing operating results. EBITDA, Adjusted EBITDA and non-GAAP earnings per share should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA and non-GAAP earnings per share are significant components in understanding and assessing the Company’s financial performance. Accordingly, these key business metrics have limitations as an analytical tool. They should not be considered as an alternative to net income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flows from operating activities as a measure of the Company’s liquidity, and may be different from similarly titled non-GAAP measures used by other companies.

The following unaudited table presents the reconciliation of net income to EBITDA and Adjusted EBITDA for the years ended December 31, 2024, 2023 and 2022.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net (loss) income	\$ (83,162)	\$ 112,520	\$ 131,815
Add:			
Depreciation and amortization	9,174	8,387	8,575
Income tax expense	2,187	4,556	4,360
Interest expense, net (1)	16,780	24,156	22,544
EBITDA	\$ (55,021)	\$ 149,619	\$ 167,294
Stock-based compensation expense	21,235	17,562	11,465
Mark to market adjustments, net (2)	171,817	(22,145)	(42,533)
September Resolute deal expenses	2,726	—	—
Secondary offering transaction costs	586	—	—
Debt refinance costs	225	—	—
Additional earnout costs	3,680	—	—
Spin-off costs	6,119	—	—
Adjusted EBITDA	\$ 151,367	\$ 145,036	\$ 136,226

(1) Includes amortization of deferred financing costs and loss on extinguishment of debt for the years ended December 31, 2024, 2023 and 2022.

(2) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability for the years ended December 31, 2024, 2023 and 2022.

The following unaudited table presents the non-GAAP earnings per share and reconciliation of GAAP net (loss) income to non-GAAP adjusted net income for the periods indicated below to reflect current and deferred income tax expenses. The below presentation does not include a full tax provision. The Company applies a blended tax rate to its income before taxes and to all adjustments. Additionally, the below table includes Class B shares to eliminate the impact of the Company's historical Up-C structure.

	Year Ended December 31,					
	2024		2023		2022	
	(in thousands) except per share amounts					
Basic:						
Net (loss) income	\$	(83,162)	\$	112,520	\$	131,815
Add: provision for income taxes		2,187		4,556		4,360
(Loss) income before income taxes		(80,975)		117,076		136,175
Add (less): mark-to-market adjustments (1)		171,817		(22,145)		(42,533)
Add: stock-based compensation		21,235		17,562		11,465
Add: secondary offering transaction costs		586		—		—
Add: September Resolute deal expenses		2,726		—		—
Add: debt refinance costs		225		—		—
Add: additional earnout costs		3,680		—		—
Add: spin-off costs		6,119		—		—
Adjusted net income before tax		125,413		112,493		105,107
Income tax expense (2)		27,240		24,433		22,367
Adjusted net income	\$	98,173	\$	88,060	\$	82,740
Common shares outstanding used in computing net income per share, basic:						
Class A and Class B common shares (3)		83,834		78,619		75,697
Adjusted net income per share - basic	\$	1.17	\$	1.12	\$	1.09
Diluted:						
Adjusted net income	\$	98,173	\$	88,060	\$	82,740
Add: Interest on convertible notes net of tax		3,238		7,123		7,164
Adjusted net income used in computing net income per share, diluted (5)	\$	101,411	\$	95,183	\$	89,904
Common shares outstanding used in computing net income per share, diluted:						
Warrants (4)		8,094		8,094		8,094
Exchangeable Notes (5)		11,629		13,000		13,000
Equity awards		3,411		3,651		4,183
Total shares outstanding used in computing net income per share - diluted (5)		106,968		103,364		100,974
Adjusted net income per share - diluted	\$	0.95	\$	0.92	\$	0.89

1) Includes the changes in fair value of warrant liability, make-whole provision of Exchangeable Notes and earnout consideration liability.

- 2) Reflects current and deferred income tax expenses. Calculated using the Company's blended tax rate as if the Company did not have any non-controlling interest associated with its historical Up-C structure.
- 3) Assumes both Class A and Class B shares participate in earnings and are outstanding at the end of the period. There were no Class B shares outstanding as of December 31, 2024.
- 4) Assumes treasury stock method, valuation at assumed fair market value of \$18.00.
- 5) The Exchangeable Notes were included through the application of the "if-converted" method. Interest related to the Exchangeable Notes, net of tax was excluded from net income.

Critical Accounting Policies and Estimates

General:

The discussion and analysis of the Company's financial condition and results of operations is based upon audited financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements involve the management making estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosures with respect to contingent liabilities and assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Certain accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on the Company's historical experience, terms of its existing contracts, evaluation of trends in the industry, information provided by its customers, and information available from outside sources, as appropriate. The Company's actual results may differ from those estimates under different assumptions or conditions. The Company evaluates the adequacy of its expected reserves and the estimates used in calculations on an on-going basis. Significant areas requiring management to make estimates include the valuation of equity instruments, measurement of changes in the fair value of earnout consideration liability, estimates of derivative liability associated with the Exchangeable Notes which were marked to market each quarter based on a Lattice model approach, changes in the fair value of warrant liabilities, derivative asset for the interest rate swap, valuation allowances on deferred tax assets which are based on an assessment of recoverability of the deferred tax assets against future taxable income and estimates of the inputs used to calculate the tax receivable agreement liability. See Notes 6, 9 and 11 in Notes to Consolidated Financial Statements in this Form 10-K for further discussion of the nature of these assumptions and conditions. See Note 2 in the Notes to Consolidated Financial Statements for a complete description of the significant accounting policies that have been followed in preparing the Company's audited consolidated financial statements.

The accounting policies described below are those that the Company considers to be the most critical for an understanding of its financial condition and results of operations and that require the most complex and subjective management judgment.

Revenue Recognition

The Company recognizes revenue in accordance with the accounting standard ASC 606 when the performance obligations under the terms of the Company's contracts with its customers have been satisfied. This occurs at the point in time when control of the specific goods or services as specified by each purchase order are transferred to customers. Specific goods refer to the products offered by the Company, including metal cards, high security documents, and pre-laminated materials. Transfer of control passes to customers upon shipment or upon receipt, depending on the agreement with the specific customers. ASC 606 requires entities to record a contract asset when a performance obligation has been satisfied or partially satisfied, but the amount of consideration has not yet been received because the receipt of the consideration is conditioned on something other than the passage of time. ASC 606 also requires an entity to present a revenue contract as a contract liability in instances when a customer pays consideration, or a customer has a right to an amount of consideration that is unconditional (e.g. receivable), before the entity transfers a good or service to the customer.

The primary judgments relating to the Company's revenue recognition include determining whether (i) the contract with a customer exists; (ii) performance obligations are identified; (iii) the transaction price is determined; (iv) the transaction price is allocated to performance obligations; and (v) the distinct performance obligations are satisfied by transferring control of the product or service to the client. Transfer of control is typically evaluated from the customer's perspective.

The Company invoices its customers at the time at which control is transferred, with payment terms ranging between 15 and 60 days depending on each individual contract. As the payment is due within 60 days of the invoice, a significant financing component is not included within the contracts.

The majority of the Company's contracts with its customers have the same performance obligation of manufacturing and transferring the specified number of cards to the customer. Each individual card included within an order constitutes a separate performance obligation, which is satisfied upon the transfer of goods to the customer. The contract term as defined by ASC 606 is the length of time it takes to deliver the goods or services promised under the purchase order or statement of work. As such, the Company's contracts are generally short term in nature.

Revenue is measured in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognized net of variable consideration such as discounts, rebates and returns.

The Company's products do not include an unmitigated right of return unless the product is non-conforming or defective. If the goods are non-conforming or defective, the defective goods are replaced or reworked or, in certain instances, a credit is issued for the portion of the order that was non-conforming or defective. A provision for sales returns and allowances is recorded based on experience with goods being returned. Most returned goods are re-worked and subsequently re-shipped to the customer and recognized as revenue. Historically, returns have not been material to the Company.

Additionally, the Company has a rebate program with certain customers allowing for rebates based on achieving a certain level of shipped sales during the calendar year. These rebates are estimated and updated throughout the year and recorded against revenues and the related accounts receivable.

On occasion, the Company receives requests from customers to hold purchased products. We evaluate these requests as bill and hold arrangements. The Company recognizes revenue from such bill and hold arrangements in accordance with the guidance provided in ASC 606, which indicates that, for a customer to have obtained control of a product in a bill and hold arrangement all of the following criteria must be met: (a) the reason for the bill and hold is substantive, (b) the product has separately been identified as belonging to the customer, (c) the product is currently ready for physical transfer to the customer, and (d) we do not have the ability to use the product or direct it to another customer. During the years ended December 31, 2024, 2023, and 2022 the Company recognized \$8.1 million, \$0 and \$2.3 million of revenue under bill and hold arrangements.

Net Income (Loss) Per Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share". Net income per common share is computed by dividing net income attributable to controlling interest by the weighted average number of common shares outstanding for the period. The weighted-average number of common shares outstanding during the period includes Class A common stock but is exclusive of Class B common stock as these shares have no economic or participating rights. As a result of the Resolute Transaction, all shares of Class B Common Stock were exchanged for shares of Class A Common Stock on September 17, 2024. No shares of Class B Common Stock were outstanding at December 31, 2024.

Equity-Based Compensation

The Company estimates the fair value of option awards using a Black-Scholes option valuation model. Option valuation model requires the Company to estimate a number of key valuation inputs including expected volatility, expected dividend yield, expected term, and risk-free interest rate. The expected term assumption reflects the period for which the Company believes the option will remain outstanding. This assumption is based upon the historical and expected behavior of the option holders and may vary based upon the behavior of different groups of option holders. The most subjective estimate is the expected volatility of the underlying unit when determining the fair market value of an option granted. As there was no trading history for the Company's equity prior to 2021, the Company utilized a blend of an appropriate index and the Company's volatility to estimate the volatility assumption when calculating the fair value of options granted during 2024. An entity that is unable to estimate the expected volatility of the price of its underlying share may measure awards based on a "calculated value," which substitutes the volatility of an appropriate index for the volatility of the entity's own share price. The Company used the historical closing values of comparable publicly held entities to estimate volatility. The risk-free rate reflects the U.S. Treasury yield curve for a similar expected life instrument in effect at the time of the grant. During the year ended December 31, 2024, the Company granted 1,915,532 non-qualified stock options. The Company also granted restricted stock units and performance-based stock units under its 2021 incentive plan during the years ended December 31, 2024, 2023 and 2022. See Note 9 in Notes to Consolidated Financial Statements in this Form 10-K.

Certain equity awards associated with the achievement of certain market conditions discussed below were achieved during the year ended December 31, 2024

Earnout Consideration

As a result of the Business Combination, certain of Holdings' equity holders have the right to receive an aggregate of up to 7,500,000 additional shares of the Company's Class A Common Stock in earnout consideration based on the achievement of certain stock price thresholds (See Note 18 in Notes to Consolidated Financial Statements in this Form 10-K for further discussion) (collectively, the "Earnouts"). 657,160 of the Earnout shares were subject to ASC 718. The remaining shares were considered to be derivative liability and the valuation of the Earnouts liability was determined using a Monte Carlo simulation model that utilizes significant assumptions, including share price, volatility, risk-free rate of return, expected term, anticipated dividends and forfeitures, that determine the probability of satisfying the market condition stipulated in the award to calculate the fair value of the award. The Company classifies the Earnouts as liabilities at their fair value on the consolidated balance sheet and adjusts the fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in revaluation of earnout consideration liability in the Company's consolidated statements of operations.

The earnouts achievement were subject to two price thresholds with half to be awarded upon the achievement of each threshold. The earnouts expire in two phases if the achievement thresholds are not met. The first phase was to expire upon the three year anniversary upon the initial closing date and the second phase is set to expire upon the four year anniversary. The earnouts under the first phase were achieved on December 13, 2024. The second phase has not yet been achieved. See Notes 9 and 11 in Notes to Consolidated Financial Statements in this Form 10-K for a detailed discussion.

Warrant Liabilities

The Company accounts for the warrants in accordance with the guidance contained in ASC 815 under which the warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, the Company classifies the warrants as liabilities at their fair value within warrant liability on the consolidated balance sheet and adjusts the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in revaluation of warrant liability in the Company's consolidated statements of operations. The warrants are publicly traded and are valued using the quoted market price as the fair value at the end of each balance sheet date. See Note 11 in Notes to Consolidated Financial Statements in this Form 10-K for additional information.

Tax Receivable Agreement Liability

In connection with the Business Combination, the Company entered into a tax receivable agreement (the "TRA" or "Tax Receivable Agreement") with Holdings and holders of interests in Holdings (the "TRA Parties"). Pursuant to the TRA, the Company is required to pay to certain TRA Parties, 90% of the amount of savings, if any, in U.S. federal, state and local income tax that the Company actually realizes as a result of the utilization of certain tax attributes. The TRA will continue until all such tax benefits have been utilized or expired unless the Company exercises its right to terminate the agreement for an amount representing the present value of anticipated future tax benefits under the TRA. The Company will retain the benefit of the remaining 10% of these cash tax savings. The Company recorded \$253.7 million and \$25.4 million in TRA liability as of December 31, 2024 and 2023, respectively, in the Company's consolidated balance sheets. The Company paid \$1.3 million and \$2.4 million in the years ended December 31, 2024 and 2023, respectively, to the TRA Parties pursuant to the savings in U.S. federal, state and local income taxes that the Company realized as a result of the utilization of certain tax attributes for the fiscal year 2023 and 2022.

In connection with the Resolute Transaction, the Company and certain of the TRA Parties entered into Amendment No. 1 to the TRA, dated as of August 7, 2024 (the "TRA Amendment"). The TRA Amendment provides for certain amendments to the TRA for the benefit of the Company. In particular, the TRA Amendment amends the definition of "Change of Control" (as defined in the TRA) to forego the acceleration of certain payments that may have otherwise been payable to the TRA Parties by the Company or Holdings as a result of the Resolute Transaction, provided that such TRA Parties shall retain their right to acceleration of payments upon any future change of control. The TRA Amendment also amends the "Early Termination Rate" (as defined in the TRA) by providing for an increase in the discount rate applicable to any future early termination payments pursuant to the TRA, resulting in a decrease in the amount of any such potential payments that the TRA Parties would otherwise be entitled to receive.

Income Taxes

Income taxes are applied to the income attributable to the controlling interest (see Note 8 in Notes to Consolidated Financial Statements in this Form 10-K) as the income attributable to the non-controlling interest is pass-through income. The Company complies with the accounting and reporting requirements of ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company will continue to evaluate the realizability of our deferred tax assets and liabilities on a quarterly basis, and will adjust such amounts in light of changing facts and circumstances, including but not limited to future projections of taxable income, tax legislation, rulings by relevant tax authorities and the progress of ongoing tax audits, if any. We consider all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized in future periods.

The Company was not subject to income taxes prior to December 27, 2021, the date of the consummation of the Business Combination, due to the then equity structure of the Company and was subject to pass through income taxes. Federal, state and local income tax returns for years prior to 2019 are no longer subject to examination by tax authorities. During the year ended December 31, 2024, federal tax authorities completed their audit of fiscal 2020. There were no proposed adjustments resulting from the examination.

Prior to the Resolute Transaction, Holdings was a partnership for tax purposes. Pursuant to Holdings' limited liability company agreement, during a portion of fiscal 2024 (and prior years), Holdings made pro rata tax distributions to its members. These distributions were based on the Company's estimate of taxable income for each year, updated throughout the year. Tax distributions from Holdings were intended to provide each member of Holdings sufficient funds to meet tax obligations with respect to the taxable income of Holdings allocated to each member. The Holdings limited liability company agreement required distributions to be calculated based on a tax rate equal to the highest combined marginal federal and applicable state or local statutory income tax rate applicable to an individual resident in New York City, New York, including the Medicare contribution tax on unearned income, taking into account all jurisdictions in which the Company was required to file income tax returns together with the relevant apportionment information subject to various adjustments. For the year ended December 31, 2024, Holdings distributed a total of \$50.1 million of tax distributions to its members, of which \$15.2 million was paid to CompoSecure, Inc. (the parent company), resulting in a net tax distribution to all other members of \$34.9 million. For the year ended December 31, 2023, Holdings distributed a total of \$50.0 million of tax distributions to its members, of which \$11.6 million was paid to CompoSecure, Inc., resulting in a net tax distribution to all other members of \$38.4 million. As a result of the Resolute Transaction, the Company became the sole member of Holdings, eliminating the requirement for further tax distributions to members other than the Company.

Market and Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of investments in cash, cash equivalents, short-term investments and accounts receivable. The Company's primary exposure is credit risk on receivables as the Company does not require any collateral for its accounts receivable. Credit risk is the loss that may result from a trade customer's or counterparty's nonperformance. The Company uses credit policies to control credit risk, including utilizing an established credit approval process, monitoring customer and counterparty limits, employing credit mitigation measures such as analyzing customers' financial statements, and accepting personal guarantees and various forms of collateral. The Company believes that its customers and counterparties will be able to satisfy their obligations under their contracts.

The Company maintains cash, and cash equivalents with approved federally insured financial institutions. Such deposit accounts at times may exceed federally insured limits. The Company is exposed to credit risks and liquidity in the event of default by the financial institutions or issuers of investments in excess of FDIC insured limits. The Company performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any institution if required. The Company has not experienced any losses on such accounts.

Recently Adopted Accounting Policies

On November 27, 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures, which applies to all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance improves financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analysis. The Company adopted this standard and has reflected updates to its segment reporting in the Company's consolidated financial statements.

Liquidity and Capital Resources

The Company's primary sources of liquidity are its existing cash and cash equivalents balances, cash flows from operations and borrowings on its term loan and revolving credit facility. The Company's primary cash requirements include operating expenses, debt service payments (principal and interest) and capital expenditures (including property and equipment).

As of December 31, 2024, the Company had cash and cash equivalents of \$77.5 million and total debt principal outstanding of \$197.5 million. As of December 31, 2023, the Company had cash and cash equivalents of \$41.2 million and total debt principal outstanding of \$340.3 million.

The Company believes that cash flows from its operations and available cash and cash equivalents as well as the availability of a revolving credit facility of \$130.0 million (as described below), are sufficient to meet its liquidity needs, including the repayment of its outstanding debt, for at least the next 12 months. The Company anticipates that to the extent that it requires additional liquidity, it will be funded through borrowings on its revolving credit facility, the incurrence of other indebtedness, or a combination thereof and offering of its shares in capital markets. The Company cannot be assured that it will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, the Company's liquidity and its ability to meet its obligations and fund its capital requirements are also dependent on its future financial performance, which is subject to general economic, financial and other factors that are beyond its control. Accordingly, the Company cannot be assured that its business will generate sufficient cash flows from operations or that future borrowings will be available from additional indebtedness or otherwise to meet its liquidity needs. Although the Company has no specific current plans to do so, if the Company decides to pursue one or more significant acquisitions, it may incur additional debt to finance such acquisitions.

On August 7, 2024, the Company entered into a Fourth Amended and Restated Credit Agreement with JPMC (the "2024 Credit Facility" and collectively with the 2021 Credit Facility, the "Credit Facilities") to refinance the 2021 Credit Facility. In conjunction with the 2024 Credit Facility, the maximum borrowing capacity of the overall credit facility was increased to \$330.0 million comprised of a term loan of \$200.0 million (the "2024 Term Loan") and a revolving credit facility of \$130.0 million (the "2024 Revolver"). At December 31, 2024, there was \$197.5 million of total debt outstanding under the Company's existing credit facilities (the "2024 Credit Facility"). No amounts were drawn on the revolving credit facility as of December 31, 2024. Additional amounts may be available for borrowing during the term of the revolving loan, up to the full \$130 million, as long as the Company maintains a net leverage ratio as stipulated in the credit facility agreement. As of December 31, 2024, the Company's net leverage ratio met the requirement for the available borrowing as defined in the terms of the credit facility agreement. The 2024 Credit Facility will mature on August 7, 2029.

Two lenders who participated in the 2021 Credit Facility did not participate in the 2024 Credit Facility and transferred their debt to other lenders. The 2024 Credit Facility is set to mature on August 7, 2029. The 2024 Credit Facility was accounted for as an extinguishment for the two lenders who transferred their debt and as a modification for all other remaining lenders. As a result, the Company wrote-off approximately \$0.1 million in unamortized debt issuance costs related to the lenders who did not participate in the 2024 Credit Facility which is included in Loss on Extinguishment of Debt in Other Expense in the accompanying consolidated statements of operations. In conjunction with the 2024 Credit Facility, the Company incurred approximately \$0.7 million in lender fees and \$0.1 million in other third-party fees related to the 2024 Revolver and approximately \$1.1 million in lender fees and \$0.2 million in other third-party fees related to the 2024 Term Loan. The \$1.1 million of lender fees related to the 2024 Term Loan have been capitalized and these fees, along with \$0.8 million of unamortized debt issuance costs related to the 2021 Credit Facility, will be amortized into interest expense through the maturity date of the 2024 Term Loan using the effective interest method. Similarly, \$0.7 million of lender fees and \$0.1 million of other third-party fees related to the 2024 Revolver have been capitalized as an other long-term asset and will be amortized into interest expense through the maturity date of the 2024 Revolver using the straight-line method. The \$0.2 million other third-party fees related to the 2024 Term Loan were expensed as incurred.

On December 30, 2024, the Company executed Amendment No. 1 to the 2024 Credit Facility (the "December 2024 Amendment") to allow the Company to facilitate the Spin-Off. See Note 1 in Notes to Consolidated Financial Statements for additional discussion of the spin-off. There were no changes to the lenders as a result of the amendment, which is accounted for as a modification. The Company incurred \$0.2 million of lender fees in connection with the December 2024 Amendment, which will be amortized through the maturity of the 2024 Credit Facility.

The Company's Credit Facilities, including the 2024 Credit Facility, require the Company to make quarterly principal payments until maturity, at which point a balloon principal payment is due for the outstanding

principal. The Credit Facilities also require the Company to make monthly interest payments as well as pay a quarterly unused commitment fee of 0.35% for any unused portion of the revolving credit facilities. The 2024 Credit Facility provides for the Company to prepay the term loans without penalty or premium. The Credit Facilities are secured by substantially all of the assets of the Company.

Interest on the revolving credit facilities and the term loans are based on the outstanding principal amount during the interest period multiplied by the quoted SOFR rate plus the Applicable Rate (as defined in the 2024 Credit Facility), which can range from 1.75% to 2.75% based on the Company's leverage ratio.

The 2024 Credit Facility contains customary covenants, including among other things, certain restrictions or limitations on indebtedness, issuance of liens, investments, asset sales, certain mergers or consolidations, sales, transfers, leases or dispositions of substantially all of the Company's assets, and affiliate transactions. The Company may also be required to make repayments on the 2021 Credit Facility in advance of the maturity date based on a calculation of excess cash flows, as defined in the agreement, with any required payments to be made after the issuance of the Company's annual financial statements. The Company was in compliance with all covenants as of December 31, 2024. See Note 6 in Notes to Consolidated Financial Statements in this Annual Report on Form 10-K for additional information.

On April 19, 2021, concurrently with the execution of the Merger Agreement, the Company and its wholly owned subsidiary, Holdings entered into subscription agreements (the "Note Subscription Agreements") with certain investors ("Notes Investors") pursuant to which such Notes investors, severally and not jointly, purchased on the Closing Date of the Business Combination, the Exchangeable Notes issued by the Company and guaranteed by the Company's wholly owned subsidiary, Holdings in an aggregate principal amount of up to \$130.0 million. The Exchangeable Notes were exchangeable into shares of Class A Common Stock at a conversion price of \$11.50 per share, subject to the terms and conditions of an Indenture entered by the Company and its wholly owned subsidiary, Holdings, and the trustee under the Indenture. The Exchangeable Notes accrued interest at a rate of 7% per annum. Interest was payable semi-annually in arrears on each June 15 and December 15, which commenced on June 15, 2022, to holders of record at the close of business on the preceding June 1 and December 1 (whether or not such day is a Business Day), respectively. The Exchangeable Notes were scheduled to mature on December 15, 2026, and were convertible into shares of Class A Common Stock at a conversion price of \$11.50 per share, subject to adjustment. See Note 6 in Notes to Consolidated Financial Statements in this Form 10-K for additional information.

Effective September 19, 2024, Resolute's acquisition of a majority of the Company's Class A Common Stock caused a Fundamental Change, as defined in the Indenture pursuant to which \$130 million of 7% Exchangeable Senior Notes, due 2026 were issued by a subsidiary of the Company. This Fundamental Change provided holders of the Exchangeable Notes a choice to: (1) exchange the Exchangeable Notes for shares of Class A Common Stock at a temporarily increased exchange rate of 104.5199 shares per \$1,000 principal amount of Exchangeable Notes until November 27, 2024 (with the exchange rate then reverting to the existing 91.0972 shares per \$1,000 principal amount of Exchangeable Notes); (2) have the Company repurchase for cash of all of such holder's Exchangeable Notes on November 29, 2024 at a repurchase price equal to 100% of the principal amount of the Exchangeable Notes to be repurchased plus accrued and unpaid interest; or (3) continue to hold the Exchangeable Notes. Through December 31, 2024, all \$130 million of the Exchangeable Notes were surrendered and exchanged for an aggregate of 13,587,565 newly-issued shares of Class A Common Stock. As of December 31, 2024, all of the Exchangeable Notes were converted into Class A shares.

Net Cash Provided by Operations

Cash provided by the Company's operating activities for the year ended December 31, 2024 was \$129.6 million compared to cash provided by its operating activities of \$104.3 million during the year ended December 31, 2023. The increase in cash provided by operating activities of \$25.2 million was primarily attributable to an increase in changes in mark to market fair value with a net change of \$171.8 million, equity compensation expense of \$21.2 million, depreciation and amortization expense of \$9.2 million, changes in working capital of \$11.9 million, amortization of deferred financing costs of \$1.2 million and deferred tax income of \$2.5 million. This was partially offset by a decrease in net income of \$83.2 million, and inventory reserve of \$0.3 million.

Net Cash Used in Investing

Cash used in the Company's investing activities for the year ended December 31, 2024 was \$9.9 million, primarily relating to capital expenditures of \$7.4 million, investment in SAFE of \$1.5 million and capitalized software expenditures of \$1.0 million, compared to cash used in investing activities of \$10.9 million for capital expenditures during the year ended December 31, 2023.

Net Cash Used in Financing

Cash used in the Company's financing activities for the year ended December 31, 2024 was \$83.4 million, compared to cash used in the Company's financing activities for the year ended December 31, 2023 of \$65.8 million. Cash used in financing activities for the year ended December 31, 2024 primarily related to distributions to non-controlling interest holders of \$34.9 million, special distribution to non-controlling interest holders of \$15.6 million repayment of scheduled principal payments of term loan of \$12.8 million, dividends to holders of Class A Common Stock of \$8.9 million, payments for taxes related to net share settlement of equity awards and Earnouts of \$9.0 million and \$3.8 million, respectively. The Company also made payments of \$2.1 million for costs related to the 2024 Term Loan modification and \$1.3 million related to payment for tax receivable agreement liability. Cash outflows were partially offset by proceeds of \$5.0 million pursuant to the exercise of equity awards and issuance of shares for employee stock purchase plan transactions. Cash used for the year ended December 31, 2023 primarily related to payment of distributions to non-controlling interests, repayment of scheduled term loan principal payments, payments for taxes related to net share settlement of equity awards, payments of tax receivable agreement liability and proceeds from employee stock purchase plan and exercise of equity awards.

Contractual Obligations

The following table summarizes, as of December 31, 2024, the Company's material expected contractual cash obligations by future period (see Notes 6, 7 and 15 of Notes to Consolidated Financial Statements):

	Payments due by Period				
	1 year or less	Years 2-3	Years 4-5	After Year 5	Total
(\$ amounts in thousands)					
Long-term Debt (1)	\$ 11,250	\$ 31,250	\$ 155,000	\$ —	\$ 197,500
Operating Leases (2)	2,502	3,152	1,205	—	6,859
Tax Receivable Agreement Liability (3)	5,171	28,405	29,278	190,851	253,705
Total	\$ 18,923	\$ 62,807	\$ 185,483	\$ 190,851	\$ 458,064

(1) Includes principal only. See Note 6 to the Consolidated Financial Statements.

(2) See Note 7 to the Consolidated Financial Statements.

(3) The Company is obligated to make payments under the tax receivable agreement to holders of interests in Holdings. See Note 2 and 15 to the Consolidated Financial Statements.

As of December 31, 2024, the Company has purchase commitments with a supplier of approximately \$10.7 million for 2025 and \$2.0 million for 2026.

Financing

The Company is party to the 2024 Credit Facility with various banks. For a more complete description of the Company's debt obligations, see Note 6 in the Notes to Consolidated Financial Statements in the Audited Consolidated Financial Statements of the Company in this report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

In addition to existing cash balances and cash provided by operating activities, the Company uses variable rate debt to finance its operations. The Company is exposed to interest rate risk on these debt obligations and a related interest rate swap agreement. As of December 31, 2024, the Company had \$197.5 million in debt outstanding under the 2024 Credit Facility, all of which was variable rate debt.

The Company performed a sensitivity analysis based on the principal amount of debt outstanding as of December 31, 2024, as well as the effect of its interest rate swap agreement. In this sensitivity analysis, the change in interest rates is assumed to be applicable for an entire year. An increase or decrease of 100 basis points in the applicable interest rate would cause an increase or decrease in interest expense of approximately \$4.0 million on an annual basis.

On January 11, 2022, CompoSecure entered into an interest rate swap agreement to hedge forecasted interest rate payments on its variable rate debt. As of December 31, 2024, the Company had the following interest rate swap agreements (in thousands):

Effective Dates	Notional Amount	Fixed Rate
	(\$ in thousands)	
December 5, 2023 through December 22, 2025	\$ 125,000	1.90 %

Under the terms of the interest rate swap agreement, the Company receives payments based on the greater of 1-month SOFR rate or a minimum of 1.00%.

The Company has designated the interest rate swap as a cash flow hedge for accounting purposes that was determined to be effective. The Company determined the fair value of the interest rate swap to be zero at the inception of the agreement and \$2.7 million at December 31, 2024. The Company reflects the realized gains and losses of the actual monthly settlement activity of the interest rate swap in its consolidated statements of operations. The Company reflects the unrealized changes in fair value of the interest rate swap at each reporting period in other comprehensive income and a derivative asset or liability is recognized at each reporting period in the Company’s financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

COMPOSECURE, INC.

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Board of Directors and Stockholders
CompoSecure, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of CompoSecure, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive (loss) income, stockholders’ deficit, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Change in accounting principle

As discussed in Note 2 to the consolidated financial statements, the Company has adopted new accounting guidance in 2024 related to the disclosure of segment information in accordance with ASU 2023-07, *Segment Reporting (Topic 280)*. The adoption was retrospectively applied to 2023 and 2022.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2015.

New York, New York

March 5, 2025

COMPOSECURE, INC.
Consolidated Balance Sheets
(\$ in thousands, except par value and share amounts)

	December 31,	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 77,461	\$ 41,216
Accounts receivable	47,449	40,488
Inventories, net	44,833	52,540
Prepaid expenses and other current assets	4,159	5,133
Total Current assets	173,902	139,377
Property and equipment, net	23,448	25,212
Right-of-use asset - operating leases	5,404	7,473
Deferred tax asset	264,815	23,697
Derivative asset- interest rate swap	2,749	5,258
Deposits and other assets	3,600	24
Total assets	\$ 473,918	\$ 201,041
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$ 11,544	\$ 5,193
Accrued expenses	14,682	11,986
Bonus payable	8,466	5,616
Commission payable	2,563	4,429
Current portion of long-term debt	11,250	10,313
Current portion of lease liabilities - operating leases	2,113	1,948
Current portion of earnout consideration liability	20,533	60
Current portion of tax receivable agreement liability	5,171	1,425
Total current liabilities	76,322	40,970
Long-term debt, net of deferred finance costs	184,389	198,331
Convertible notes	—	127,832
Derivative liability - convertible notes redemption make-whole provision	—	425
Warrant liability	104,231	8,294
Lease liabilities - operating leases	3,888	6,220
Tax receivable agreement liability	248,534	23,949
Earnout consideration liability	—	793
Total liabilities	617,364	406,814
Commitments and contingencies (Note 15)		
Redeemable non-controlling interest	—	596,587
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized, no shares issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 250,000,000 shares authorized, 100,462,844 and 19,415,123 shares issued and outstanding as of December 31, 2024 and 2023, respectively.	10	2
Class B common stock, \$0.0001 par value; 75,000,000 shares authorized, 0 shares and 59,958,422 shares issued and outstanding as of December 31, 2024 and 2023, respectively.	—	6
Additional paid-in-capital	361,379	39,466
Accumulated other comprehensive income	2,543	4,991
Accumulated deficit	(507,378)	(846,825)
Total stockholders' deficit	(143,446)	(802,360)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 473,918	\$ 201,041

The accompanying notes are an integral part of these financial statements.

COMPOSECURE, INC.**Consolidated Statements of Operations**

(\$ in thousands except per share amounts)

	Years Ended December 31,		
	2024	2023	2022
Net sales	\$ 420,571	\$ 390,629	\$ 378,476
Cost of sales	201,344	181,547	158,832
Gross profit	219,227	209,082	219,644
Operating expenses:			
Selling, general and administrative expenses	111,605	89,995	104,749
Income from operations	107,622	119,087	114,895
Other (expense) income:			
Revaluation of warrant liability	(95,937)	8,047	18,930
Revaluation of earnout consideration liability	(76,305)	14,237	23,337
Change in fair value of derivative liability - convertible notes redemption make-whole provision	425	(139)	266
Interest income	4,648	4,977	1,249
Interest expense	(20,176)	(27,525)	(21,378)
Loss on extinguishment of debt	(148)	—	—
Amortization of deferred financing costs	(1,104)	(1,608)	(2,415)
Other income	—	—	1,291
Total other (expense) income, net	(188,597)	(2,011)	21,280
(Loss) income before income taxes	(80,975)	117,076	136,175
Income tax expense	(2,187)	(4,556)	(4,360)
Net (loss) income	\$ (83,162)	\$ 112,520	\$ 131,815
Net (loss) income attributable to redeemable non-controlling interests	\$ (29,443)	\$ 93,281	\$ 113,158
Net (loss) income attributable to CompoSecure, Inc.	\$ (53,719)	\$ 19,239	\$ 18,657
Net (loss) income per share attributable to Class A common stockholders - basic	\$ (1.22)	\$ 1.03	\$ 1.21
Net (loss) income per share attributable to Class A common stockholders - diluted	\$ (1.22)	\$ 0.96	\$ 1.13
Weighted average shares used to compute net (loss) income per share attributable to Class A common stockholders - basic	44,012	18,661	15,372
Weighted average shares used to compute net (loss) income per share attributable to Class A common stockholders - diluted	44,012	35,312	32,555

The accompanying notes are an integral part of these financial statements.

COMPOSECURE, INC.

Consolidated Statements of Comprehensive (Loss) Income

(\$ in thousands)

	Years Ended December 31,		
	2024	2023	2022
Net (loss) income	\$ (83,162)	\$ 112,520	\$ 131,815
Other comprehensive (loss) income, net:			
Unrealized (loss) gain on derivative - interest rate swap (net of tax)	(2,448)	(3,292)	8,283
Total other comprehensive (loss) income, net	(2,448)	(3,292)	8,283
Comprehensive (loss) income	\$ (85,610)	\$ 109,228	\$ 140,098

COMPOSECURE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(in thousands, except share data)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders'	Redeemable Non-Controlling Interest
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2021	14,929,982	\$ 1	61,136,800	\$ 6	\$ 12,261	\$ —	\$ (1,028,229)	\$ (1,015,961)	\$ 608,311
Distributions to non-controlling interests	—	—	—	—	—	—	(36,293)	(36,293)	—
Stock-based compensation	—	—	—	—	11,465	—	—	11,465	—
Issuance costs related to business combination	—	—	—	—	(726)	—	—	(726)	—
Net income	—	—	—	—	—	—	18,657	18,657	113,158
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes and employee stock purchase plan transactions	705,023	—	—	—	—	—	—	—	—
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	82	—	—	82	—
Class A common stock issued pursuant to Class B common stock exchanges	811,743	1	(811,743)	—	—	—	—	1	—
Unrealized gain on derivative - interest rate swap	—	—	—	—	—	8,283	—	8,283	—
Tax receivable agreement liability	—	—	—	—	1,025	—	—	1,025	—
Adjustment of redeemable non-controlling interests to redemption value	—	—	—	—	—	—	121,235	121,235	(121,235)
Balance as of December 31, 2022	16,446,748	\$ 2	60,325,057	\$ 6	\$ 24,107	\$ 8,283	\$ (924,630)	\$ (892,232)	\$ 600,234
Distributions to non-controlling interests	—	—	—	—	—	—	(38,362)	(38,362)	—
Stock-based compensation	—	—	—	—	17,562	—	—	17,562	—
Net income	—	—	—	—	—	—	19,239	19,239	93,281
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes and employee stock purchase plan transactions	2,601,740	—	—	—	—	—	—	—	—
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	1,196	—	—	1,196	—
Class A common stock withheld related to net share settlement of equity awards	—	—	—	—	(3,126)	—	—	(3,126)	—
Class A common stock issued pursuant to Class B common stock exchanges	366,635	—	(366,635)	—	—	—	—	—	—
Unrealized loss on derivative - interest rate swap	—	—	—	—	—	(3,292)	—	(3,292)	—
Tax receivable agreement liability	—	—	—	—	(273)	—	—	(273)	—

The accompanying notes are an integral part of these financial statements.

COMPOSECURE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(in thousands, except share data)

Adjustment of redeemable non-controlling interests to redemption value	—	—	—	—	—	—	—	96,928	96,928	(96,928)
Balance as of December 31, 2023	19,415,123	\$ 2	59,958,422	\$ 6	\$ 39,466	\$ 4,991	\$ (846,825)	\$ (802,360)	\$ 596,587	
Distributions to non-controlling interests	—	—	—	—	—	—	(34,863)	(34,863)	—	
Dividend to Class A shareholders	—	—	—	—	(8,922)	—	—	(8,922)	—	
Special distribution to non-controlling interests	—	—	—	—	—	—	(15,573)	(15,573)	—	
Stock-based compensation	—	—	—	—	21,235	—	—	21,235	—	
Shares issued upon the exchange of convertible debt	13,587,565	2	—	—	128,264	—	—	128,266	—	
Earnout Phase 1	3,635,924	—	—	—	52,835	—	—	52,835	—	
Net loss	—	—	—	—	—	—	(53,719)	(53,719)	(29,443)	
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes, warrants and ESPP transactions	3,865,810	—	—	—	—	—	—	—	—	
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	4,998	—	—	4,998	—	
Class A common stock withheld related to net share settlement of equity awards	—	—	—	—	(8,994)	—	—	(8,994)	—	
Class A common stock issued pursuant to Class B common stock exchanges	59,958,422	6	(59,958,422)	(6)	—	—	—	—	—	
Unrealized loss on derivative - interest rate swap	—	—	—	—	—	(2,448)	—	(2,448)	—	
Tax receivable agreement liability	—	—	—	—	8,955	—	—	8,955	—	
Adjustment of redeemable non-controlling interests to redemption value	—	—	—	—	123,542	—	443,602	567,144	(567,144)	
Balance as of December 31, 2024	100,462,844	\$ 10	—	\$ —	\$ 361,379	\$ 2,543	\$ (507,378)	\$ (143,446)	\$ —	

The accompanying notes are an integral part of these financial statements.

COMPOSECURE, INC.
Consolidated Statements of Cash Flows
(\$ in thousands)

	Years Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net (loss) income	\$ (83,162)	\$ 112,520	\$ 131,815
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization	9,174	8,387	8,575
Stock-based compensation expense	21,235	17,562	11,465
Inventory reserve	(294)	(1,182)	1,668
Amortization of deferred financing costs	1,155	1,546	2,345
Loss on extinguishment of debt	148	—	—
Revaluation of earnout consideration liability	76,305	(14,237)	(23,337)
Revaluation of warrant liability	95,937	(8,047)	(18,930)
Change in fair value of derivative liability	(425)	139	(266)
Deferred tax expense	(2,469)	2,667	3,193
Changes in assets and liabilities			
Accounts receivable	(6,961)	(3,216)	(9,347)
Inventories	8,001	(8,984)	(18,237)
Prepaid expenses and other assets	974	(1,309)	(1,228)
Accounts payable	6,351	(1,934)	68
Accrued expenses	2,696	1,833	23
Deposits and other assets	—	—	(14)
Other liabilities	888	(1,433)	4,990
Net cash provided by operating activities	129,553	104,312	92,783
Cash flows from investing activities			
Purchase of property and equipment	(7,410)	(10,944)	(9,053)
Investment in SAFE	(1,500)	—	—
Capitalized software expenditures	(1,035)	—	—
Net cash used in investing activities	(9,945)	(10,944)	(9,053)
Cash flows from financing activities			
Proceeds from employee stock purchase plan and exercise of options	4,998	1,196	82
Payments for taxes related to net share settlement of equity awards	(8,994)	(3,126)	—
Payments for taxes related to net share settlement of Earnouts	(3,789)	—	—
Payment of line of credit	—	—	(15,000)
Payment of term loan	(12,813)	(22,810)	(16,878)
Payment of tax receivable agreement liability	(1,303)	(2,436)	(110)
Deferred finance costs related to debt modification	(2,104)	(256)	—
Tax distributions to non-controlling members	(34,863)	(38,362)	(36,293)
Special Distribution to non-controlling members	(15,573)	—	—
Dividend to Class A shareholders	(8,922)	—	—
Issuance cost related to Business Combination	—	—	(23,833)
Net cash used in financing activities	(83,363)	(65,794)	(92,032)
Net increase (decrease) in cash and cash equivalents	36,245	27,574	(8,302)
Cash and cash equivalents , beginning of year	41,216	13,642	21,944
Cash and cash equivalents, end of year	77,461	41,216	13,642
Supplementary disclosure of cash flow information:			
Cash paid for interest expense	\$ 20,608	\$ 27,247	\$ 21,379
Cash paid for income taxes	\$ 4,820	\$ 2,760	\$ 858
Supplemental disclosure of non-cash financing activities:			
Revaluation of derivative asset - interest rate swap	\$ (2,448)	\$ (3,292)	\$ 8,283

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

CompoSecure, Inc. ("CompoSecure" or the "Company") is a manufacturer and designer of complex metal, composite and proprietary financial transaction cards. The Company was founded and commenced operations in 2000. The Company provides products and services primarily to global financial institutions, plastic card manufacturers, system integrators, and security specialists. The Company is located in Somerset, New Jersey. Since its inception, the Company has established itself as a technology partner to market leaders, fintechs and consumers enabling trust for millions of people around the globe. The Company combines elegance, simplicity and security to deliver exceptional experiences and peace of mind in the physical and digital world. The Company's innovative payment card technology and metal cards with Arculus secure authentication and digital asset storage capabilities deliver unique, premium branded experiences, enable people to access and use their financial and digital assets, and ensure trust at the point of a transaction.

The Company creates newly innovated, highly differentiated and customized quality financial payment products for banks and other payment card issuers to support and increase their customer acquisition, customer retention and organic customer spend. The Company's customers consist primarily of leading international and domestic banks and other payment card issuers primarily within the United States ("U.S."), with additional direct and indirect customers in Europe, Asia, Latin America, Canada, and the Middle East. The Company is a platform for next generation payment technology, security, and authentication solutions. The Company maintains trusted, highly-embedded and long-term customer relationships with an expanding set of global issuers. The Company has established a niche position in the financial payment card market with over 20 years of innovation and experience and is focused primarily on this attractive subsector of the financial technology market. The Company serves a diverse set of direct customers and indirect customers, including some of the largest issuers of credit cards in the U.S.

On December 27, 2021 (the "Closing Date"), Roman DBDR Tech Acquisition Corp ("Roman DBDR") consummated the merger pursuant to the Merger Agreement, dated April 19, 2021 (the "Merger Agreement"), by and among Roman DBDR, Roman Parent Merger Sub, LLC, a wholly-owned subsidiary of Roman DBDR incorporated in the State of Delaware ("Merger Sub"), and CompoSecure Holdings, L.L.C., a Delaware limited liability company ("Holdings"). Pursuant to the terms of the Merger Agreement, a business combination between the Company and Holdings was affected through the merger of Merger Sub with and into Holdings, with Holdings as the surviving company and as a wholly-owned subsidiary of Roman DBDR (the "Business Combination"). Pursuant to the Business Combination, the merger was accounted for as a reverse recapitalization in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). On the Closing Date, and in connection with the closing of the Business Combination, Roman DBDR changed its name to CompoSecure, Inc. Holdings was deemed the accounting acquirer in the Business Combination based on an analysis of the criteria outlined in Accounting Standards Codification ("ASC") 805. This determination was primarily based on Holdings' members prior to the Business Combination having a majority of the voting interests in the combined company, Holdings' operations comprising the ongoing operations of the combined company, Holdings' members and officers comprising a majority of the board of directors of the combined company, and Holdings' senior management comprising the senior management of the combined company. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Holdings issuing stock for the net assets of Roman DBDR, accompanied by a recapitalization. The net assets of Roman DBDR were stated at historical cost, with no goodwill or other intangible assets recorded. While Roman DBDR was the legal acquirer in the Business Combination, because Holdings was deemed the accounting acquirer, the historical financial statements of Holdings became the historical financial statements of the combined company, upon the consummation of the Business Combination. As a result, the financial statements included in this report reflect (i) the historical operating results of Holdings prior to the Business Combination; (ii) the combined results of the Company and Holdings following the closing of the Business Combination; (iii) the assets and liabilities of Holdings at their historical cost; and (iv) the Company's equity structure for all periods presented. In accordance with guidance applicable to these circumstances, the equity structure was restated in all comparative periods up to the Closing Date, to reflect the number of shares of the Company's common stock, \$0.0001 par value per share issued to Holdings' equity holders in connection with the recapitalization transaction. As such, the shares and corresponding capital amounts and earnings per share related to Holdings' common stock prior to the Business Combination have been retroactively restated as shares reflecting the exchange ratio established in the Business Combination Agreement.

Prior to the Resolute Transaction, the Company had operated as an umbrella partnership C corporation (“Up-C”), meaning that the sole asset of CompoSecure, Inc. was its interest in Holdings and the related deferred tax asset. Holdings had been an entity taxed as a partnership for U.S. federal income tax purposes and, until the Resolute transaction (described below), was owned by both the historical owners and CompoSecure, Inc. By virtue of control of the board of managers of Holdings, CompoSecure, Inc. operates and controls the business and affairs of CompoSecure. As a result, the Company consolidates the financial results of Holdings and, through December 31, 2024, has reported a non-controlling interest related to the Holdings units not owned by CompoSecure, Inc through the time of the Resolute Transaction which resulted in the elimination of the non-controlling interest.

On August 7, 2024, all of the Class B stockholders of the Company and affiliates of Resolute Compo Holdings, LLC, including Tungsten 2024 LLC ("Resolute") entered into stock purchase agreements, pursuant to which the selling shareholders would exchange their 51,908,422 Class B units (and corresponding Class B shares) for Class A shares, eliminating the Company's existing dual-share class structure. On September 17, 2024, the transactions (the "Resolute Transaction") closed and Resolute became the majority owner of the Company by acquiring 49,290,409 shares of Class A Common Stock of the Company for an aggregate purchase price of approximately \$372 million, or \$7.55 per share, representing an approximately 60% voting interest. The Company was not party to the stock purchase agreements. Prior to these transactions, Class B holders held Class B units in Holdings. Subsequent to the Resolute Transaction, CompoSecure owned 100% of Holdings. As a result of the Resolute Transaction, the Company no longer had Class B shares outstanding as of the closing date. At December 31, 2024, Resolute held approximately 49.9% of the voting interest in the Company resulting from dilution from additional issuances of Class A shares by the Company).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements are presented in conformity with generally accepted accounting principals in the United States ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) promulgated by the Financial Accounting Standards Board (“FASB”). The accompanying consolidated financial statements include the results of operations of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to conform to the current year presentation. All dollar amounts are in thousands, unless otherwise noted. Share and per share amounts are presented on a post-conversion basis for all periods presented, unless otherwise noted.

Use of Estimates

The preparation of the consolidated financial statements requires management to make a number of estimates and assumptions relating to the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. The Company bases its estimates on historical experience, current business factors and various other assumptions believed to be reasonable under the circumstances, all of which are necessary in order to form a basis for determining the carrying values of assets and liabilities. Actual results may differ from those estimates and assumptions. The Company evaluates the adequacy of its reserves and the estimates used in calculations on an on-going basis. Significant areas requiring management to make estimates include the valuation of equity instruments, measurement of changes in the fair value of earnout consideration liability, estimates of derivative liability associated with the Exchangeable Notes (as defined below), which were marked to market each quarter based on a Lattice model approach, derivative asset for the interest rate swap, changes in the fair value of warrant liabilities, valuation allowances on deferred tax assets which are based on an assessment of recoverability of the deferred tax assets against future taxable income and estimates of the inputs used to calculate the tax receivable agreement liability, reserve for excess and obsolete inventory, estimated useful lives and impairment of property and equipment, and lease term, discount rates and other inputs used to measure right of use assets and lease liabilities.

COMPOSECURE, INC.

Notes to Consolidated Financial Statements

(amounts in thousands, except share data)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities from the purchase date of three months or less that can be readily converted into known amounts of cash. Cash and cash equivalents are held at recognized U.S. financial institutions. Interest earned is reported in the consolidated statements of operations. The carrying amount of cash and cash equivalents approximates its fair value due to its short-term and liquid nature.

Accounts Receivable

Accounts receivable are recognized net of allowances for credit losses. Allowance for credit losses are established based on an evaluation of accounts receivable aging, and, where applicable, specific reserves on a customer-by-customer basis, creditworthiness of the Company's customers and prior collection experience to estimate the ultimate collectability of these receivables. At the time the Company determines that a receivable balance, or any portion thereof, is deemed to be permanently uncollectible, the balance is then written off. The Company did not recognize any allowance for credit losses at December 31, 2024 and 2023.

Inventories

Inventories are stated at the lower of cost or net realizable value, a basis that approximates the first-in, first out method. Inventories consist of raw material, work in process and finished goods. The Company establishes reserves as necessary for obsolescence and excess inventory. The Company records a reserve for excess and obsolete inventory based upon a calculation using the historical experience, expected future sales volumes, the projected expiration of inventory and specifically identified obsolete inventory.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which ranges from one to ten years. Leasehold improvements are recorded at cost, less accumulated amortization, which is computed on straight-line basis over the shorter of the useful lives of the assets or the remaining lease term. Expenditures for maintenance and repairs are charged to expense as incurred. The Company evaluates the depreciation periods of property and equipment to determine whether events or circumstances indicate that the asset's carrying value is not recoverable or warrant revised estimates of useful lives. No impairment charges or revisions in the estimated useful lives of property and equipment were made during the years ended December 31, 2024 and 2023.

Investments

In November 2024, the Company invested \$1,500 in a Simple Agreement for Future Equity ("SAFE") with Signify Holdings, Inc., also known as Rain Cards. Rain Cards is an issuer with the Visa Network and offers solutions for card programs across a number of regions and use cases. In accordance with ASC 321, Investments, the Company has elected to account for this investment at cost. No impairment was recorded on the investment during the year ended December 31, 2024. Investment in SAFE are included as part of the deposits and other assets line item on the consolidated balance sheet.

Revenue Recognition

The Company recognizes revenue in accordance with ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)* ("ASC 606") when the performance obligations under the terms of the Company's contracts with its customers have been satisfied. This occurs at the point in time when control of the specific goods or services as specified by each purchase order are transferred to customers. Specific goods refers to the products offered by the Company, including metal cards, high security documents, and pre-laminated materials. Transfer of control passes to customers upon shipment or upon receipt, depending on the agreement with the specific customers. ASC 606 requires entities to record a contract asset when a performance obligation has been satisfied or partially satisfied, but the amount of consideration has not yet been received because the receipt of the consideration is conditioned on something other than the passage of time. ASC 606 also requires an entity to present a revenue contract as a contract liability in instances when a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (e.g. receivable), before the entity transfers a good or service to the customer. The Company did not have any contract assets or liabilities as of December 31, 2024 and 2023.

The Company invoices its customers at the time at which control is transferred, with payment terms ranging between 15 and 60 days depending on each individual contract. As the payment is due within 60 days of the invoice, a significant financing component is not included within the contracts.

The majority of the Company's contracts with its customers have the same performance obligation of manufacturing and transferring the specified number of cards to the customer. Each individual card included within an order constitutes a separate performance obligation, which is satisfied upon the transfer of goods to the customer. The contract term as defined by ASC 606 is the length of time it takes to deliver the goods or services promised under the purchase order or statement of work. As such, the Company's contracts are generally short term in nature.

Revenue is measured in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognized net of variable consideration such as discounts, rebates, and returns which is measured based on the expected value or most likely amount of variable consideration, as applicable.

The Company's products do not include an unmitigated right of return unless the product is non-conforming or defective. If the goods are non-conforming or defective, the defective goods are replaced or reworked or, in certain instances, a credit is issued for the portion of the order that was non-conforming or defective. A provision for sales returns and allowances is recorded based on experience with goods being returned. Most returned goods are re-worked and subsequently re-shipped to the customer and recognized as revenue. Historically, returns have not been material to the Company.

Additionally, the Company has a rebate program with certain customers allowing for a rebate based on achieving a certain level of shipped sales during the calendar year. This rebate is estimated and updated throughout the year and recorded against revenues and the related accounts receivable.

On occasion, the Company receives requests from customers to hold purchased products. The Company evaluates these requests as bill and hold arrangements. The Company recognizes revenue from such bill and hold arrangements in accordance with the guidance provided in ASC 606, which indicates that for a customer to have obtained control of a product in a bill and hold arrangement, all of the following criteria must be met: (a) the reason for the bill and hold is substantive, (b) the product has separately been identified as belonging to the customer, (c) the product is currently ready for physical transfer to the customer, and (d) the Company does not have the ability to use the product or direct it to another customer. During the years ended December 31, 2024, 2023, and 2022 the Company recognized \$8,085, \$0 and \$2,300 of revenue under bill and hold arrangements, respectively.

Significant Judgments in Application of the Guidance

Management exercises judgment when determining the amount of revenue to be recognized each period. Such judgments include, but are not limited to, assessing the customer's ability and intention to pay substantially all of the contract consideration when due, assessing whether promises are immaterial in the context of the contract, determining whether material promises in a contract represent distinct performance obligations, estimating the transaction price for a contract that contains variable consideration, determining the stand-alone selling price of each performance obligation, and determining the point in time when control is transferred to the customer.

Practical Expedients and Exemptions

As permitted by ASC 606, the Company uses certain practical expedients in connection with the application of ASC 606. The Company accounts for shipping and handling activities as fulfillment activities. The Company accounts for costs associated with obtaining new contracts as expenses when incurred if the amortization period of the asset that would be recognized is one year or less. The Company does not adjust the transaction price for significant financing components, as the Company's contracts typically do not contain provisions for significant advance or deferred payments, nor do they span more than a one year period. The Company applies the optional exemption to not disclose information regarding the allocation of transaction price to remaining performance obligations with an original expected duration of less than one year.

COMPOSECURE, INC.

Notes to Consolidated Financial Statements

(amounts in thousands, except share data)

Shipping and Handling Costs

Shipping and handling are recognized in cost of goods sold in the consolidated statements of operations. Total shipping and handling costs were approximately \$2,451, \$2,286 and \$2,755 for the years ended December 31, 2024, 2023, and 2022, respectively.

Research and Development Costs

Research and development costs are expensed as incurred and were \$7,441, \$6,780 and \$6,723 for the years ended December 31, 2024, 2023, and 2022, respectively.

Advertising

The Company expenses the cost of advertising as incurred. Advertising expense of approximately \$4,782, \$5,020, and \$11,808 for the years ended December 31, 2024, 2023, and 2022, respectively, are included in selling, general and administrative expenses in the consolidated statements of operations.

Income Taxes

Income taxes are applied to the income attributable to the controlling interest (see Note 13) as the income attributable to the non-controlling interest is pass-through income. Prior to the Business Combination, the Company was not subject to income taxes due to its prior equity structure and was, instead, subject to pass through income taxes. The Company complies with the accounting and reporting requirements of ASC Topic 740, *Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company will continue to evaluate the realizability of our deferred tax assets and liabilities on a quarterly basis, and will adjust such amounts in light of changing facts and circumstances, including but not limited to future projections of taxable income, tax legislation, rulings by relevant tax authorities and the progress of ongoing tax audits, if any. The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized in future periods.

Prior to the Resolute Transaction, Holdings was a partnership for tax purposes. Pursuant to Holdings' limited liability company agreement, during a portion of fiscal 2024 (and prior years), Holdings made pro rata tax distributions to its members. These distributions were based on the Company's estimate of taxable income for each year, updated throughout the year. Tax distributions from Holdings were intended to provide each member of Holdings sufficient funds to meet tax obligations with respect to the taxable income of Holdings allocated to each member. The Holdings limited liability company agreement required distributions to be calculated based on a tax rate equal to the highest combined marginal federal and applicable state or local statutory income tax rate applicable to an individual resident in New York City, New York, including the Medicare contribution tax on unearned income, taking into account all jurisdictions in which the Company is required to file income tax returns together with the relevant apportionment information subject to various adjustments. As a result of the Resolute Transaction, CompoSecure, Inc. is the only owner of Holdings.

For the year ended December 31, 2024, Holdings distributed a total of \$50,082 of tax distributions to its members, of which \$15,219 was paid to CompoSecure, Inc. (the parent company), resulting in a net tax distribution to all other members of \$34,863. For the year ended December 31, 2023, Holdings distributed a total of \$49,955 of tax distributions to its members, of which \$11,593 was paid to CompoSecure, Inc. (the parent company), resulting in a net tax distribution to all other members of \$38,362. For the year ended December 31, 2022, Holdings distributed a total of \$44,434 of tax distributions to its members, of which \$8,141 was paid to CompoSecure, Inc. (the parent company), resulting in a net tax distribution to all other members of \$36,293.

COMPOSECURE, INC.

Notes to Consolidated Financial Statements

(amounts in thousands, except share data)

Stock-Based Compensation

The Company has equity-based compensation plans which are described in more detail in Note 9. Compensation cost relating to equity-based awards as provided by the arrangements are recognized in the consolidated statements of operations over the requisite service period based on the grant date fair value of such awards. The Company determines the fair value of each award on the date of grant using the methodology commonly accepted for the respective award. See Note 9 for a discussion of the valuation of equity-based compensation.

Earnout Consideration

As a result of the Business Combination, certain of Holdings' equity holders had the right to receive an aggregate of up to 7,500,000 additional shares of the Company's Class A Common Stock in earnout consideration (the "Earnout Shares") based on the achievement of certain stock price thresholds (See Note 18 in Notes to Consolidated Financial Statements in this Form 10-K for further discussion) (collectively, the "Earnouts"). The Earnouts are subject to two price thresholds, with half to be awarded upon the achievement of each threshold. The Earnouts expire in two phases if the achievement thresholds are not met. The first phase was to expire upon the three year anniversary of the Closing Date, and the second phase is set to expire upon the four year anniversary. The Earnouts under the first phase were achieved on December 13, 2024. The second phase Earnout, which expires December 27, 2025, has not yet been achieved.

The valuation of the Earnouts was determined using a Monte Carlo simulation model that utilizes significant assumptions, including volatility, that determine the probability of satisfying the market condition stipulated in the award to calculate the fair value of the award. The Company classifies the Earnouts as liabilities at their fair value on the consolidated balance sheet and adjusts the fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until expiration, and any change in fair value is recognized in revaluation of Earnout consideration liability in the Company's consolidated statements of operations. A portion of the liability was considered compensation and fully expensed at inception. See Note 9 and 11.

Warrant Liability

The Company accounts for the warrants in accordance with the guidance contained in ASU 2017-12, *Derivatives and Hedging (Topic 815)* ("ASC 815"). As the warrants did not meet the criteria for equity treatment in accordance with ASC 815, the warrants were recorded as liabilities on the consolidated balance sheets. Accordingly, the Company classifies the warrants as liabilities at their fair value and adjusts the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in revaluation of warrant liability in the Company's consolidated statements of operations. The warrants were valued using the quoted market price as of each balance sheet date. See Note 11 for more details.

Tax Receivable Agreement Liability

As a result of the Business Combination, the Company entered into a tax receivable agreement (the "Tax Receivable Agreement") with Holdings and holders of interests in Holdings as of the date of the Business Combination (the "TRA Holders"). Pursuant to the Tax Receivable Agreement, the Company is required to pay to the TRA Holders 90% of the amount of savings, if any, in U.S. federal, state and local income tax that the Company actually realizes as a result of the utilization of certain tax attributes. The tax receivable agreement will continue until all such tax benefits have been utilized or expired unless the Company exercises its right to terminate the agreement for an amount representing the present value of anticipated future tax benefits under the tax receivable agreement. The Company will retain the benefit of the remaining 10% of these cash tax savings. The Company recorded \$253,705 and \$25,374 in tax receivable agreement liability as of December 31, 2024 and 2023, respectively which is reported in the Company's consolidated balance sheets. The Company paid \$1,303 and \$2,436 during the years ended December 31, 2024 and December 31, 2023, respectively to the TRA Holders pursuant to the savings in U.S. federal, state and local income taxes that the Company realized as a result of the utilization of certain tax attributes for the fiscal years 2023 and 2022.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses primarily include expenses related to salaries and commissions, transaction costs, and professional fees. Included in SG&A during the years ended December 31, 2024, 2023,

COMPOSECURE, INC.

Notes to Consolidated Financial Statements

(amounts in thousands, except share data)

and 2022 were salaries and commissions of \$31,478, \$30,108, and \$35,650, and professional fees of \$24,916, \$13,664, and \$14,024, respectively.

Net (Loss) Income Per Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share". Net (loss) income per common share is computed by dividing net (loss) income attributable to controlling interest by the weighted average number of common shares outstanding for the period. The weighted-average number of common shares outstanding during the period includes Class A Common Stock but was exclusive of Class B Common Stock (while outstanding) as these shares have no economic or participating rights.

Diluted net (loss) income per share is computed by dividing the net (loss) income allocated to potential dilutive instruments attributable to controlling interest by the basic weighted-average number of common shares outstanding during the period, adjusted for the potentially dilutive shares of common stock equivalents resulting from the assumed exercise of the warrants, payment of the earnouts, exercise and vesting of the equity awards, exchange of the Class B units and Exchangeable Notes ("securities") only if the effect is not anti-dilutive.

Market and Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of investments in cash, cash equivalents, short-term investments and accounts receivable. The Company's primary exposure is credit risk on receivables as the Company does not require any collateral for its accounts receivable. Credit risk is the loss that may result from a trade customer's or counterparty's nonperformance. The Company uses credit policies to control credit risk, including utilizing an established credit approval process, monitoring customer and counterparty limits, monitoring changes in a customer's credit rating, employing credit mitigation measures such as analyzing customers' financial statements, and accepting personal guarantees and various forms of collateral. The Company believes that its customers and counterparties will be able to satisfy their obligations under their contracts.

The Company maintains cash and cash equivalents with approved federally insured financial institutions. Such deposit accounts at times may exceed federally insured limits. The Company is exposed to credit risks and liquidity in the event of default by the financial institutions or issuers of investments in excess of FDIC insured limits. The Company performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any institution if required. The Company has not experienced any losses on such accounts.

Fair Value Measurements

The Company determines fair value in accordance with ASC 820 *Fair Value Measurement* ("ASC 820") which established a hierarchy for the inputs used to measure the fair value of financial assets and liabilities based on the source of the input, which generally range from quoted prices for identical instruments in a principal trading market i.e. Level 1 to estimates determined using significant unobservable inputs i.e. Level 3. The fair value hierarchy prioritizes the inputs, which refer to assumptions that market participants would use in pricing an asset or liability, based upon the highest and best use, into three levels as follows:

The standard describes three levels of inputs that may be used to measure fair value:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- **Level 2:** Observable inputs other than unadjusted quoted prices in active markets for identical assets or liabilities such as:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other mean
- **Level 3:** Unobservable inputs in which there is little or no market data available, which are significant to the fair value measurement and require the Company to develop its own assumptions.

The Company's financial assets and liabilities measured at fair value consisted of cash and cash equivalents, accounts receivable, accounts payable, debt, warrants, earnout consideration and interest rate swap. Cash and cash equivalents consisted of bank deposits and short-term investments, such as money market funds, the fair value of which is based on quoted market prices, a Level 1 fair value measure. As of December 31, 2024 and 2023, the carrying values of cash, cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term maturity of these instruments. The Exchangeable Notes were all converted during the year ended December 31, 2024. The fair value of the Company's Exchangeable Notes without the make-whole feature was approximately \$118,000 as of December 31, 2023. The Company accounts for financial assets and liabilities that are re-measured and reported at fair value at each reporting period in accordance with ASC 820. See Note 11.

Software Development Costs

The Company applies the principals of FASB ASC 350-40, Accounting for the Cost of Computer Software Developed or Obtained for Internal Use ("ASC 350-40"). ASC 350-40 requires that software development costs incurred before the preliminary project stage be expensed as incurred. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the functions intended. The Company capitalized \$1,035 of software development costs during the year ended December 31, 2024. No software development costs were capitalized during the year ended December 31, 2023. Capitalized software costs are presented as part of deposits and other assets on the consolidated balance sheets. The carrying value of capitalized software was \$985 as of December 31, 2024. There was no capitalized software as of December 31, 2023. Capitalized software is amortized between two and three years.

Recent Accounting Pronouncements

On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosure of income statement expenses for public business entities ("PBEs"). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is still assessing the impact that the adoption of this ASU will have on the Company's consolidated financial statements.

On December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which applies to all entities subject to income taxes. For PBEs, the new requirements will be effective for annual periods beginning after December 15, 2024. For entities other than public business entities ("non-PBEs"), the requirements will be effective for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The amendments in this update require that public business entities on an annual basis disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate. The new guidance focuses on two specific disclosure areas: rate reconciliation and income taxes paid. The rate reconciliation disclosure requirements differ for PBEs as compared to non-PBEs. The income taxes paid disclosures are the same for all entities. The Company will adopt this ASU on January 1, 2025 and is still assessing the impact that the adoption of this ASU will have on the Company's consolidated financial statements.

On November 27, 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which applies to all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance improves financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analysis. The Company adopted ASU 2023-07 during the year ended December 31, 2024 and has reflected updates to its segment reporting in the Company's consolidated financial statements.

COMPOSECURE, INC.**Notes to Consolidated Financial Statements**

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3. REVENUE RECOGNITION

The Company recognizes revenue in accordance with accounting standard ASC 606 when the performance obligations under the terms of the Company's contracts with its customers have been satisfied. See Note 2.

The following percentages present the Company's revenue concentration by customer. The majority of the Company's revenue is earned from major contracts. Aggregate revenue from the two top customers comprised approximately 63.2%, 70.5% and 67.3% of total revenue for the years ended December 31, 2024, 2023 and 2022, respectively.

4. INVENTORIES

The major classes of inventories were as follows:

	December 31,	
	2024	2023
Raw materials	\$ 46,109	\$ 50,867
Work in process	1,024	4,110
Finished goods	505	662
Inventory reserve	(2,805)	(3,099)
	<u>\$ 44,833</u>	<u>\$ 52,540</u>

The Company reviews inventory for slow moving or obsolete amounts based on expected product sales volume and provides reserves against the carrying amount of inventory as appropriate.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	Useful Life	December 31,	
		2024	2023
Machinery and equipment	5 - 10 years	\$ 38,012	\$ 30,311
Furniture and fixtures	3 - 5 years	33	33
Computer equipment	3 - 5 years	46	2
Leasehold improvements	Shorter of lease term or estimated useful life	11,711	10,609
Vehicles	5 years	88	—
Software	1 - 3 years	1,718	1,718
Construction in progress		2,664	4,189
Total		<u>54,272</u>	<u>46,862</u>
Less: Accumulated depreciation and amortization		<u>(30,824)</u>	<u>(21,650)</u>
Property and equipment, net		<u>\$ 23,448</u>	<u>\$ 25,212</u>

Depreciation and amortization expense for the years ended December 31, 2024, 2023, and 2022, was \$9,174, \$8,387, and \$8,575, respectively.

6. DEBT**Exchangeable Senior Notes**

On December 27, 2021, the Company completed the Business Combination discussed in Note 1. On April 19, 2021, concurrent with the execution of the Merger Agreement, the Company and its subsidiary, Holdings, entered into subscription agreements (the “Note Subscription Agreements”) with certain investors (“Notes Investors”) pursuant to which such Notes Investors, severally and not jointly, purchased on December 27, 2021, the closing date of the Business Combination (the Closing Date”), the Exchangeable Notes issued by Holdings and guaranteed by its operating subsidiaries, CompoSecure, L.L.C. and Arculus Holdings, L.L.C., in an aggregate principal amount of up to \$130,000 that were exchangeable into shares of Class A Common Stock at a conversion price of \$11.50 per share, subject to the terms and conditions of an Indenture entered into by the Company and its wholly owned subsidiary, Holdings and the trustee under the Indenture.

On June 11, 2024, the Company paid a special cash dividend to Class A shareholders of CompoSecure, Inc., and made a corresponding distribution to Class B unitholders of Holdings. As a result of the special cash dividend and distribution, the conversion price was adjusted to \$10.98 per share, which resulted in an adjustment to the exchange rate to 91.0972 shares of the Company’s Class A Common Stock per \$1,000 principal amount of Notes exchanged. On September 17, 2024, the Resolute Transaction closed, where a majority interest of the Company was acquired through privately negotiated sales. See Note 9 for additional information on the special cash dividend and sale of the majority interest.

The sale of the majority interest and subsequent filing of a Schedule 13D report with the SEC by Resolute on September 19, 2024 triggered the occurrence of a “Make-Whole Fundamental Change” (as defined in the Indenture), pursuant to which the Company, on September 20, 2024, issued a Notice of Make-Whole Fundamental Change to the holders of the Exchangeable Notes to notify the holders that the exchange rate for the Exchangeable Notes has been temporarily increased from 91.0972 shares of Class A Common Stock per \$1,000 principal amount of Notes to 104.5199 shares of Class A Common Stock per \$1,000 principal amount of notes. This temporary increase in the exchange rate resulted in an adjustment of the conversion price to \$9.57 per share from September 19, 2024 to November 29, 2024. Following that date, the conversion price would have reverted back to \$10.98 per share and the exchange rate would have reverted back to 91.0972 shares of the Company’s Class A Common Stock per \$1,000 principal amount of Notes. A notice was sent to all holders of Exchangeable Notes on October 9, 2024 providing details of these choices. All Exchangeable Notes were exchanged prior to November 29, 2024. An aggregate of \$130,000 of the Notes were surrendered and exchanged for an aggregate of 13,587,565 newly-issued shares of Class A Common Stock.

The Company assessed all terms and features of the Exchangeable Notes in order to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the Exchangeable Notes, including the conversion, put and call features. In consideration of these provisions, the Company determined that the optional redemption with a make-whole provision feature required bifurcation as a derivative liability. The fair value of the optional redemption with a make-whole provision feature was determined based on the difference between the fair value of the notes with the redemption with a make-whole provision feature and the fair value of the notes without the redemption with a make-whole provision feature. The Company employed a Lattice model to determine the fair value of the derivative liability upon issuance of the Exchangeable Notes and at the end of each reporting period when the derivative liability was remeasured to its fair value. The Company recorded a favorable (unfavorable) change in fair value of \$425, \$(139) and \$266 for the years ended December 31, 2024, 2023 and 2022. The derivative liability was written off when the Exchangeable Notes were surrendered and exchanged in 2024.

During the years ended December 31, 2024, 2023 and 2022 the Company recognized \$4,568, \$9,585 and \$9,536, respectively, of interest expense related to the Exchangeable Notes at the effective interest rate of 7.4%.

Credit Facility

On July 26, 2016, the Company, through its subsidiary, Holdings, entered into a \$120,000 credit facility (the “2016 Credit Facility”) with J.P. Morgan Chase (“JPMC”) as the lending agent that provided the Company with a revolving credit facility with a maximum borrowing capacity of \$40,000 (the “2016 Revolver”) and a term loan of \$80,000 (the “2016 Term Loan”) that was scheduled to mature in July 2021. The 2016 Credit Facility was subsequently amended in July 2019, November 2020 and December 2021 (the “2021 Credit Facility”) to increase the borrowing capacity of the 2016 Revolver and the 2016 Term Loan and to extend the maturity date of the 2016 Credit Facility. The 2021 Credit Facility increased the overall borrowing capacity of the credit facility to \$310,000 comprised of a revolving credit facility with a maximum borrowing capacity of \$60,000 (the “2021 Revolver”) and a term loan of \$250,000 (the “2021 Term Loan”). The 2021 Credit Facility was set to mature on December 16, 2025. The 2021 Credit Facility was also amended in February 2023, May 2023 and March 2024 to (i) transition the 2021 Credit Facility from bearing interest based on LIBOR to Secured Overnight Financing Rate Data (“SOFR”), (ii) to remove certain lenders who no longer wanted to participate in the 2021 Credit Facility, and (iii) to allow the Company to repurchase outstanding shares of common stock, common stock warrants and Exchangeable Notes in an aggregate amount not to exceed \$40,000. The 2021 Credit Facility was accounted for as a modification and approximately \$1,800 of additional costs incurred in connection with the modification were capitalized as debt issuance costs.

On August 7, 2024, the Company entered into a Fourth Amended and Restated Credit Agreement with JPMC (the “2024 Credit Facility” and collectively with the 2021 Credit Facility, the “Credit Facilities”) and the lenders party thereto to refinance the 2021 Credit Facility. The 2024 Credit Facility amended and restated the 2021 Credit Facility in its entirety. In conjunction with the 2024 Credit Facility, the maximum borrowing capacity of the overall credit facility was increased to \$330,000 comprised of a term loan of \$200,000 (the “2024 Term Loan”) and a revolving credit facility of \$130,000 (the “2024 Revolver”). Two lenders who participated in the 2021 Credit Facility did not participate in the 2024 Credit Facility and transferred their debt to other lenders. The 2024 Credit Facility is set to mature on August 7, 2029. The 2024 Credit Facility was accounted for as an extinguishment for the two lenders who transferred their debt and as a modification for all other remaining lenders. As a result, the Company wrote-off approximately \$148 in unamortized debt issuance costs related to the lenders who did not participate in the 2024 Credit Facility which is included in Loss on Extinguishment of Debt in Other Expense in the accompanying consolidated statements of operations.

In conjunction with the 2024 Credit Facility, the Company incurred approximately \$686 in lender fees and \$147 in other third-party fees related to the 2024 Revolver and approximately \$1,056 in lender fees and \$225 in other third-party fees related to the 2024 Term Loan. The \$1,056 of lender fees related to the 2024 Term Loan have been capitalized and these fees, along with \$832 of unamortized debt issuance costs related to the 2021 Credit Facility, will be amortized into interest expense through the maturity date of the 2024 Term Loan using the effective interest method. Similarly, \$686 of lender fees and \$147 of other third-party fees related to the 2024 Revolver have been capitalized as an other long-term asset and will be amortized into interest expense through the maturity date of the 2024 Revolver using the straight-line method. The \$225 other third-party fees related to the 2024 Term Loan were expensed as incurred.

On December 30, 2024, the Company executed Amendment No. 1 to the 2024 Credit Facility (the “December 2024 Amendment”) to allow the Company to facilitate a spin-off of a newly formed entity, Resolute Holdings Management, Inc. See Note 18 for additional discussion of the spin-off. There were no changes to the lenders as a result of the December 2024 Amendment and the December 2024 Amendment was accounted for as a debt modification. In connection with the December 2024 Amendment, the Company incurred \$215 in lenders fees which were capitalized and will be amortized to interest expense through the maturity of the 2024 Credit Facility.

The Company’s Credit Facility, requires the Company to make quarterly principal payments until maturity, at which point a balloon principal payment is due for the outstanding principal. The Credit Facilities also require the Company to make monthly interest payments as well as pay a quarterly unused commitment fee of 0.35% for any unused portion of the revolving credit facilities. Both the 2021 Credit Facility and the 2024 Credit Facility provide for the Company to prepay the term loans without penalty or premium. The Credit Facilities are secured by substantially all of the assets of the Company.

Interest on the revolving credit facility and the term loan are based on outstanding principal amount during the interest period multiplied by the quoted SOFR rate plus the applicable margin of 1.75% to 2.75% based on the Company's leverage ratio. At December 31, 2024 and 2023, the effective interest rate on the Revolver and Term Loan was 6.81% and 7.80% per year, respectively.

COMPOSECURE, INC.**Notes to Consolidated Financial Statements****(amounts in thousands, except share data)**

The Company recognized \$16,510, \$19,513 and \$14,188 of interest expense related to the revolving credit facility and term loan for the years ended December 31, 2024, 2023 and 2022, respectively.

The Credit Facilities contain certain financial covenants including a minimum interest coverage ratio, a maximum total debt to EBITDA ratio and a minimum fixed charge coverage ratio. As of December 31, 2024 and 2023, the Company was in compliance with all financial covenants. The fair value of the Company's Credit Facilities approximate the carrying value for all periods presented.

As of December 31, 2024 and 2023, there were no balances outstanding on the Revolver. As of December 31, 2024, there was \$130,000 of availability for borrowing under the Revolver.

	December 31, 2024			December 31, 2023		
	Term Loan	Exchangeable Notes	Total debt	Term Loan	Exchangeable Notes	Total debt
Loan Balance	\$ 197,500	\$ —	\$ 197,500	\$ 210,313	\$ 130,000	\$340,313
Less: current portion of term loan (scheduled payments)	(11,250)	—	(11,250)	(10,313)	—	(10,313)
Less: net deferred financing and discount costs	(1,861)	—	(1,861)	(1,669)	(2,168)	(3,837)
Total long-term debt	\$ 184,389	\$ —	\$ 184,389	\$ 198,331	\$ 127,832	\$ 326,163
Derivative liability - redemption with make-whole provision		\$ —			\$ 425	

The maturity of the all the borrowing facilities is as follows:

Years ending December 31,

2025	\$ 11,250
2026	15,000
2027	16,250
2028	20,000
2029	135,000
Total debt	\$ 197,500

In order to hedge the Company's exposure to variable interest rate fluctuations related to the \$310,000 of borrowings under its 2021 Credit Facility, the Company entered into two interest rate swap agreements with Bank of America on January 11, 2022, the first of which had an effective date of January 5, 2022 (the "January 2022 Swap"), and the second of which had an effective date of December 5, 2023 (the "December 2023 Swap" and, collectively with the January 2022 Swap, the "Interest Rate Swap Agreements"). The January 2022 Swap expired on December 5, 2023 while the December 2023 Swap is set to expire on December 2025. Both the January 2022 Swap and the December 2023 Swap are settled at the end of the month between the parties. The December 2023 Swap has a notional amount of \$125,000 and was designated as a cash flow hedge for accounting purposes.

The Company determined the fair value of the Interest Rate Swap Agreements to be zero at the inception of the agreements and \$2,749 and \$5,258 at December 31, 2024 and 2023 respectively. The Company reflects the realized gains and losses of the actual monthly settlement activity of the Interest Rate Swap Agreements through interest income or expense in its consolidated statements of operations. The Company reflects the unrealized changes in fair value of the Interest Rate Swap Agreements at each reporting period in other comprehensive income. A derivative asset or liability is recognized at each reporting period in the Company's consolidated balance sheets for the Interest Rate Swap Agreements. Interest related to the Interest Rate Swap Agreements converted from LIBOR to SOFR at the same time as the amendment of 2021 Credit Facility in February 2023.

7. Leases

The Company leases certain office space and manufacturing space under arrangements currently classified as leases under ASC 842 - *Leases*. The Company recognizes lease expense for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal options ranging from one to five years. The exercise of lease renewal options is at the Company’s sole discretion.

The Company’s leases have remaining lease terms of one to five years. The Company does not include any renewal options in lease terms when calculating lease liabilities as the Company is not reasonably certain that it will exercise these options. Two of the Company's leases provide an early termination option, however, the option was not included in the lease terms when calculating the lease liability since the Company determined that it is reasonably certain the Company will not terminate the leases prior to the termination date.

The weighted-average remaining lease term for the Company's leases is 3.2 years as of December 31, 2024. The weighted-average discount rate used in the measurement of the lease liabilities was 2.97% as of December 31, 2024.

The Company has lease agreements that contain both lease and non-lease components. The Company accounts for lease components together with non-lease components (e.g., common-area maintenance). Variable lease costs are based on day to day common-area maintenance costs related to the lease agreements and are recognized as incurred.

The components of lease costs were as follows:

	Year Ended December 31,				
	2024		2023		2022
Short -term lease costs	\$	1,216	\$	1,197	\$ 1,086
Operating lease costs		1,127		1,037	1,062
Variable lease costs	\$	505	\$	492	\$ 359
Total lease cost	\$	2,848	\$	2,726	\$ 2,507

Future minimum commitments under all non-cancelable operating leases are as follows:

Year Ended December 31,	
2025	\$ 2,502
2026	2,240
2027	912
2028	846
2029	359
Total lease payments	6,859
Less: Imputed interest	(858)
Present value of lease liabilities	\$ 6,001

Supplemental cash flow information and non-cash activity related to our operating leases are as follows:

	Year Ended December 31,					
	2024		2023		2022	
Operating cash flow information:						
Cash paid for amounts included in the measurement of lease liabilities	\$	2,446	\$	2,303	\$	1,700
Non-cash activity:						
Right-of-use assets obtained in exchange for lease obligations	\$	—	\$	491	\$	5,104

8. EQUITY STRUCTURE

Shares Authorized

As of December 31, 2024, the Company had authorized a total of 250,000,000 shares for issuance designated as Class A Common Stock, 75,000,000 designated as Class B Common Stock and 10,000,000 shares designated as preferred stock. As of December 31, 2024, there were 100,462,844 shares of Class A Common Stock issued and outstanding, no shares of Class B Common Stock issued and outstanding and no shares of Preferred Stock issued and outstanding.

Issuance of Common Stock

During the year ended December 31, 2024, the Company issued 3,865,582 new shares of Class A Common Stock pursuant primarily to the vesting of certain restricted stock units ("RSUs"), performance stock units ("PSUs") and exercises of stock options, as well as employee stock purchase plan ("ESPP") transactions. The Class A Common Stock issued pursuant to the vesting of RSUs were issued net of shares withheld for applicable taxes.

On December 13, 2024, a stock price threshold associated with an Earnout was achieved. As a result of the achievement 3,635,924 shares of Class A Common Stock were issued, which is net of 114,076 shares that were withheld to pay taxes. See Note 11 for additional discussion of the Earnout.

Through December 31, 2024, all \$130,000 of the Exchangeable Notes had been surrendered and exchanged for an aggregate of 13,587,565 newly-issued shares of Class A Common Stock, and none were outstanding at December 31, 2024 (see Note 6).

During May 2024, certain holders of the shares of Class B Common Stock exchanged an aggregate of 8,050,000 Class B units in Holdings (together with the corresponding number of shares of the Company's Class B Common Stock) in exchange for 8,050,000 shares of Class A Common Stock (the "Exchange"). Upon the Exchange, the exchanged shares of Class B Common Stock and the corresponding number of shares of Class B units were canceled. Immediately following the Exchange, pursuant to an Underwriting Agreement, dated as of May 8, 2024, (the "Underwriting Agreement"), by and among the Company, Holdings, the Representatives, the Underwriters and the Selling Stockholders named therein, the Selling Stockholders sold 8,050,000 shares of the Company's Class A Common Stock to the Underwriters (the "Secondary Offering"). The Company did not receive any proceeds from the sale of the shares of Class A Common Stock by the selling stockholders. As a result of these transactions, the number of outstanding shares of the Company's Class B Common Stock decreased by 8,050,000 and the number of outstanding shares of the Company's Class A Common Stock increased by 8,050,000. Transaction costs of \$586 were incurred and expensed related to this transaction.

On August 9, 2024, all of the Class B stockholders of the Company and Resolute entered into the Resolute Transaction which was completed on September 17, 2024, eliminating the Company's existing dual-share class structure. At the closing, the selling stockholders exchanged their 51,908,422 Class B units (and corresponding Class B shares) for Class A shares and Resolute became the majority owner of the Company by acquiring 49,290,409 of such Class A shares. Prior to the Resolute Transaction, Class B holders held units in Holdings. Subsequent to the Resolute Transaction, CompoSecure owned

COMPOSECURE, INC.

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100% of Holdings. The Company did not receive any proceeds from the sale of the shares of Class A company stock by the selling shareholders. Transaction costs of \$2,726 were incurred and expensed related to this transaction.

Warrants

As of December 31, 2024 and 2023, the Company had 22,415,179 and 22,415,389 warrants outstanding. Until the expiration date of December 27, 2026, each warrant entitles the registered holder to purchase one share of the Company's Class A Common Stock at a price of \$11.50 per share, subject to adjustment. The exercise price of the warrants was adjusted to \$7.97 as the result of the spin-off of Resolute Holdings Management, Inc. See Note 18 for additional discussion of the spin-off. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares.

Special Dividend and Distribution

On May 6, 2024, the Company announced a special cash dividend of \$0.30 per share to Class A stockholders. A corresponding distribution of \$0.30 per share was also announced for Class B unitholders of Holdings. Both the dividend and the distribution were paid on June 11, 2024. Dividends of \$8,922 were disbursed to Class A stockholders and distributions of \$15,573 were disbursed to Class B unitholders.

Non-Controlling Interest

Non-controlling interests represent direct interests held in Holdings other than by the Company after the Business Combination. The non-controlling interests in the Company are represented by Class B Units, or such other equity securities in the Holdings as the Board may establish in accordance with the terms hereof. Since the potential cash redemptions of the non-controlling interests are outside the control of the Company, such non-controlling interests are classified as temporary equity on the consolidated balance sheet in accordance with ASC 480, *Distinguishing liabilities from equity* ("ASC 480"). Income tax benefit or provision is applied to the income attributable to the controlling interest as the income attributable to the non-controlling interest is pass-through income.

As of December 31, 2024, the Company did not have any non-controlling interest as a result of the exchange of all Class B shares for Class A shares, in connection with the acquisition of a majority interest in the Company by Resolute. The non-controlling interest was adjusted to redemption value as of December 31, 2023 in accordance with ASC 480-10. This measurement adjustment results in a corresponding adjustment to shareholders' deficit through adjustments to additional paid-in capital and retained earnings. The redemption value of the Class B Units was \$596,587 as of December 31, 2023. The redemption value is calculated by multiplying the 59,958,422 Class B Units by the \$9.95 trading price of the Company's Class A Common Stock on December 27, 2021.

9. EQUITY COMPENSATION

The following table summarizes share-based compensation expense included in selling, general and administrative expenses within the consolidated statements of operations:

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(amounts in thousands, except share data)

	Year Ended December 31,		
	2024	2023	2022
Restricted stock unit expense	\$ 17,652	\$ 14,753	\$ 10,173
Performance stock unit expense	2,588	2,369	—
Stock option expense	856	305	1,228
Employee stock purchase plan	139	135	25
Incentive units	—	—	39
Total stock-based compensation expense	\$ 21,235	\$ 17,562	\$ 11,465

Equity Incentive Plan

In connection with the business combination consummated on December 27, 2021, the Company established the CompoSecure, Inc. 2021 Incentive Equity Plan (the “2021 Plan”) effective as of December 27, 2021. The purpose of the 2021 Plan is to provide eligible employees of the Company and its subsidiaries, certain consultants and advisors who perform services for the Company or its subsidiaries, and non-employee members of the Board of Directors of the Company, with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, and other stock-based awards. The aggregate authorized number of shares of Class A Common Stock that may be issued or transferred as of December 31, 2024 under the 2021 Plan was 7,326,820 shares of Class A Common Stock plus the number of shares of Class A Common Stock underlying grants issued under the Company’s existing amended and restated equity compensation plan that expire, terminate or are otherwise forfeited without being exercised. Pursuant to this provision, effective January 1, 2025, the shares of Class A Common Stock authorized under the 2021 Plan were increased by 4,018,514 shares, for a new aggregate authorized number of shares of 11,345,334.

The aggregate authorized number of shares of Class A Common Stock that may be issued or transferred as of December 31, 2023 under the 2021 Plan was 6,680,253 shares of Class A Common Stock plus the number of shares of Class A Common Stock underlying grants issued under the Company’s existing amended and restated equity compensation plan that expire, terminate or are otherwise forfeited without being exercised. Pursuant to this provision, effective January 1, 2024, the shares of Class A Common Stock authorized under the 2021 Plan were increased by 3,321,334 shares, for a new aggregate authorized number of shares of 10,033,262. Commencing with the first business day of each calendar year beginning in 2022, the aggregate number of shares of Class A Common Stock that may be issued or transferred under the Plan shall be increased by an amount of shares of Class A Common Stock equal to 4% of the aggregate number of shares of Class A Common Stock and Class B Common Stock outstanding as of the last day of the immediately preceding calendar year, or such lesser number of shares of Class A Common Stock as may be determined by the Board.

During the years ended December 31, 2024 and 2023 the Company granted Restricted stock units (“RSU”) to employees that generally vests over a period of two years or four years of continuous service. Certain grants made in 2024 vest in three tranches at the third, fifth and seventh anniversary of the grant. RSUs granted to the Board of Directors generally vest over a period of one year. The restricted stock will generally be forfeited upon termination of an employee prior to vesting. The fair value of each RSU is based on the market value of the Company's stock on the date of grant. During the years ended December 31, 2024 and 2023, the Company awarded officers with 872,685 and 658,156 PSUs, respectively, which vest upon three years of continuous employment and the achievement of certain performance targets. PSUs with performance conditions are valued based on the market value of the Company's stock on the date of grant and expensed based on the probability of achieving performance targets. PSUs with market conditions are valued using a Monte Carlo simulation model that utilizes significant assumptions, including volatility and the probability of satisfying the market condition and are expensed ratably over the service period.

During the year ended December 31, 2024, the Company granted options which vest over four years. No options were granted during 2023 or 2022. The fair value of each option award was estimated at the date of grant using the Black-Scholes option valuation model. The expected term assumption reflected the period for which the Company believed the option will remain outstanding. This assumption was based upon the historical and expected behavior of the Company employees. To determine volatility, the Company had used the historical closing values of comparable publicly held entities.

The risk-free rate reflected the U.S. Treasury yield curve for a similar expected life instrument in effect at the time of the grant.

A summary of RSU, PSU and stock option activity under the Plan during the year ended December 31, 2024 is presented below:

Restricted Stock Unit Activity

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested at January 1, 2024	5,651,895	\$ 6.93
Granted	2,831,900	7.85
Vested	(2,215,284)	6.24
Forfeited	(51,850)	5.48
Nonvested at December 31, 2024	6,216,661	7.67

Unrecognized compensation expense for RSUs was \$31,130 as of December 31, 2024 and is expected to be recognized over a remaining term of 2.1 years.

Performance and Market based Stock Units Activity

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested at January 1, 2024	1,107,536	\$ 7.14
Granted	872,685	5.72
Vested	(224,690)	7.89
Forfeited	—	—
Nonvested at December 31, 2024	1,755,531	6.48

Unrecognized compensation expense for PSUs was \$4,743 as of December 31, 2024 and is expected to be recognized during the next 1.6 years

Stock Options

The assumptions utilized to calculate the value of the options granted for the year ended December 31, 2024 were as below:

	December 31, 2024
Expected term	6.25 years
Volatility	47.81%
Risk-free rate	3.54%
Expected dividends	0%
Expected forfeiture rate	0%

COMPOSECURE, INC.**Notes to Consolidated Financial Statements**

(amounts in thousands, except share data)

The following table sets forth the options activity under the Company equity plan for the year ended December 31, 2024:

	Number of Shares	Weighted Average Exercise Price Per Shares	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2024	3,278,463	\$ 1.88	2.9	\$ 11,780
Granted	1,915,532	13.85	9.8	2,840
Exercised	(2,918,324)	\$ 1.55	2.0	\$ 24,669
Outstanding at December 31, 2024	2,275,671	\$ 12.39	8.9	\$ 6,698
Vested and expected to vest at December 31, 2024	2,275,671	\$ 12.39	8.9	\$ 6,698
Exercisable at December 31, 2024	360,133	\$ 4.62	4.4	\$ 3,858

The weighted average grant date fair value of options granted during the year ended December 31, 2024 was \$13.85. The Company recognized approximately \$856, \$305, and \$1,228 of compensation expense for the options in selling, general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, 2024, 2023, and 2022, respectively.

The number of options that have vested and are exercisable as of December 31, 2024, 2023, and 2022 were 360,133, 3,274,954 and 4,616,197 respectively. The weighted average exercise price of options exercisable and vested is \$4.62, \$1.88, and \$1.29 for years ended December 31, 2024, 2023, and 2022, respectively. The weighted average remaining contractual term (years) of options exercisable as of December 31, 2024, 2023, and 2022 is 4.4, 2.9, and 3.1, respectively. Total intrinsic value of options exercised is \$24,669, \$9,465 and \$3,180 for the years ended December 31, 2024, 2023, and 2022, respectively. The weighted-average fair value of options that exercised were \$1.55, \$0.41 and \$0.01 during the years ended December 31, 2024, 2023, and 2022, respectively. Unrecognized compensation expense for the options of approximately \$12,906 is expected to be recognized during the next 3.9 years.

Employee Stock Purchase Plan

Effective December 27, 2021, the Board of Directors approved the Employee Stock Purchase Plan (the “ESPP”). The Company had authorized 2,411,452 aggregate number of shares of Class A Common Stock reserved for sale pursuant to the ESPP Plan. The ESPP permitted participating eligible employees to purchase shares of Class A Common Stock, with after-tax payroll deductions, on a quarterly basis at a 15% discount at the lower of the closing price of the Common Stock on the Nasdaq Global Market on the first day of the offering period or the last trading day of each purchase period. As of December 31, 2024 and 2023, there were 2,245,224 and 2,312,747 shares of Class A Common Stock remaining authorized for issuance under the ESPP, respectively. The Company recognized the discount on the Common Stock issued under the ESPP as stock-based compensation expense in the period in which the employees began participating in the ESPP. For the years ended December 31, 2024, 2023 and 2022 the Company issued 91,012, 80,446 and 18,259 shares and recognized compensation expense of \$139, \$135 and \$25 respectively. The Company terminated the ESPP effective December 31, 2024.

Earnout Consideration

As a result of the Business Combination, certain of Holdings' equity holders have the right to receive an aggregate of up to 7,500,000 additional shares of the Company's Class A Common Stock in earnout consideration based on the achievement of certain stock price thresholds (See Note 18 in Notes to Consolidated Financial Statements in this Form 10-K for further discussion) (collectively, the “Earnouts”). The Earnouts were subject to two price thresholds, with half to be awarded upon the achievement of each threshold. The Earnouts expire in two phases if the achievement thresholds are not met. The first phase was to expire upon the three-year anniversary of the Closing Date of the Business Combination, and the second phase is set to expire upon the four year anniversary of the Closing Date. The earnouts under the first phase were

achieved on December 13, 2024. The second phase has not yet been achieved. A total of 657,160 shares or 328,580 shares for each phase were issued to employees and were accounted for in accordance with ASC 718 as they were considered to be compensation. The following is a summary of the earnout activity for the year ended December 31, 2024:

	Number of Shares
Outstanding at January 1, 2024	657,160
Granted	—
Vested	(328,580)
Nonvested at December 31, 2024	328,580

Upon the Business Combination, a valuation was performed which took into consideration all the key terms and conditions of the award, including the fact that, under Topic 718, there is no requisite service period due to the fact that there is no service condition prospectively, and as of the grant date there is no service inception date preceding the grant date on which to base historical valuation or expense amortization. As such, the award is considered to be immediately vested from a service perspective and is solely contingent on meeting the hurdles required for the award to be settled. Since there is no future substantive risk of forfeiture, all expenses associated with the awards were accelerated and recognized on December 27, 2021.

10. RETIREMENT PLAN

Defined Contribution Plan

The Company has a 401(k) profit sharing plan for all full-time employees who have attained the age of 21 and have completed 90 days of service. Through December 31, 2024, the Company matched 100% of the first 1% and then 50% of the next 5% of employee contributions. Retirement plan expense for the years ended December 31, 2024, 2023, and 2022 was \$1,962, \$1,813, and \$1,614, respectively. Beginning January 1, 2025, the Company will match 100% of the first 3% and then 50% of the next 2% of employee contributions.

11. FAIR VALUE MEASUREMENTS

In accordance with ASC 820-10, the Company evaluates assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them for each reporting period. This determination requires significant judgments to be made by the Company.

The Company’s financial assets and liabilities measured at fair value on a recurring basis, consisted of the following types of instruments as of the following dates:

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(amounts in thousands, except share data)

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Assets Carried at Fair Value:				
Derivative asset - interest rate swap	\$ —	\$ 2,749	\$ —	\$ 2,749
Liabilities Carried at Fair Value:				
Warrants	\$ 104,231	\$ —	\$ —	\$ 104,231
Earnout consideration	—	—	20,533	20,533
Derivative liability - redemption with make-whole provision	—	—	—	—
December 31, 2023				
Assets Carried at Fair Value:				
Derivative asset - interest rate swap	\$ —	\$ 5,258	\$ —	\$ 5,258
Liabilities Carried at Fair Value:				
Warrants	\$ 8,294	\$ —	\$ —	\$ 8,294
Earnout consideration	—	—	853	853
Derivative liability - redemption with make-whole provision	—	—	425	425

Derivative asset - interest rate swap

The Company is exposed to interest rate risk on variable interest rate debt obligations. To manage interest rate risk, the Company entered into an interest rate swap agreement on January 5, 2022. See Note 6.

Warrant Liability

As a result of the Business Combination, the Company had assumed a warrant liability related to previously issued warrants in connection with Roman DBDR's initial public offering. The warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on the consolidated balance sheets. The warrant liabilities were remeasured at December 31, 2024 and 2023 with changes in fair value presented within revaluation of warrant liabilities in the consolidated statement of operations.

The following table provides a reconciliation of the ending balances for the warrant liabilities remeasured at fair value:

	Warrant Liabilities
Estimated fair value at December 31, 2022	\$ 16,341
Change in estimated fair value	(8,047)
Estimated fair value at December 31, 2023	\$ 8,294
Change in estimated fair value	95,937
Estimated fair value at December 31, 2024	\$ 104,231

The Warrants were valued using the quoted market price as the fair value at the end of each balance sheet date.

Earnout Consideration

Holdings' equity holders have the right to receive an aggregate of up to 7,500,000 additional shares of the Company's Class A Common Stock, in Earnout consideration based on the achievement of certain stock price thresholds (See Note 18 in Notes to Consolidated Financial Statements in this Form 10-K for further discussion). See also Note 9. Earnout consideration liabilities held by Holdings' holders (not including the holders under ASC 718) were determined to be derivative instruments in accordance with ASC 815 and were accounted as derivative liabilities, initially valued at fair value

in accordance with ASC 815-40-30-1. Subsequently, the liability for Earnouts will be remeasured at each reporting period at fair value, with changes in fair value recorded in earnings in accordance with ASC 815-40-35-4. The Company established the initial fair value for the earnouts at the closing date on December 27, 2021 using a Monte Carlo simulation model.

The earnouts achievement were subject to two price thresholds with half of the shares to be issued upon the achievement of each threshold. The earnouts expire in two phases if the achievement thresholds are not met. The first phase was to expire December 27, 2024 and the second phase is set to expire on December 27, 2025. The earnouts under the first phase were achieved on December 13, 2024. The Company remeasured the fair value of the earnouts outstanding at each reporting period. As the first phase of the earnout was achieved on December 13, 2024, the related earnout was remeasured to its fair value at that time and the related liability was relieved to equity. The following table provides a reconciliation of the ending balances for the earnout consideration liabilities remeasured at fair value:

	Earnout Consideration Liability	
Estimated fair value at December 31, 2022	\$	15,090
Change in estimated fair value		(14,237)
Estimated fair value at December 31, 2023	\$	853
Change in fair value of Phase 1 on achievement date		56,564
Settlement of Phase 1 on December 13, 2024		(56,625)
Change in estimated fair value of Phase 2		19,741
Estimated fair value at December 31, 2024	\$	20,533

The following assumptions were used to determine the fair value of the Earnout consideration for the periods indicated below:

	December 31,			
	2024		2023	
Valuation date share price	\$	15.33	\$	5.40
Risk-free interest rate		4.16%		4.23% - 4.79%
Expected volatility		35.0 %		35% - 42.5%
Expected dividends		0 %		0 %
Expected term (years)		1 years		1 - 2 years

The fair value of Earnout consideration liabilities have been classified as a Level 3 liability as its valuation requires substantial judgment and estimation of factors that are not currently readily observable in the market. The expected term assumption reflected the period for which the instrument will remain outstanding. To determine volatility, the Company had used the historical closing values of comparable publicly held entities to estimate volatility. The risk-free rate reflected the U.S. Treasury yield curve for a similar expected life instrument in effect at the reporting date. If different assumptions were used for the various inputs to the valuation approach, the estimated fair value could be significantly higher or lower than the fair value determined.

12. GEOGRAPHIC INFORMATION AND CONCENTRATIONS

The Company headquarters and substantially all of its operations, including its long-lived assets, are located in the United States. Geographical revenue information based on the location of the customer follows:

COMPOSECURE, INC.**Notes to Consolidated Financial Statements**

(amounts in thousands, except share data)

	Year Ended December 31,		
	2024	2023	2022
Net sales by country			
Domestic	\$ 343,465	\$ 321,470	\$ 295,423
International	77,106	69,159	83,053
Total	<u>\$ 420,571</u>	<u>\$ 390,629</u>	<u>\$ 378,476</u>

The Company's principal direct customers as of December 31, 2024 consist primarily of leading international and domestic banks and other credit card issuers primarily within the U.S., Europe, Asia, Latin America, Canada, and the Middle East. The Company periodically assesses the financial strength of these customers and establishes allowances for anticipated losses, if necessary.

Two customers individually accounted for more than 10% of the Company's revenue or 63.2% of total revenue for the year ended December 31, 2024. Two customers individually accounted for more than 10% of the Company's revenue or 70.5% of total revenue for the year ended December 31, 2023. Two customers individually accounted for more than 10% of the Company's revenue or 67.3% of total revenue for the year ended December 31, 2022. Four customers individually accounted for more than 10% of the Company's accounts receivable or 70% as of December 31, 2024 and two customers individually accounted for 10% of total accounts receivable or 73% as of December 31, 2023.

The Company primarily relied on one vendor that individually accounted for more than 10% of purchases of supplies for the year ended December 31, 2024. The Company primarily relied on three vendors that individually accounted for more than 10% of purchases of supplies for the year ended December 31, 2023.

13. INCOME TAXES

The Company recorded income tax provision of \$2,187, \$4,556 and \$4,360 for the year ended December 31, 2024, 2023 and 2022. Federal, state and local income tax returns for years prior to 2019 are no longer subject to examination by tax authorities. During the year ended December 31, 2024, federal tax authorities completed their audit of fiscal 2020. There were no proposed adjustments resulting from the examination.

Income before the provision and benefit for income taxes as shown in the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,		
	2024	2023	2022
Income (loss) before income taxes	\$ (80,975)	\$ 117,076	\$ 136,175

The components of the provision for income taxes for the year ended December 31, 2024, 2023 and 2022 consisted of the following:

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(amounts in thousands, except share data)

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ 4,454	\$ 1,810	\$ 1,140
State	202	79	27
	4,656	1,889	1,167
Deferred:			
Federal	(2,387)	3,091	3,477
State	(82)	(424)	(284)
	(2,469)	2,667	3,193
Total provision for income taxes	\$ 2,187	\$ 4,556	4,360

The reconciliation of income taxes at the federal statutory rate to provision for income taxes for the years ended December 31, 2024, 2023 and 2022 were as follows:

	Year Ended December 31,		
	2024	2023	2022
U.S. federal statutory tax rate	21.00 %	21.00 %	21.00 %
State taxes	0.72 %	0.72 %	0.28 %
Valuation allowances	13.82 %	3.26 %	1.11 %
NCI adjustment	(15.29)%	(17.37)%	(17.52)%
Permanent differences	3.80 %	(3.82)%	(0.64)%
Fair Value Adjustments: Warrants & Liabilities	(26.84)%	— %	— %
OCI Adjustment	(0.08)%	0.09 %	(0.27)%
Other temporary differences	0.17 %	0.01 %	(0.76)%
Effective income tax rate	(2.70)%	3.89 %	3.20 %

The Company's overall effective tax rate is affected by the Resolute Transaction. As a result of the Resolute Transaction, Holdings became 100 percent owned by the Company, thereby eliminating the Up-C structure. This resulted in the release of certain valuation allowances and changes in tax benefit allocations.

Provisions have been made for deferred taxes based on the differences between the basis of the assets and liabilities for financial statement purposes and the basis of the assets and liabilities for tax purposes using currently enacted tax rates and regulations that will be in effect when the differences are expected to be recovered or settled.

COMPOSECURE, INC.**Notes to Consolidated Financial Statements**

(amounts in thousands, except share data)

The components of the deferred tax assets were as follows:

	December 31,	
	2024	2023
Deferred Tax Assets:		
Investment in Holdings	\$ —	\$ 34,162
Imputed Interest	—	727
IRC 755 - Fixed Assets	838	—
IRC 755 -Intangible Assets	257,867	—
Inventory - 263A	74	—
Inventory Reserve	609	—
R&D Capitalized Costs	5,328	—
Accrued Expenses	2,453	—
Equity Compensation	1,962	—
Stock Options/ RSU's	—	1
Total deferred tax assets	\$ 269,131	\$ 34,890
Valuation Allowance	—	(11,193)
Prepaid Insurance	(564)	—
Fixed Assets	(3,607)	—
Right of Use Assets, net of lease liability	(145)	—
Total deferred tax assets, net of valuation allowance and deferred liability	\$ 264,815	\$ 23,697

Deferred taxes primarily result from the Business Combination where the Company recorded a carryover basis on all assets for financial accounting purposes and a fair value step-up on a portion of the assets for income tax purposes. As a result of the Resolute Transaction, the Company owned 100 percent of Holdings, which triggered the conversion from Investment in Holdings in deferred tax assets into specific deferred tax items, most notably the increase in IRC 755 - Intangible Assets. The Company's deferred tax asset was reviewed for expected utilization using a "more likely than not" approach by assessing the available positive and negative evidence surrounding its recoverability. As of December 31, 2024, the Company determined that considering all of these factors, a \$0 valuation allowance would be established, a decrease in valuation allowance of \$11,193 compared to the year ended December 31, 2023. The Company will continue to assess and evaluate strategies that will enable the deferred tax asset, or portion thereof, to be utilized, and will reduce the valuation allowance appropriately at such time when it is determined that the "more likely than not" criteria is satisfied.

There were no significant uncertain tax positions taken, or expected to be taken, in a tax return that would be determined to be an unrecognized tax benefit taken or expected to be taken in a tax return that should have been recorded on the Company's financial statements for the years ended December 31, 2024, 2023 and 2022. Additionally, there were no interest or penalties outstanding as of the fiscal year ended December 31, 2024, 2023 and 2022.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). Under the provisions of the CARES Act, the Company is eligible for a refundable employee retention credit subject to certain criteria. In connection with the CARES Act, the Company adopted a policy to recognize the employee retention credit when realized under ASC 450-30. Accordingly, the Company recorded a \$1,291 employee retention credit during the year ended December 31, 2022, which is reported as other income in the consolidated statements of operations.

14. EARNINGS PER SHARE

Basic net (loss) per share has been computed by dividing net (loss) attributable to Class A common shareholders for the periods subsequent to the Business Combination by the weighted average number of shares of common stock outstanding for the same period. Diluted earnings per share of Class A Common Stock was computed by dividing net (loss) available to CompoSecure, Inc. by the weighted-average number of shares of Class A Common Stock outstanding adjusted to give effect to potentially dilutive securities.

COMPOSECURE, INC.**Notes to Consolidated Financial Statements****(amounts in thousands, except share data)**

The following table sets forth the computation of net income used to compute basic net income per share of Class A Common Stock for the years ended December 31, 2024, 2023 and 2022 respectively.

	Year Ended December 31,		
	2024	2023	2022
Basic and diluted:			
Net (loss) income	\$ (83,162)	\$ 112,520	\$ 131,815
Less: Net (loss) income attributable to non-controlling interest	(29,443)	93,281	113,158
Net (loss) income attributable to Class A Common shareholders	\$ (53,719)	\$ 19,239	\$ 18,657
Plus: adjustment due to net effect of equity awards, Exchangeable Notes and class B units to net income	—	14,825	18,017
Net (loss) income attributable to Class A Common shareholders after adjustment	\$ (53,719)	\$ 34,064	\$ 36,674
Weighted average common shares outstanding used in computing net (loss) income per share - basic	44,011,527	18,660,872	15,372,422
Plus: net effect of dilutive equity awards, Exchangeable Notes and Class B units	—	16,651,239	17,182,895
Weighted average common shares outstanding used in computing net (loss) income per share - diluted	44,011,527	35,312,111	32,555,317
Net (loss) income per share—basic	\$ (1.22)	\$ 1.03	\$ 1.21
Net (loss) income per share—diluted	\$ (1.22)	\$ 0.96	\$ 1.13

Securities that could potentially be dilutive are excluded from the computation of diluted earnings per share when the exercise price exceeds the average closing price of the Company's common stock during the period, because their inclusion would result in an antidilutive effect on per share amounts. The Company applied the if-converted method for the Exchangeable Notes to calculate diluted earnings per share in accordance with ASU 2020-06.

The following amounts were not included in the calculation of net earnings (loss) per diluted share because their effects were anti-dilutive:

	December 31,		
	2024	2023	2022
Potentially dilutive securities:			
Warrants	22,415,179	22,415,400	22,415,400
Class B common shares	—	59,958,422	60,325,057
Earnout consideration shares	3,500,000	7,500,000	7,500,000
Equity awards	2,523,639	2,679,833	3,461,502

15. COMMITMENTS AND CONTINGENCIES**Operating Leases**

The Company leases certain office space and manufacturing space under arrangements currently classified as leases under ASC 842. See Note 7 for future minimum commitments under all non-cancelable operating leases.

Tax Receivable Agreement

The Company is obligated to make payments under the tax receivable agreement to the TRA Holders. See Note 2. Although the actual timing and amount of any payments that may be made under the agreement will vary, the Company expects the cash obligation required will be significant. Any payments made under the tax receivable agreement will generally reduce the amount of overall cash flows that might have otherwise been available to the Company. To the extent that the Company is unable to make payments under the tax receivable agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by the Company. The tax receivable agreement liability includes amounts to be paid assuming the Company will have sufficient taxable income over the term of the tax receivable agreement to utilize the related tax benefits. In determining the estimated timing of payments, the current year's taxable income was used to extrapolate an estimate of future taxable income.

As of December 31, 2024, the Company had the following obligations expected to be paid pursuant to the tax receivable agreement:

Year ending December 31,		
2025	\$	5,171
2026		14,122
2027		14,283
2028		14,516
2029		14,762
Later years		190,851
Total Payments	\$	253,705

In addition to the above, the Company's tax receivable agreement liability and future payments thereunder are expected to increase as we realize (or are deemed to realize) an increase in tax basis of Holdings' assets resulting from any future purchases, redemptions or exchanges of Holdings' interests by holders. The Company currently expect to fund these future tax receivable agreement liability payments from some of the realized cash tax savings as a result of this increase in tax basis.

Litigation

The Company may be, from time to time, party to various disputes and claims arising from normal business activities. The Company accrues for amounts related to legal matters if it is probable that a liability has been incurred and the amount is reasonably estimable. While the outcome of existing disputes and claims is uncertain, the Company does not expect that the resolution of existing disputes and claims would have a material adverse effect on its consolidated financial position or liquidity or the Company's consolidated results of operations. Litigation expenses are expensed as incurred. In February 2021, the Company had received from a third party a notice of dispute with respect to whether commissions were due and owing on product sales to certain of the Company's customers which could have required payments ranging from \$4,000 to \$14,000, plus costs and expenses. In October 2022, this dispute was resolved through binding arbitration, resulting in commission payments to the third party within the anticipated range, together with additional commission payments on future sales, if any, to one customer. The Company made a payment of \$10,259 related to these commission payments during the year ended December 31, 2022.

16. Segment Reporting

The Company has two operating segments and two reportable segments: Payment Card and Arculus. Payment Card and Arculus were concluded to be two separate reportable segments. Payment Card generates its revenue through the production and sale of metal payment cards while Arculus generates its revenue through the production and sale of metal payment or nonpayment cards containing Arculus technology for authentication and/or digital asset cold storage and related services. The accounting policies of both segments are the same as those described in the summary of significant accounting principles.

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The Company accounts for Arculus and Payment on a direct cost basis, no corporate costs are allocated to either. The Company includes all senior leadership team personnel costs in Payment Card.

All others, as reported below, consists of the corporate entities that were concluded to not be operating segments and include the public company parent entity, Holdings, and Resolute Holdings and fair value adjustments related to warrants liability and earnout liability.

The chief operating decision maker ("CODM") is the Chief Executive Officer of the Company. The CODM evaluates the performance of Payment Card and Arculus primarily based on net sales, gross profit and net (loss) income. The Company does not have any intra-entity sales.

	Year Ended December 31,		
	2024	2023	2022
Net Sales			
Payment card	\$ 410,061	\$ 388,903	\$ 377,081
Arculus	10,510	1,726	1,395
All others	—	—	—
	<u>\$ 420,571</u>	<u>\$ 390,629</u>	<u>\$ 378,476</u>
Gross profit			
Payment card	\$ 210,960	\$ 208,286	\$ 219,265
Arculus	8,267	796	379
All others	—	—	—
	<u>\$ 219,227</u>	<u>\$ 209,082</u>	<u>\$ 219,644</u>
Net (loss) income			
Payment card	\$ 120,375	\$ 126,300	\$ 133,034
Arculus	(4,583)	(15,374)	(22,023)
All others	(198,954)	1,594	20,804
	<u>\$ (83,162)</u>	<u>\$ 112,520</u>	<u>\$ 131,815</u>

	December 31,	
	2024	2023
Identifiable assets		
Payment card	\$ 232,611	\$ 181,993
Arculus	5,642	3,475
All others	272,150	28,431
Eliminations	(36,485)	(12,858)
	<u>\$ 473,918</u>	<u>\$ 201,041</u>

COMPOSECURE, INC.**Notes to Consolidated Financial Statements**

(amounts in thousands, except share data)

The below table presents significant segment expenses for Payment Card.

	Year Ended December 31,		
	2024	2023	2022
Net sales	\$ 410,061	\$ 388,903	\$ 377,081
Less:			
Cost of sales (1)	190,879	173,269	150,494
Personnel costs including variable compensation	37,562	32,092	40,021
Marketing costs	1,511	1,606	2,020
Professional fees	7,212	6,108	8,133
Interest expense, net (2)	12,281	14,610	13,008
Depreciation (1)	8,550	7,674	7,885
Stock-based compensation	19,404	16,639	11,166
Other segment costs (3)	12,287	10,605	11,320
Segment net income	\$ 120,375	\$ 126,300	\$ 133,034

(1) Cost of sales presented excludes depreciation of \$8.6 million, \$7.6 million, and \$7.3 million for each of the years ended December 31, 2024, 2023 and 2022.. The portion of depreciation that was recorded in Cost of sales is included in the Depreciation line.

(2) Includes amortization of deferred finance costs for the years ended December 31, 2024, 2023 and 2022.

(3) Other segment costs include utilities, insurance, office supplies, travel and sales and use taxes.

The below table presents significant segment expenses for Arculus.

	Year Ended December 31,		
	2024	2023	2022
Net sales	\$ 10,510	\$ 1,726	\$ 1,395
Less:			
Cost of sales (1)	2,019	697	804
Personnel costs including variable compensation	5,097	6,508	5,647
Marketing costs	3,271	3,414	9,788
Professional fees	2,603	4,296	4,175
Depreciation (1)	624	713	690
Stock-based compensation	491	436	299
Other segment costs	988	1,036	2,015
Segment net income	\$ (4,583)	\$ (15,374)	\$ (22,023)

(1) Cost of sales presented excludes depreciation of \$0.2 million for each of the years ended December 31, 2024, 2023 and 2022. The portion of depreciation that was recorded in Cost of sales is included in the Depreciation line.

COMPOSECURE, INC.**Notes to Consolidated Financial Statements**

(amounts in thousands, except share data)

The below table presents significant segment expenses for all others.

	Year Ended December 31,		
	2024	2023	2022
Net sales	\$ —	\$ —	\$ —
Less:			
Personnel costs including variable compensation	1,297	—	—
Professional fees	15,101	3,260	1,716
Interest expense, net (1)	4,499	9,546	9,536
Stock-based compensation	1,340	487	—
Fair value adjustments	172,242	(22,284)	(42,267)
Other segment costs (2)	4,475	7,397	10,211
Segment net loss	\$ (198,954)	\$ 1,594	\$ 20,804

(1) Includes amortization of deferred finance costs for the years ended December 31, 2024, 2023 and 2022.

(2) Other segment costs include office supplies, travel and sales and use taxes.

17. RELATED PARTY TRANSACTIONS

As a result of the Business Combination, the Company entered into a tax receivable agreement with Holdings and unitholders of Holdings, which was amended upon the Resolute Transaction closing as of September 17, 2024. See Note 15. The Company is obligated to make certain payments under the tax receivable agreement to certain historical unitholders of Holdings. The Company made a total payment of \$1,303 and \$2,436 related to the tax receivable agreement liability in the year ended December 31, 2024 and 2023, respectively.

Pursuant to the Holdings LLC agreement, the Company makes pro rata tax distributions to the holders of Holdings' units, (i.e. non-controlling interest) in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Holdings that is allocated to them. For the year ended December 31, 2024, Holdings distributed a total of \$50,082 of tax distributions to its members, of which \$15,219 was paid to CompoSecure, Inc. (the parent company), resulting in a net tax distribution to all other members of \$34,863. For the year ended December 31, 2023, Holdings distributed a total of \$49,955 of tax distributions to its members, of which \$11,593 was paid to CompoSecure, Inc. (the parent company), resulting in a net tax distribution to all other members of \$38,362.

In connection with the special distribution discussed in Note 8, \$15,573 was disbursed to Class B unitholders of Holdings on June 11, 2024.

In connection with the Resolute transaction, on September 17, 2024, the Company and Resolute entered into the Governance Agreement, pursuant to which the Company and Resolute established certain governance matters, including ongoing obligations with respect to the size of the board of directors, election of specified directors (including independent directors) and other matters. The foregoing summary of the Governance Agreement is not complete and is qualified in its entirety by reference to the full text of such document, attached hereto as Exhibit 10.37, which is incorporated herein by reference.

18. SUBSEQUENT EVENT*Spin-off*

On February 28, 2025, the Company completed the previously-announced spin-off (the "Spin-Off") of Resolute Holdings Management, Inc. ("Resolute Holdings"), and, in connection with the Spin-Off, CompoSecure Holdings, L.L.C. (a wholly-owned subsidiary of the Company) entered into a management agreement pursuant to which Resolute Holdings will provide management and other related services to CompoSecure Holdings, L.L.C. in exchange for payment of quarterly management fees based on 2.5% of trailing twelve-month adjusted EBITDA calculated in accordance with the management agreement. In connection with the Spin-Off, we and CompoSecure Holdings, L.L.C. entered into several other agreements with Resolute Holdings, including a separation and distribution agreement, state and local tax sharing agreement, among others. Please see the Company's Current Report on Form 8-K filed with the SEC on March 5, 2025 for additional information about such agreements, as well as copies of the agreements filed as exhibits to such Form 8-K. Resolute Holdings is an entity that the Company formed on September 27, 2024.

As a result of the Spin-Off, Resolute Holdings will consolidate the results of CompoSecure Holdings, L.L.C. Please see the Company's Current Report on Form 8-K filed with the SEC on March 5, 2025 for pro forma financial statements of the Company giving effect to the Spin-Off.

Warrant Adjustment

The Spin-Off of Resolute Holdings from the Company was achieved through the distribution of all outstanding shares of Resolute Holdings common stock, par value \$0.0001 per share (the "Resolute Holdings Common Stock"), on a pro rata basis to holders of record of the Company's Class A Common Stock, par value \$0.0001 per share (the "CompoSecure Common Stock"). Each holder of record of CompoSecure Common Stock received one share of Resolute Holdings Common Stock for every twelve shares of CompoSecure Common Stock held on February 20, 2025, the record date for the Spin-Off. In lieu of fractional shares of Resolute Holdings Common Stock, holders of CompoSecure Common Stock will receive cash.

The distribution of shares in connection with the Spin-Off constituted an Extraordinary Dividend as defined in the warrant agreement. As a result, the warrant price was decreased from \$11.50 per share of CompoSecure Common Stock to \$7.97 per share of CompoSecure Common Stock, and the redemption trigger price was decreased from \$18.00 per share of CompoSecure Common Stock to \$14.47 per share of CompoSecure Common Stock, effective as of February 28, 2025.

Earnout Adjustment

The distribution of shares in connection with the Spin-Off resulted in an adjustment to the terms of the Earnout in accordance with the Merger Agreement. The number of remaining Earnout Shares increased and the price threshold decreased, effective as of February 28, 2025.

Lease amendment

On January 22, 2025, the Company exercised a renewal option for the lease of one of its production facilities. The lease was extended for a five-year term beginning on October 1, 2026, and ending on September 30, 2031. The aggregate anticipated base rent payments under the extension are \$5.3 million.

SAFE Investment

On February 10, 2025, the Company's investment in a SAFE with Signify Holdings, Inc. (dba Rain) was converted to an equity interest under the terms of the agreement.

Other Events

Subsequent to December 31, 2024, Resolute acquired shares which resulted in Resolute owning an approximately 51% share of the Company at the time of filing of this annual report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures**Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Annual Report on Internal Control Over Financial Reporting

The management of CompoSecure, Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, the Company’s principal executive and principal financial officers and effected by the Company’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2024 based on those criteria.

As an emerging growth company, the Company is not required to include in this Annual Report on Form 10-K a report on the effectiveness of its internal control over financial reporting by the Company's independent registered public accounting firm.

Item 9B. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended December 31, 2024, the following officers of the Company entered into and/or terminated trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c):

- On September 12, 2024, Adam Lowe, Chief Product & Innovation Officer of the Company, entered into a trading plan covering the potential sale of 178,923 shares of Class A Common Stock, all of which would be acquired upon exercise of stock options. The plan was terminated on December 6, 2024.
- On December 12, 2024, Amanda Gourbault, Chief Revenue Officer of the Company, entered into a trading plan covering the potential sale of 115,000 shares of Class A Common Stock. The plan was terminated on February 24, 2025.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Present Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required to be disclosed by this Item with respect to our executive officers is incorporated into this Annual Report on Form 10-K by reference from the section entitled “Executive Officers and Director and Officer Compensation” contained in our definitive proxy statement for our 2025 annual meeting of stockholders (the “2025 Proxy Statement”), which we intend to file with the SEC within 120 days of the end of our fiscal year ended December 31, 2024.

Information required to be disclosed by this Item about our Board is incorporated into this Annual Report on Form 10-K by reference from the section entitled “The Director Election Proposal” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024.

To the extent necessary, information required to be disclosed by this Item about the Section 16(a) compliance of our directors and executive officers is incorporated into this Annual Report on Form 10-K, as applicable, by reference from the section entitled “Delinquent Section 16(a) Reports” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024.

Information required to be disclosed by this Item about our Board, the Audit Committee of our Board, our audit committee financial expert, our Code of Conduct, our Insider Trading Policy and other corporate governance matters is incorporated into this Annual Report on Form 10-K by reference from the section entitled “Corporate Governance” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024.

The text of our Code of Conduct, which applies to our directors and employees (including our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions), is posted in the “Corporate Governance” section of the Investor Relations section of our website, www.composecure.com. A copy of the Code of Conduct can be obtained free of charge on our website. We intend to disclose on our website any amendments to, or waivers from, our Code of Conduct that are required to be disclosed pursuant to the rules of the SEC and The Nasdaq Global Market.

The information presented on any website (including our website) referenced in this Annual Report on Form 10-K is not a part of this Annual Report on Form 10-K and any reference thereto is intended to be an inactive textual reference only.

Item 11. Executive Compensation

The information required to be disclosed by this Item is incorporated into this Annual Report on Form 10-K by reference from the section entitled “Executive Officers and Director and Officer Compensation” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024 .

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Beneficial ownership of securities

The information required to be disclosed by this Item is incorporated into this Annual Report on Form 10-K by reference from the sections entitled “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024.

Securities authorized for issuance under equity compensation plans

The information required to be disclosed by this Item with respect to our equity compensation plans is incorporated into this Annual Report on Form 10-K by reference from the section entitled “Executive Compensation” contained in 2025 Proxy Statement, which we intend to file with the SEC within 120 days of the end of our fiscal year ended December 31, 2024.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required to be disclosed by this Item is incorporated into this Annual Report on Form 10-K by reference from the sections entitled “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024.

Item 14. Principal Accountant Fees and Services

The information required to be disclosed by this Item is incorporated into this Annual Report on Form 10-K by reference from the section entitled “The Auditor Ratification Proposal” contained in the 2025 Proxy Statement, which we intend to file within 120 days of the end of our fiscal year ended December 31, 2024.

Part IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements and Financial Statement Schedules

See “Table of Contents to the Consolidated Financial Statement” in Part II, Item 8 of this Annual Report on Form 10-K. Financial statement schedules have been omitted because they are not required or are not applicable or because the information required in those schedules either is not material or is included in the consolidated financial statements or the accompanying notes.

Exhibits

The exhibits listed below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit No.	Description
<u>2.1†</u>	<u>Agreement and Plan of Merger, dated April 19, 2021, by and among the Roman DBDR Tech Acquisition Corp., Roman Parent Merger Sub, LLC, CompoSecure Holdings, L.L.C., and LLR Equity Partners IV, L.P. as Member Representative (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on April 19, 2021).</u>
<u>2.2</u>	<u>Amendment No. 1 to the Agreement and Plan of Merger, dated as of May 25, 2021, by and among the Roman DBDR Tech Acquisition Corp., Roman Parent Merger Sub, LLC, and CompoSecure Holdings, L.L.C. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on May 25, 2021).</u>
<u>2.3*</u>	<u>Separation and Distribution Agreement by and between CompoSecure, Inc. and Resolute Holdings Management, Inc. dated as of February 28, 2025.</u>
<u>3.1</u>	<u>Second Amended and Restated Certificate of Incorporation of CompoSecure, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>3.2</u>	<u>Second Amended and Restated Bylaws of CompoSecure, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>4.1</u>	<u>Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1/A (File No. 333-249330), filed with the SEC on October 19, 2020).</u>
<u>4.2</u>	<u>Warrant Agreement, dated as of November 5, 2021, between Roman DBDR Tech Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on November 10, 2020).</u>
<u>4.3</u>	<u>Stockholders Agreement, dated as of December 27, 2021, by and among CompoSecure, Inc., Roman DBDR Tech Sponsor LLC and the other Stockholders (as defined therein) party thereto (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>

- [4.4](#) [Agreement to Terminate Stockholders Agreement, dated September 17, 2024, by and between CompoSecure, Inc. and the certain stockholders signatories thereto \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on September 17, 2024\).](#)
- [4.5](#) [Description of Registrant's Securities \(incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K \(File No. 001-39687\), filed with the SEC on March 14, 2022\).](#)
- [10.1](#) [Amended and Restated Registration Rights Agreement, dated as of December 27, 2021, by and among CompoSecure, Inc., the LIR Investors \(as defined therein\), the CompoSecure Investors \(as defined therein\), the Founder Investors \(as defined therein\), and the Additional Investors \(as defined therein\) \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on December 29, 2021\).](#)
- [10.2](#) [Tax Receivable Agreement, dated as of December 27, 2021, by and among CompoSecure, Inc., CompoSecure Holdings, L.L.C. and the TRA Parties \(as defined therein\) party thereto \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on December 29, 2021\).](#)
- [10.3](#) [Amendment No. 1 to the Tax Receivable Agreement, dated as of August 7, 2024, by and among CompoSecure, Inc., CompoSecure Holdings, L.L.C. and the TRA Parties \(as defined therein\) parties thereto \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on August 9, 2024\).](#)
- [10.4](#) [Third Amended and Restated Limited Liability Company Agreement of CompoSecure Holdings, L.L.C., dated as of November 21, 2024, by and among CompoSecure Holdings, L.L.C., CompoSecure, Inc. and other Members \(as defined therein\) party thereto \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on November 22, 2024\).](#)
- [10.5](#) [Fourth Amended and Restated Credit Agreement, dated August 7, 2024, by and among CompoSecure, L.L.C., Arculus Holdings, L.L.C., CompoSecure Holdings, L.L.C., the Lenders \(as defined therein\) party thereto and JPMorgan Chase Bank, N.A \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on August 9, 2024\).](#)
- [10.6](#) [Amendment No. 1 to Fourth Amended and Restated Credit Agreement and Limited Waiver, dated December 30, 2024, by and among CompoSecure Holdings, L.L.C., CompoSecure, L.L.C., Arculus Holdings, L.L.C., JPMorgan Chase Bank, National Association, as administrative agent, and the lenders party thereto \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on January 3, 2025\).](#)
- [10.7+](#) [CompoSecure, Inc. 2021 Incentive Equity Plan and forms of agreement thereunder \(incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on December 29, 2021\).](#)
- [10.8](#) [Form of Indemnification Agreement \(incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on December 29, 2021\).](#)
- [10.9+](#) [Employment Agreement, dated as of December 27, 2021, by and between CompoSecure, L.L.C. and Jonathan Wilk \(incorporated by reference to Exhibit 10.14 to the Current Report on Form 8-K \(File No. 001-39687\), filed with the SEC on December 29, 2021\).](#)

<u>10.10+</u>	<u>Employment Agreement, dated as of December 27, 2021, by and between CompoSecure, L.L.C. and Timothy Fitzsimmons (incorporated by reference to Exhibit 10.15 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.11+</u>	<u>Employment Agreement, dated as of December 27, 2021, by and between CompoSecure, L.L.C. and Adam Lowe (incorporated by reference to Exhibit 10.16 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.12+</u>	<u>Employment Agreement, dated as of December 27, 2021, by and between CompoSecure, L.L.C. and Gregoire Maes (incorporated by reference to Exhibit 10.17 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.13+</u>	<u>Employment Agreement, dated as of December 13, 2021, by and between CompoSecure, L.L.C. and Amanda Gourbault (incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.14</u>	<u>Industrial Building Lease, dated May 2, 2016, by and between FR JH 10, LLC and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.19 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.15*</u>	<u>Industrial Building Lease Extension Letter, dated January 28, 2025, by and between FR JH 10, LLC and CompoSecure, L.L.C.</u>
<u>10.16</u>	<u>Lease of Improved Property, dated December 1, 2011, by and between Baker-Properties Limited Partnership and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.20 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.17</u>	<u>First Amendment to Lease of Improved Property, dated December 15, 2020, by and between Baker-Properties Limited Partnership and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.21 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.18††</u>	<u>Master Services Agreement, dated August 1, 2004, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.22 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.19</u>	<u>Amendment Number 1 to Master Services Agreement, dated July 31, 2016, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.23 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.20</u>	<u>Amendment Number 2 to Master Services Agreement, dated August 2, 2018, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.24 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.21</u>	<u>Amendment Number 3 to Master Services Agreement, dated January 1, 2019, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.25 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>

<u>10.22††</u>	<u>Amendment Number 4 to Master Services Agreement, dated July 1, 2019, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.26 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.23</u>	<u>Amendment Number 5 to Master Services Agreement, dated March 19, 2020, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.27 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.24††</u>	<u>Amendment Number 6 to Master Services Agreement, dated September 1, 2020, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.28 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.25††</u>	<u>Amendment Number 7 to Master Services Agreement, dated July 15, 2021, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.29 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.26</u>	<u>Amendment Number 8 to Master Services Agreement, dated January 1, 2025, by and between American Express Travel Related Services Company, Inc. and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q (File No. 001-39687) for the quarter ended September 30, 2024, filed with the SEC on November 8, 2024).</u>
<u>10.27††</u>	<u>Master Services Agreement, dated January 4, 2008, by and between JPMorgan Chase Bank, National Association and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.30 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.28</u>	<u>Amendment to Master Services Agreement, dated May 1, 2014, by and between JPMorgan Chase Bank, National Association and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.31 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.29</u>	<u>Amendment 2 to Master Services Agreement, dated June 6, 2019, by and between JPMorgan Chase Bank, National Association and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.32 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.30††</u>	<u>Amendment 3 to Master Services Agreement, dated October 7, 2019, by and between JPMorgan Chase Bank, National Association and CompoSecure, L.L.C. (incorporated by reference to Exhibit 10.33 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC on December 29, 2021).</u>
<u>10.31†</u>	<u>CompoSecure, Inc. Amended and Restated Equity Incentive Plan (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-39687), filed with the SEC on March 14, 2022).</u>
<u>10.32*</u>	<u>Second Amended and Restated CompoSecure, Inc. Non-Employee Director Compensation Policy.</u>
<u>10.33*</u>	<u>Third Amended and Restated CompoSecure, Inc. Non-Employee Director Compensation Policy.</u>

<u>10.34*</u>	<u>Management Agreement, dated February 28, 2025, by and between CompoSecure Holdings, L.L.C. and Resolute Holdings Management, Inc.</u>
<u>10.35*</u>	<u>U.S. State and Local Tax Sharing Agreement, dated February 28, 2025, by and between CompoSecure, Inc. and Resolute Holdings Management, Inc.</u>
<u>10.36*</u>	<u>Letter Agreement, dated as of February 28, 2025, by and between CompoSecure, Inc. and Resolute Holdings Management, Inc.</u>
<u>10.37</u>	<u>Governance Agreement by and between CompoSecure, Inc., Resolute Compo Holdings, LLC and Tungsten 2024 LLC, dated as of September 17, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-39687), filed with the SEC September 17, 2024).</u>
<u>10.38*</u>	<u>Waiver Agreement, dated February 28, 2025, by and among CompoSecure, Inc., Resolute Compo Holdings LLC and Tungsten 2024 LLC.</u>
<u>10.39*</u>	<u>Board Adviser Agreement, dated February 28, 2025, by and among CompoSecure, Inc., Resolute Holdings Management, Inc. and Fradin Consulting LLC.</u>
<u>10.40*</u>	<u>CompoSecure, Inc. Option Conversion Program.</u>
<u>10.41*</u>	<u>Amended and Restated Offer Letter, dated February 28, 2025, by and between CompoSecure, L.L.C., Resolute Holdings Management, Inc., and David Cote.</u>
<u>10.42*</u>	<u>Amended and Restated Offer Letter, dated February 28, 2025, by and between CompoSecure, L.L.C., Resolute Holdings Management, Inc., and Thomas Knott.</u>
<u>19.1†*</u>	<u>Insider Trading Policy, dated as of September 25, 2024, by and between CompoSecure, Inc. and directors, officers, employees, and others.</u>
<u>21.1*</u>	<u>List of Subsidiaries.</u>
<u>23.1*</u>	<u>Consent of Grant Thornton LLP</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2*</u>	<u>Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1**</u>	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2**</u>	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>97.1*</u>	<u>CompoSecure, Inc. Compensation Recoupment Policy, adopted December 1, 2023 (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (File No. 001-39687), filed with the SEC on March 12, 2024).</u>

101 Pursuant to Rules 405 and 406 of Regulation S-T, the following information from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 is formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statement of Stockholders' Equity; (iv) the Consolidated Statements of Cash Flows and (v) Notes to the Consolidated Financial Statements.

104 Cover Page Interactive Data File (embedded within the inline XBRL document)

* Filed herewith.

** Furnished herewith.

+ Indicates management contract or compensatory plan or arrangement.

† Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

†† The Company has redacted provisions or terms of this Exhibit pursuant to Regulation S-K Item 601(b)(10)(iv). The Company agrees to furnish an unredacted copy of the Exhibit to the SEC upon its request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1933, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CompoSecure, Inc.

By: /s/ Jonathan Wilk
Jonathan Wilk
President and Chief Executive Officer

Date: March 5, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jonathan Wilk</u> Jonathan Wilk	President, Chief Executive Officer and Director (Principal Executive Officer)	3/5/2025
<u>/s/ Timothy Fitzsimmons</u> Timothy Fitzsimmons	Chief Financial and Accounting Officer (Principal Financial and Accounting Officer)	3/5/2025
<u>/s/ David Cote</u> David Cote	Executive Chairman of the Board of Directors	3/5/2025
<u>/s/ John Cote</u> John Cote	Director	3/5/2025
<u>/s/ Joseph DeAngelo</u> Joseph DeAngelo	Director	3/5/2025
<u>/s/ Paul Galant</u> Paul Galant	Director	3/5/2025
<u>/s/ Brian F. Hughes</u> Brian F. Hughes	Director	3/5/2025
<u>/s/ Mark James</u> Mark James	Director	3/5/2025
<u>/s/ Thomas Knott</u> Thomas Knott	Director	3/5/2025
<u>/s/ Dr. Krishna Mikkilineni</u> Krishna Mikkilineni	Director	3/5/2025
<u>/s/ Jane J. Thompson</u> Jane J. Thompson	Director	3/5/2025

SEPARATION AND DISTRIBUTION AGREEMENT

by and between

COMPOSECURE, INC.

and

RESOLUTE HOLDINGS MANAGEMENT, INC.

Dated as of February 28, 2025

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SEPARATION AND DISTRIBUTION AGREEMENT, dated as of February 28, 2025, by and between CompoSecure, Inc., a Delaware corporation (“Parent”), and Resolute Holdings Management, Inc., a Delaware corporation and indirect wholly owned Subsidiary of Parent (“SpinCo”). Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in Article I.

RECITALS

WHEREAS, the board of directors of Parent (the “Parent Board”) has determined that it is advisable and in the best interests of Parent and its stockholders for Parent to establish a management business to be conducted by SpinCo and subsequently spin off SpinCo, as an independent publicly traded company, in the manner contemplated by this Agreement;

WHEREAS, in connection with the Spin-Off, it is contemplated that: (a) Parent will cause CompoSecure Holdings, L.L.C., a Delaware limited liability company and direct wholly owned Subsidiary of Parent (the “Company”), to enter into a management agreement with SpinCo, substantially in the form attached as an exhibit to the Form 10 (the “Management Agreement”), pursuant to which SpinCo will become responsible for managing the Company’s day-to-day business and operations and overseeing the Company’s strategy, subject to and in accordance with the terms set forth therein; (b) Parent will enter into a letter agreement with SpinCo, substantially in the form attached as an exhibit to the Form 10 (the “Letter Agreement”), to support the Company’s performance of its duties and obligations under the Management Agreement, subject to and in accordance with the terms set forth therein;

WHEREAS, upon and subject to the terms of this Agreement: (a) Parent will (i) contribute, convey, sell or otherwise transfer (or cause its Subsidiaries to contribute, convey, sell or otherwise transfer) the SpinCo Assets and (ii) transfer (or cause its Subsidiaries to transfer) the SpinCo Employees to SpinCo in exchange for (A) the assumption by SpinCo of the SpinCo Liabilities, (B) the issuance by SpinCo to the Company of shares of SpinCo Common Stock and (C) following such issuance of shares of SpinCo Common Stock, the distribution by the Company to Parent of all shares of SpinCo Common Stock then held by the Company (this clause (a), collectively, the “Pre-Distribution Transactions”); and (b) immediately following the Pre-Distribution Transactions, Parent will distribute, on a pro rata basis, to holders of shares of Parent Common Stock on the Record Date all of the outstanding shares of SpinCo Common Stock (the “Distribution” and, together with the Pre-Distribution Transactions, collectively, the “Spin-Off”);

WHEREAS, SpinCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Spin-Off;

WHEREAS, Parent and SpinCo have prepared, and SpinCo has filed with the Commission, the Form 10, which includes the Information Statement and sets forth certain disclosures concerning SpinCo and the Distribution; and

WHEREAS, it is appropriate and desirable to set forth the principal transactions required to effect the Spin-Off, certain other agreements that will govern the relationship of

Parent and its Subsidiaries and SpinCo following the Distribution and certain matters relating to the allocation of rights and obligations under this Agreement and the Ancillary Agreements in connection with the Spin-Off.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

“Action” means any claim, complaint, petition, hearing, charge, demand, action, suit, countersuit, arbitration, inquiry, audit, assessment, proceeding or investigation by or before any Governmental Authority, including any Government Investigation.

“Adversarial Action” means (i) an Action by one or more members of the Parent Group, on the one hand, against one or more members of the SpinCo Group, on the other hand, or (ii) an Action by one or more members of the SpinCo Group, on the one hand, against one or more members of the Parent Group, on the other hand.

“Affiliate” of any Person means a Person that controls, is controlled by or is under common control with such Person. As used herein, “control” of any entity means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by Contract or otherwise; provided that it is acknowledged and agreed that (i) members of the Parent Group shall not be deemed to be Affiliates of the SpinCo Group, (ii) members of the SpinCo Group shall not be deemed to be Affiliates of the Parent Group and (iii) if, after the Distribution Effective Time, SpinCo enters in one or more additional management agreements with any Person (other than any member of the Parent Group), such Person(s) party to such management agreement(s) shall not be deemed Affiliate(s) of the SpinCo Group.

“Agent” means the distribution agent appointed by Parent to distribute to the Record Holders, pursuant to the Distribution, the shares of SpinCo Common Stock held by Parent immediately following the Pre-Distribution Transactions.

“Agreement” means this Separation and Distribution Agreement, including the Schedules hereto.

“Ancillary Agreements” means the Management Agreement, the Letter Agreement, the U.S. State and Local Tax Sharing Agreement and any other instruments, assignments, documents and agreements executed or to be executed between one or more members of the Parent Group, on the one hand, and SpinCo, on the other hand, in each case in connection with the implementation of the transactions contemplated by this Agreement.

“Assets” means all assets, Contracts, properties and rights of every kind and nature (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible or intangible, or accrued or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

“Benefit Plan” means any Contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee or Former Employee, or to any family member, dependent, or beneficiary of any such Employee or Former Employee, including cash or deferred arrangement plans, profit-sharing plans, post-employment programs, pension plans, supplemental pension plans, welfare plans, stock purchase, and Contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change-in-control protections or benefits, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, adoption assistance, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term “Benefit Plan” does not include any government-sponsored benefits, such as workers’ compensation, unemployment or any similar plans, programs or policies or Individual Agreements.

“Business Day” means any day except a Saturday, a Sunday or a day on which banking institutions in New York, New York are not required to be open.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission.

“Company” has the meaning set forth in the Recitals hereof.

“Consents” means any consents, waivers, authorizations, ratifications, permissions, exemptions or approvals from or to any Person.

“Contract” means any oral or written contract, agreement or other legally binding instrument, including any note, bond, mortgage, deed, indenture, commitment, lease, sublease, license, sublicense or joint venture agreement.

“Dispute” has the meaning set forth in Section 11.02.

“Dispute Notice” has the meaning set forth in Section 11.02.

“Distribution” has the meaning set forth in the Recitals hereof.

“Distribution Date” means the date, determined by Parent in accordance with Section 4.03, on which the Distribution occurs.

“Distribution Effective Time” means 12:01 .a.m. Eastern Time, or such other time as Parent may determine, on the Distribution Date.

“Distribution Ratio” shall have the meaning set forth in Section 4.01(b).

“Dual-Role Director” means each Person who serves as a director on each of the Parent Board and the SpinCo Board at any time on or after the Distribution.

“Employee” means any Parent Group Employee or SpinCo Employee.

“Exchange” means the Nasdaq Stock Market LLC.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, together with the rules and regulations promulgated thereunder.

“First Post-Distribution Report” has the meaning set forth in Section 11.12.

“Form 10” means the registration statement on Form 10 filed by SpinCo with the Commission to effect the registration of SpinCo Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time.

“Former Employees” means any individual who is a former employee of the Parent Group as of the Distribution Date.

“Governmental Approvals” means any notices, reports or other filings given to or made with, or any Consents, registrations or permits obtained from, any Governmental Authority.

“Governmental Authority” means any federal, state, local, foreign, international or multinational government, political subdivision, governmental, quasi-governmental authority of any nature (including any department, commission, board, bureau, agency, court or tribunal) or other body exercising legislative, judicial, regulatory, administrative or taxing authority, arbitral body or official of any of the foregoing.

“Government Investigation” means any inquiry, investigation, probe, audit or inspection conducted by a Governmental Authority.

“Group” means either the Parent Group or the SpinCo Group, or both, as the context requires.

“Indemnifying Party” has the meaning set forth in Section 5.04(a).

“Indemnatee” has the meaning set forth in Section 5.04(a).

“Indemnity Payment” has the meaning set forth in Section 5.04(a).

“Individual Agreement” means any individual (i) employment contract, (ii) retention, severance or change in control agreement or (iii) other agreement containing restrictive covenants (including confidentiality, noncompetition and nonsolicitation provisions) between a

member of the Parent Group and an Employee, as in effect immediately prior to the Distribution, in each case, other than any equity or equity-based incentive award agreement.

“Information” means information, whether or not patentable, copyrightable or protectable as a trade secret, in written, oral, electronic or other tangible or intangible forms, stored in any medium now known or yet to be created, including studies, reports, records, books, Contracts, instruments, surveys, analyses, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing or business plans, customer names or information, communications (including emails, text messages, IMs, and chats, including those by or to attorneys (whether or not subject to the attorney-client privilege)), memos and other materials (including those prepared by attorneys or under their direction (whether or not constituting attorney work product)) and other technical, financial, employee or business information or data, documents, correspondence, materials and files.

“Information Statement” means the Information Statement sent by or on behalf of Parent to the holders of shares of Parent Common Stock in connection with the Distribution, as such Information Statement may be amended from time to time.

“Insurance Proceeds” means those monies: (i) received by an insured (or its successor-in-interest) from an insurance carrier; (ii) paid by an insurance carrier on behalf of the insured (or its successor-in-interest); or (iii) received (including by way of set-off) from any third party in the nature of insurance in respect of any Liability, in any such case net of (A) any applicable premium adjustments (including reserves and retrospectively rated premium adjustments), (B) any costs or expenses incurred in the collection thereof, (iii) any reimbursement obligations under “fronted” or similar insurance policies and (C) any Taxes resulting from the receipt thereof.

“JAMS” has the meaning set forth in Section 11.03(a).

“Law” means any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, Governmental Approval, concession, grant, franchise, license, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect.

“Liabilities” means any and all claims, debts, demands, causes of action, suits, damages, fines, penalties, obligations, prohibitions, accruals, accounts payable, bonds, indemnities and similar obligations, agreements, promises, guarantees, make-whole agreements and similar obligations, and other liabilities, obligations or requirements of any kind or nature, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any Law, Action, threatened or contemplated Action or any award of any arbitrator or mediator, and those arising under any Contract, including those arising under this Agreement or any Ancillary Agreement, in each case, whether or not recorded or reflected or

required to be recorded or reflected on the books and records or financial statements of any Person. For the avoidance of doubt, Liabilities shall include reasonable attorneys' fees and expenses, the costs and expenses of all assessments, judgments, settlements, compromises and resolutions, and any and all other costs and expenses whatsoever reasonably incurred in connection with anything contemplated by the immediately preceding sentence (including reasonable costs and expenses incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions).

"Letter Agreement" has the meaning set forth in the Recitals hereof.

"Management Agreement" has the meaning set forth in the Recitals hereof.

"Negotiation Period" has the meaning set forth in Section 11.02.

"Parent" has the meaning set forth in the Preamble hereof.

"Parent Assets" means, without duplication: (i) all Assets of the Parent Group as of immediately prior to the Distribution other than the SpinCo Assets; and (ii) all interests in the capital stock of, or other equity interests in, the members of the Parent Group (other than Parent).

"Parent Awards" means Parent Option Awards, Parent RSU Awards and Parent Performance-Based RSU Awards, collectively.

"Parent Benefit Plan" means any Benefit Plan established, sponsored or maintained by Parent or any of its Subsidiaries immediately prior to the Distribution.

"Parent Board" has the meaning set forth in the Recitals hereof.

"Parent Common Stock" means the Class A Common Stock, \$0.0001 par value per share, of Parent.

"Parent Disclosure Sections" means all information contained in or incorporated by reference into the Form 10 or Information Statement, or used in documents for an offering of securities in connection with the Spin-Off or for an offering of securities as contemplated by this Agreement, to the extent relating to (i) the Parent Group, (ii) the Parent Liabilities, (ii) the Parent Assets or (iv) the substantive disclosure set forth in such documents relating to the Parent Board's consideration of the Spin-Off, including the section of the Form 10 entitled "Reasons for the Spin-Off".

"Parent Employee Liabilities" means, without duplication: (i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other compensation or benefits payable to or on behalf of (x) any Parent Group Employees and Former Employees after the Distribution and (y) any SpinCo Employees prior to the Distribution, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other compensation or benefits are or may have been awarded or earned; (ii) any and all Liabilities whatsoever with respect to claims under a Benefit Plan; (iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination

of employment of all Parent Group Employees and Former Employees; and (iv) any and all Liabilities arising out of, relating to or resulting from the employment of individuals who will become SpinCo Employees at the Distribution that are not expressly assumed or retained by SpinCo pursuant to this Agreement.

“Parent Group” means, Parent and each Subsidiary of Parent that is or was a Subsidiary of Parent at the time in respect of which the relevant determination is being made, but excluding any member of the SpinCo Group.

“Parent Group Employees” means (i) each individual who is an employee of the Parent Group as of immediately prior to the Distribution (including any such individual who is not actively working as of the Distribution Date as a result of an illness, injury or an approved leave of absence) and (ii) any other individual employed by the Parent Group as of the Distribution Date, in each case, who is not a SpinCo Employee.

“Parent Indemnified Taxes” any liability arising under Treasury Regulations Section 1.1502-6, or any similar provision of state, local or non-U.S. tax Law, as a result of a member of the SpinCo Group’s membership in a U.S. federal income tax consolidated group (or similar group under state, local or non-U.S. Law) with any member of the Parent Group prior to the Distribution Date.

“Parent Indemnitees” has the meaning set forth in Section 5.02.

“Parent Liabilities” means, without duplication: (i) all Liabilities of the Parent Group to the extent relating to, arising out of or resulting from the Parent Assets; (ii) all Parent Employee Liabilities; and (iii) all Liabilities to the extent relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to the Parent Disclosure Sections. For the avoidance of doubt, the Parent Liabilities shall not include any SpinCo Liabilities.

“Parent Omnibus Plan” means any equity compensation plan sponsored or maintained by Parent immediately prior to the Distribution, including the CompoSecure, Inc. 2021 Incentive Equity Plan, as amended from time to time, and the CompoSecure Holdings, L.L.C. Amended and Restated Equity Incentive Plan, as amended from time to time.

“Parent Option Award” means an award of options to purchase Parent Common Stock granted pursuant to a Parent Omnibus Plan that is outstanding as of immediately prior to the Distribution.

“Parent Performance-Based RSU Award” means a restricted stock unit award that is subject to performance-based vesting outstanding as of immediately prior to the Distribution, granted pursuant to the Parent Omnibus Plan.

“Parent Ratio” means the quotient obtained by dividing (i) the Pre-Separation Parent Stock Value by (ii) the Post-Separation Parent Stock Value, carried out to six decimal places.

“Parent RSU Award” means a restricted stock unit award outstanding as of immediately prior to the Distribution that is not subject to performance-based vesting conditions, granted pursuant to the Parent Omnibus Plan.

“Party” means either party hereto, and “Parties” means both parties hereto.

“Person” means an individual, a general or limited partnership, a corporation, an association, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity or any Governmental Authority.

“Post-Separation Parent Option Award” means a Parent Option Award, as adjusted as of the Distribution Date in accordance with Section 8.02(a).

“Post-Separation Parent Performance-Based RSU Award” means a Parent Performance-Based RSU Award, as adjusted as of the Distribution Date in accordance with Section 8.02(c), as applicable.

“Post-Separation Parent RSU Award” means a Parent RSU Award, as adjusted as of the Distribution Date in accordance with Section 8.02(b), as applicable.

“Post-Separation Parent Stock Value” means the volume-weighted average per share price of Parent Common Stock on the Nasdaq Global Market during the first regular trading session (9:30 a.m. to 4:00 p.m. Eastern Time) commencing after the Distribution Effective Time.

“Pre-Distribution Tax Period” means any Tax period ending on or before the Distribution Date and the portion of any Tax period beginning before the Distribution Date and ending after the Distribution Date that ends on the Distribution Date.

“Pre-Distribution Transactions” has the meaning set forth in the Recitals hereof.

“Pre-Separation Parent Stock Value” means the closing per-share price of Parent Common Stock trading regular way “with due bills” on the Nasdaq Global Market on the last regular trading session (9:30 a.m. to 4:00 p.m. Eastern Time) ending prior to the Distribution Effective Time.

“Record Date” means the close of business on the date determined by the Parent Board as the record date for determining the shares of Parent Common Stock in respect of which shares of SpinCo Common Stock will be distributed pursuant to the Distribution.

“Record Holders” has the meaning set forth in Section 4.01(b).

“Representative” means, with respect to any Person, its directors, officers, employees, agents, accountants, subcontractors, counsel and other advisors and representatives.

“Securities Act” has the meaning set forth in Section 8.01.

“Security Interest” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

“Specified Confidential Information” has the meaning set forth in Section 6.09(a).

“SpinCo” has the meaning set forth in the Preamble hereof.

“SpinCo Assets” means, without duplication, all Assets listed or described on Schedule 1.01(a). For the avoidance of doubt, the SpinCo Assets shall not include any Parent Assets.

“SpinCo Board” means the board of directors of SpinCo.

“SpinCo Common Stock” means the Common Stock, \$0.0001 par value per share, of SpinCo.

“SpinCo Employee” means each individual set forth on Schedule 1.01(b).

“SpinCo Employee Liabilities” means, without duplication, all Liabilities arising out of, relating to or resulting from the employment of individuals who will become SpinCo Employees at the Distribution that are expressly assumed or retained by SpinCo pursuant to this Agreement.

“SpinCo Group” means SpinCo and each Person that becomes a Subsidiary of SpinCo, if any, after the Distribution Date at the time in respect of which the relevant determination is being made.

“SpinCo Indemnitees” has the meaning set forth in Section 5.03.

“SpinCo Individual Agreements” has the meaning set forth in Section 7.02(d).

“SpinCo Liabilities” means, without duplication: (i) all Liabilities to the extent relating to, arising out of or resulting from the SpinCo Assets; (ii); all SpinCo Employee Liabilities; and (iii) all Liabilities to the extent relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in or incorporated by reference into the Form 10 or the Information Statement and any other documents filed with the Commission or used in documents for an offering of securities in connection with the Spin-Off, other than with respect to the Parent Disclosure Sections.

“SpinCo Omnibus Plan” means the Resolute Holdings Management, Inc. 2025 Omnibus Incentive Plan, as established by SpinCo as of the Distribution Date pursuant Section 8.01.

“Spin-Off” has the meaning set forth in the Recitals hereof.

“Straddle Period” has the meaning set forth in Section 6.05(c).

“Subsidiary” of any Person means any corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries.

“Tax” or “Taxes” means (i) any and all taxes of any kind whatsoever, including all foreign, federal, state, county, or local income, alternative or add-on minimum, sales and use, excise, franchise, ad valorem, value added, real and personal property, escheat or unclaimed property, gross income, gross receipt, capital stock, production, license, estimated, environmental, net worth, business and occupation, disability, employment, unemployment, social security (or similar), transfer, payroll, severance, windfall profit, stamp, withholding, and all other taxes or assessments, fees, duties, levies, customs, tariffs, imposts, obligations and charges of the same or similar nature of the foregoing, including all interest, additions to tax, surcharges, fees and penalties related thereto, and (ii) any Liability for the payment of any amounts of a type described in clause (i) above of another Person arising by reason of Contract, assumption, transferee, successor or similar Liability (including bulk transfer or similar Laws), operation of Law (including pursuant to Treasury Regulations Section 1.1502-6 (or any predecessor or successor thereof or any analogous or similar state, local, or foreign Law)) or otherwise.

“Tax Contest” means any U.S. federal, state, local or foreign Tax audit or examination or notice of deficiency or other adjustment, assessment or redetermination of Taxes before a Governmental Authority.

“Tax Return” means any declaration, estimate, return, report, claim for refund, information statement, schedule or other document (including any related or supporting information), and including any amendment thereof with respect to Taxes that is filed or required to be filed with any Governmental Authority.

“Third-Party Claim” means any written assertion or other commencement by a Person (including any Governmental Authority) who is not a member of the Parent Group or the SpinCo Group of any claim, demand, inquiry or investigation, or the commencement by any such Person of any Action, against any member of the Parent Group or the SpinCo Group.

“Third-Party Proceeds” has the meaning set forth in Section 5.04(a).

“Treasury Regulations” means the income Tax regulations promulgated under the Code.

“U.S. State and Local Tax Sharing Agreement” means the U.S. State and Local Tax Sharing Agreement, dated as of February 28, 2025, by and between Parent and SpinCo, pursuant to which Parent and SpinCo have agreed on certain procedural matters with respect to the filing of Tax Returns in respect of post-Spin-Off Tax periods that are required to be filed on a consolidated, combined, unitary or other group basis.

ARTICLE II

THE SEPARATION

Section 2.01 Transfer of Assets and Assumption of Liabilities.

(a) Prior to the Distribution, the Parties shall, and Parent shall cause the other members of Parent Group to, execute such instruments of assignment, transfer or conveyance and take such other corporate actions as are necessary to: (i) transfer and convey to SpinCo all of the right, title and interest of the Parent Group in, to and under all SpinCo Assets; and (ii) cause SpinCo to assume all of the SpinCo Liabilities. Notwithstanding anything to the contrary herein, neither Party shall be required to transfer any Information, except as required by Article VI, the Management Agreement or the Letter Agreement.

(b) In the event that it is discovered in the twelve (12) month period after the Distribution Effective Time that there was an omission of the transfer or conveyance by Parent (or another member of the Parent Group) to, or the acceptance or assumption by, SpinCo of any SpinCo Asset or SpinCo Liability, as the case may be, the Parties shall use reasonable best efforts to promptly effect such transfer, conveyance, acceptance or assumption of such Asset or Liability, as the case may be, for no consideration and subject to Section 2.03. Any transfer, conveyance, acceptance or assumption made pursuant to this Section 2.01(b) shall be treated by the Parties for all purposes as if it had occurred immediately prior to the Distribution, except as otherwise required by applicable Law.

(c) In the event that it is discovered in the twelve (12) month period after the Distribution Effective Time that there was a transfer or conveyance by Parent (or a member of the Parent Group) to, or the acceptance or assumption by, SpinCo of any Parent Asset or Parent Liability, as the case may be, the Parties shall use reasonable best efforts to promptly effect such transfer, conveyance, acceptance or assumption of such Asset or Liability, as the case may be, for no consideration and subject to Section 2.03. Any transfer, conveyance, acceptance or assumption made pursuant to this Section 2.01(c) shall be treated by the Parties for all purposes as if it had occurred immediately prior to the Distribution, except as otherwise required by applicable Law.

Section 2.02 Certain Matters Governing Exclusively by Ancillary Agreements. Each of Parent and SpinCo agrees on behalf of itself and the other members of its Group, as applicable, that, except as explicitly provided in this Agreement and or any Ancillary Agreement, (a) the Management Agreement shall exclusively govern all matters relating to SpinCo’s management of the day-to-day business and affairs of the Company and its Subsidiaries and (b) the Letter Agreement shall exclusively govern all matters relating to Parent’s support of the Company’s performance of its duties and obligations under the Management Agreement. Except

as set forth in the immediately preceding sentence in respect of matters governed exclusively by the Management Agreement and the Letter Agreement, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any other Ancillary Agreement, the provisions of this Agreement shall control (unless this Agreement or such other Ancillary Agreement explicitly provides otherwise in respect of such conflict).

Section 2.03 Disclaimer of Representations and Warranties. Each of Parent (on behalf of itself and each other member of the Parent Group) and SpinCo understands and agrees that, except as expressly set forth in this Agreement or any Ancillary Agreement, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement or any Ancillary Agreement is representing or warranting in any way as to any Assets or Liabilities transferred or assumed as contemplated hereby or thereby, as to the sufficiency of the Assets or Liabilities transferred, conveyed, accepted or assumed hereby or thereby for the conduct and operations of the operating management business to be conducted by SpinCo, as to any notices, Governmental Approvals or other Consents required in connection therewith, as to the value or freedom from any Security Interests of, or any other matter concerning, any Assets or Liabilities of such party, or as to the absence of any defenses or rights of set-off or freedom from counterclaim with respect to any claim or other Asset, including any accounts receivable, of any such party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Asset or thing of value upon the execution, delivery and filing hereof or thereof, and each of Parent (on behalf of itself and each other member of the Parent Group) and SpinCo has relied only on the representations and warranties expressly contained in Section 11.01(c) or in any Ancillary Agreement. Except as may expressly be set forth herein or in any Ancillary Agreement, any such Assets are being transferred on an “as is,” “where is,” “with all faults” basis and SpinCo shall bear the economic and legal risks that (a) any conveyance shall prove to be insufficient to vest in SpinCo good and marketable title, free and clear of any Security Interest and (b) any necessary notices, Governmental Approvals or other Consents are not delivered or obtained, as applicable, or that any requirements of Laws or judgments are not complied with.

Section 2.04 Waiver of Bulk-Sale and Bulk-Transfer Laws. SpinCo hereby waives compliance by each and every member of the Parent Group with the requirements and provisions of any “bulk-sale” or “bulk-transfer” Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the SpinCo Assets to SpinCo.

Section 2.05 General Principles. All provisions herein shall be subject to the requirements of all applicable Law. Notwithstanding anything in this Agreement to the contrary, if the terms of applicable Law require that any Assets or Liabilities be retained or assumed by, or transferred to, a Party in a manner that is different than what is set forth in this Agreement, such retention, assumption or transfer shall be made in accordance with the terms of such applicable Law and shall not be made as otherwise set forth in this Agreement; provided that, in such case, the Parties shall take all necessary action to preserve the economic terms of the allocation of Assets and Liabilities contemplated by this Agreement. The provisions of this Agreement shall apply in respect of all jurisdictions.

ARTICLE III

ACTIONS PENDING THE DISTRIBUTION

Section 3.01 Actions Prior to the Distribution. Subject to the conditions specified in Section 3.02 and subject to Section 4.03, Parent and SpinCo shall use reasonable

best efforts to consummate the Distribution. Such efforts shall include taking the following actions:

(a) *Availability of Information Statement.* Prior to the Distribution, Parent shall mail the Notice of Internet Availability of the Information Statement or the Information Statement to the Record Holders.

(b) *Securities Law Matters.* SpinCo shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the Commission or federal, state or other applicable securities Laws. SpinCo shall prepare, file with the Commission and use its reasonable best efforts to cause to become effective any registration statements or amendments thereto required to effect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements. Parent and SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the Distribution.

(c) *Notice to the Exchange.* Parent shall, to the extent possible, give the Exchange not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 of under the Exchange Act.

(d) *Exchange Listing.* SpinCo shall prepare and file, and shall use reasonable best efforts to have approved prior to the Distribution, an application for the listing of the SpinCo Common Stock to be distributed in the Distribution on the Exchange, subject to official notice of distribution.

(e) *SpinCo Directors and Officers.* Prior to the Distribution, (i) Parent shall cause the Company, as sole stockholder of SpinCo, to have duly elected to the SpinCo Board the individuals listed as members of the SpinCo Board in the Information Statement, and such individuals shall be the members of the SpinCo Board effective as of immediately after the Distribution; provided, however, that to the extent required by any Law or requirement of the Exchange or any other national securities exchange, as applicable, one independent director shall be appointed by the existing SpinCo Board prior to the date on which "when-issued" trading of SpinCo Common Stock begins on the Exchange and begin his or her term prior to the Distribution and shall serve on the audit committee of the SpinCo Board, and (ii) Parent shall deliver or cause to be delivered to SpinCo resignations, effective as of immediately after the Distribution, of each individual who will be an Employee of Parent or any member of the Parent Group after the Distribution and who is director or officer of SpinCo immediately prior to the Distribution (or shall otherwise cause such individuals to be removed as directors or officers, as applicable, of SpinCo), other than any individual expressly contemplated by the Information Statement to remain a member of the SpinCo Board following the Distribution.

(f) *SpinCo Organizational Documents.* Immediately prior to the Distribution, the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws of SpinCo, each in substantially the form filed as an exhibit to the Form 10, shall be in effect.

(g) *Distribution Agent.* Parent shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(h) *Employee Matters; Equity, Incentive and Director Compensation.* The Parties shall take all actions as are deemed necessary or advisable to effectuate the provisions of Articles VII and VIII.

(i) *Satisfying Conditions to the Distribution.* The Parties shall, subject to Section 4.03, take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 3.02 to be satisfied and to effect the Distribution on the Distribution Date.

Section 3.02 Conditions Precedent to Consummation of the Distribution. Subject to Section 4.03, as soon as practicable after the date of this Agreement, the Parties shall use reasonable best efforts to satisfy the following conditions prior to the consummation of the Distribution. The obligations of the Parties to consummate the Distribution shall be conditioned on the satisfaction, or waiver by Parent, of the following conditions:

(a) The Parent Board shall have ratified, authorized and approved the Pre-Distribution Transactions and the Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of SpinCo Common Stock to Parent stockholders.

(b) Each of the Management Agreement, the Letter Agreement and the other Ancillary Agreements shall have been executed by each party to such agreement.

(c) The SpinCo Common Stock shall have been accepted for listing on the Exchange or another national securities exchange approved by Parent, subject to official notice of issuance.

(d) The Commission shall have declared effective the Form 10, no stop order suspending the effectiveness of the Form 10 shall be in effect and no proceedings for that purpose shall be pending before or threatened by the Commission.

(e) The actions set forth in Sections 3.01(a), (e) and (f) shall have been completed and the covenants of the Parties set forth in Articles VII and VIII shall have been performed in all material respects.

(f) The Pre-Distribution Transactions shall have been completed to the satisfaction of Parent.

(g) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other applicable legal restraint or prohibition preventing the consummation of the Distribution shall be in effect, and no other event outside the control of Parent shall have occurred, or failed to occur, that prevents the consummation of the Distribution.

(h) No other events or developments shall have occurred prior to the Distribution that, in the judgment of the Parent Board, in its sole and absolute discretion, makes it inadvisable to effect the Distribution.

The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent Board to waive, or not waive, such conditions or in any way limit the right of Parent to terminate this Agreement as set forth in Article X or alter the consequences of any such termination from those specified in such Article. Any determination made by the Parent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.02 shall be conclusive.

ARTICLE IV
THE DISTRIBUTION

Section 4.01 The Distribution.

(a) SpinCo shall cooperate with Parent to accomplish the Distribution and shall, at the direction of Parent, use its reasonable best efforts to promptly take any and all actions reasonably necessary, customary or advisable to effect the Distribution. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation, exchange or distribution agent and financial, legal, accounting, tax and other advisors for Parent in connection with the Distribution. Parent or SpinCo, as the case may be, will provide to the Agent all book-entry authorizations and any information required in order to complete the Distribution (provided that any information required to be provided under this Section 4.01(a), shall be subject to Section 6.09).

(b) Subject to the terms and conditions set forth in this Agreement, (i) on or prior to the Distribution Date, for the benefit of and distribution to the holders of Parent Common Stock as of the Record Date ("Record Holders"), Parent will deliver to the Agent all of the issued and outstanding shares of SpinCo Common Stock held by Parent immediately following the Pre-Distribution Transactions and book-entry authorizations for such shares and (ii) on the Distribution Date, Parent shall instruct the Agent to distribute, by means of a pro rata dividend based on the aggregate number of shares of Parent Common Stock held by each applicable Record Holder, to each Record Holder (or such Record Holder's bank or brokerage firm on such Record Holder's behalf) electronically, by direct registration in book-entry form, the number of shares of SpinCo Common Stock to which such Record Holder is entitled based on a distribution ratio determined by Parent in its sole discretion (the "Distribution Ratio"). The Distribution shall be effective at the Distribution Effective Time. Parent shall, on or as soon as practicable after the Distribution Date, instruct the Agent to mail to each Record Holder (or otherwise transmit in accordance with the Agent's regular practices) an account statement indicating the number of shares of SpinCo Common Stock that have been registered in book-entry form in the name of such Record Holder.

Section 4.02 Fractional Shares. Record Holders holding a number of shares of Parent Common Stock on the Record Date that would entitle such holders to receive less than one whole share of SpinCo Common Stock in the Distribution will receive cash in lieu of such fractional share. Fractional shares of SpinCo Common Stock will not be distributed in the Distribution nor credited to book-entry accounts. Parent shall cause the Agent to, as soon as practicable after the date on which "when-issued" trading of the SpinCo Common Stock begins on the Exchange, (a) determine the number of whole shares and fractional shares of SpinCo Common Stock allocable to each Record Holder and (b) aggregate all fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests. Parent shall cause the Agent to, as soon as practicable after the Distribution Date, distribute to each such holder, or for the benefit of each beneficial owner, such holder's or owner's ratable share of the net proceeds of such sale, based upon the average gross selling price per share of SpinCo Common Stock after making appropriate deductions for any amount required to be withheld under applicable Tax Law and less any brokers' charges, commissions or transfer Taxes. The Agent, in its sole discretion, will determine the timing and method of selling such fractional shares, the selling price of such fractional shares and the broker-dealer through which such fractional shares will be sold; provided, however, that the designated broker-dealer shall not be an Affiliate of Parent or SpinCo. Neither Parent nor SpinCo will pay any interest on the proceeds from the sale of fractional shares.

Section 4.03 Sole Discretion of Parent. Parent shall, in its sole and absolute discretion, determine the Record Date, the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transactions or offerings to effect the Distribution, and the timing of and conditions to the consummation thereof. In addition, and notwithstanding anything to the contrary set forth below, Parent may at any time and from time to time until the consummation of all or part of the Distribution decide to abandon the Distribution or modify or change the form, structure or terms of any transactions or offerings to effect the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Any determinations regarding the allocation of Assets or Liabilities under this Agreement or under any Ancillary Agreement, including the identification of Assets or Liabilities for allocation hereunder, shall be made by Parent in its sole and absolute discretion; provided that, this sentence shall not amend the express terms of the Agreement or any Ancillary Agreement after the Distribution Date. Notwithstanding anything to the contrary in this Agreement, the allocation of costs and expenses incurred in connection with the performance of the respective duties and obligations of the parties to the Management Agreement and the Letter Agreement shall be governed by the express terms of the Management Agreement and the Letter Agreement, as applicable.

Section 4.04 Withholding. Notwithstanding any other provision of this Agreement, Parent, the Agent and any other Person that is a withholding agent under applicable Law shall be entitled to deduct and withhold from any consideration distributable or payable hereunder the amounts required to be deducted and withheld under the Code, or any provision of any federal, state, local or non-U.S. Tax Law. Any amounts so withheld shall be paid over to the appropriate Tax Authority in the manner prescribed by Law. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Persons in respect of which such deduction and withholding was made. An applicable withholding agent may collect the deducted or withheld amounts by reducing to cash a sufficient portion of the SpinCo Common Stock that a Person would otherwise receive pursuant to the Distribution, and may require that such Person bear the brokerage or other costs from this withholding procedure.

ARTICLE V

MUTUAL RELEASES; INDEMNIFICATION

Section 5.01 Release of Pre-Distribution Claims.

(a) Except as provided in Section 5.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, SpinCo does hereby, for itself and its Affiliates as of the Distribution Effective Time, and to the extent it may legally do so, its and their respective successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, members, managers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of SpinCo (in each case, in their respective capacities as such), remise, release and forever discharge Parent and the other members of the Parent Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, members, managers, employees, agents, insurers, re-insurers, administrators, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all SpinCo Liabilities whatsoever, whether at Law or in equity (including any right of

contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, or any conditions existing or alleged to have existed on or before the Distribution, including in connection with the Spin-Off and all other activities to implement the Spin-Off.

(b) Except as provided in Section 5.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, Parent does hereby, for itself and each other member of the Parent Group, their respective Affiliates as of the Distribution Effective Time, and to the extent it may legally do so, its and their respective successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, members, managers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of Parent (in each case, in their respective capacities as such), remise, release and forever discharge SpinCo, its Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, members, managers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of SpinCo (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Parent Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, or any conditions existing or alleged to have existed on or before the Distribution, including in connection with the Spin-Off and all other activities to implement the Spin-Off.

(c) Nothing contained in Section 5.01(a) or (b) shall impair any right of any Person to enforce this Agreement or any Ancillary Agreement in accordance with its terms. Nothing contained in Section 5.01(a) or (b) shall release:

(i) any Person from any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(ii) any Person from any Liability provided in or resulting from any Contract that is entered into after the Distribution between one Party (or any member of such Party's Group), on the one hand, and the other Party (or any member of such Party's Group), on the other hand;

(iii) any Person from any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement for claims brought against the Parties, any member of their respective Groups or any of their respective directors, officers, employees, agents or representatives, by third Persons, which Liability shall be governed by Section 5.02, Section 5.03 and the other applicable provisions of this Article V or, if applicable, the appropriate provisions of the relevant Ancillary Agreement;

(iv) any Party (or any member of its Group) from any Liability that such Party (or any member of its Group) may have to directors, officers, agents or employees under indemnification or similar agreements or arrangements; or

(v) any employee from any Liability relating to, arising out of or resulting from such Person's fraud, embezzlement or misappropriation of intellectual property.

(d) SpinCo shall not make, and shall cause any other member of the SpinCo Group not to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent or any other member of the Parent Group, or any other Person released pursuant to Section 5.01(a), with respect to any Liabilities released pursuant to Section 5.01(a). Parent shall not make, and shall cause each other member of the Parent Group not to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against SpinCo or any other member of the SpinCo Group, or any other Person released pursuant to Section 5.01(b), with respect to any Liabilities released pursuant to Section 5.01(b).

(e) It is the intent of each of Parent and SpinCo, by virtue of the provisions of this Section 5.01, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, and all conditions existing or alleged to have existed on or before the Distribution Date, between SpinCo, on the one hand, and Parent or any other member of the Parent Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any member of the Parent Group and SpinCo on or before the Distribution Date), except as expressly set forth in Section 5.01, Section 5.02, Section 5.03 or elsewhere in this Agreement or any Ancillary Agreement. At any time, at the request of the other Party, each Party shall cause each member of its Group to execute and deliver releases reflecting the provisions hereof.

Section 5.02 Indemnification by SpinCo. Subject to Section 5.04, SpinCo shall indemnify, defend and hold harmless Parent, each other member of the Parent Group and each of their respective former and then-current directors, officers and employees, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing (collectively, the "Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees to the extent relating to, arising out of or resulting from any of the following items (without duplication):

(a) the SpinCo Liabilities, including the failure of SpinCo or any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Liability in accordance with its terms;

(b) any breach by SpinCo or any other member of the SpinCo Group of this Agreement, or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein (which shall be controlling); and

(c) any breach by SpinCo of any of the representations and warranties made by SpinCo in Section 11.01(c).

Section 5.03 Indemnification by Parent. Subject to Section 5.04, Parent shall indemnify, defend and hold harmless SpinCo, each other member of the SpinCo Group and each of their respective former and then-current directors, officers and employees, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing (collectively, the "SpinCo Indemnitees"), from and against any and all Liabilities of the SpinCo Indemnitees to the

extent relating to, arising out of or resulting from any of the following items on or before the Distribution (without duplication):

- (a) the Parent Liabilities, including the failure of Parent or any other member of the Parent Group, or any other Person, to pay, perform or otherwise promptly discharge any Parent Liability in accordance with its terms;
- (b) any breach by Parent or any other member of the Parent Group of this Agreement, or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein (which shall be controlling);
- (c) any Parent Indemnified Taxes; and
- (d) any breach by Parent of any of the representations and warranties made by Parent (on behalf of itself and the members of the Parent Group) in Section 11.01(c).

This Section 5.03 shall apply with respect to any Taxes solely to the extent such Taxes constitute Parent Indemnified Taxes and in no event shall Parent be required to indemnify, defend and hold the SpinCo Indemnitees harmless from and against any and all Losses to the extent such Losses relate to Taxes that are not Parent Indemnified Taxes.

Section 5.04 Indemnification Obligations Net of Insurance Proceeds and Third-Party Proceeds.

(a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement will be net of (i) Insurance Proceeds that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability and (ii) other amounts recovered from any third party (net of any out-of-pocket costs or expenses incurred in, or Taxes imposed with respect to, the collection thereof) that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability ("Third-Party Proceeds"). Accordingly, the amount that either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or reimbursement pursuant to this Agreement (an "Indemnitee") will be reduced by any Insurance Proceeds or Third-Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee from a third party in respect of the related Liability. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an "Indemnity Payment") and subsequently receives Insurance Proceeds or Third-Party Proceeds in respect of such Liability, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if such Insurance Proceeds or Third-Party Proceeds had been received, realized or recovered before the Indemnity Payment was made; provided that for the avoidance of doubt, such amount shall not exceed the amount of the Indemnity Payment.

(b) An insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of the indemnification provisions hereof, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (*i.e.*, a benefit it would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Subject to Section 5.11, each member of the Parent Group and the SpinCo Group shall use reasonable best efforts to collect or recover any Insurance Proceeds and any Third-Party Proceeds to which such Person is entitled in connection with any Liability for which such Person seeks indemnification pursuant to this Article V; provided,

however, that such Person's inability to collect or recover any such Insurance Proceeds or Third-Party Proceeds shall not limit the Indemnifying Party's obligations hereunder.

Section 5.05 Procedures for Indemnification of Third-Party Claims.

(a) If an Indemnitee shall receive notice or otherwise learn of a Third-Party Claim with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as reasonably practicable. Any such notice shall describe the Third-Party Claim in reasonable detail and shall include: (i) the basis for, and nature of, such Third-Party Claim, including the facts constituting the basis for such Third-Party Claim; (ii) the estimated amount of losses (to the extent so estimable) that have been or may be sustained by the Indemnitee in connection with such Third-Party Claim; and (iii) copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim; provided, however, that any such notice need only specify such information reasonably known to the Indemnitee as of the date of such notice and shall not limit or prejudice any of the rights or remedies of any Indemnitee on the basis of any limitations on the information included in such notice, including any such limitations made in good faith to preserve the attorney-client privilege, work product doctrine or any other similar privilege or doctrine. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 5.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article V, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice in accordance with this Section 5.05(a).

(b) The Indemnifying Party shall have the right, exercisable by written notice to the Indemnitee within thirty (30) days after receipt of notice from an Indemnitee in accordance with Section 5.05(a), to assume and conduct the defense of such Third-Party Claim in accordance with the limits set forth in this Agreement with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided, however, that the Indemnifying Party shall not have the right to control the defense of any Third-Party Claim (i) to the extent such Third-Party Claim seeks criminal penalties or injunctive or other equitable relief or (ii) if the Party to this Agreement which part of such Indemnitee's Group has determined in good faith that the Indemnifying Party controlling such defense would reasonably be expected to have a material adverse impact on the reputation or the business relations of the Indemnitee or its Group, and (z) if the Party that is part of such Indemnitee's Group determines in good faith that the proper defense of the Third-Party Claim requires that the election to assume the defense of such claim be made in fewer than thirty (30) days, the Indemnitee may request that such election be made in such shorter period as the Indemnitee may reasonably determine; provided that such shorter period may not be shorter than ten (10) days. The Indemnifying Party shall notify the Indemnitee in writing within the time period described in the immediately preceding sentence as to whether or not it will assume the defense of the applicable Third-Party Claim. During such notice period, and prior to an election by the Indemnifying Party to control the defense of the applicable Third-Party Claim, the Indemnitee shall be permitted to take such actions in respect of such Third-Party Claim as the Indemnitee determines in good faith are necessary or appropriate to avoid prejudice to the Indemnitee's interests in respect of such Third-Party Claim during such notice period, provided that the Indemnitee will consult reasonably and in good faith with the Indemnifying Party in respect of such actions in advance of taking such actions to the extent possible.

(c) If the Indemnifying Party elects not to assume the defense of a Third-Party Claim (or is not permitted to assume the defense of such Third-Party Claim) in accordance with this Agreement, or fails to notify an Indemnitee of its election as provided in Section 5.05(b), such Indemnitee may defend such Third-Party Claim with counsel selected by the Indemnitee and reasonably acceptable to the Indemnifying Party. If the Indemnifying Party elects (and is

permitted) to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnitee shall, subject to the terms of this Agreement, reasonably cooperate with the Indemnifying Party with respect to the defense of such Third-Party Claim.

(d) If the Indemnifying Party elects (and is permitted) to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnifying Party will not be liable for any additional legal expenses subsequently incurred by the Indemnitee in connection with the defense of the Third-Party Claim; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third-Party Claim, or the nature of such Third-Party Claim changes such that the Indemnifying Party would no longer be entitled to assume the defense of such Third-Party Claim pursuant to Section 5.05(b), the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable and documented costs or expenses paid or incurred in connection with such defense. The Indemnifying Party or the Indemnitee, as the case may be, shall have the right to participate in (but, subject to the immediately preceding sentence, not control), at its own expense, the defense of any Third-Party Claim that the other is defending as provided in this Agreement. In the event, however, that such Indemnitee reasonably determines that representation by counsel to the Indemnifying Party of both such Indemnifying Party and the Indemnitee could reasonably be expected to present such counsel with a conflict of interest, then the Indemnitee may employ separate counsel to represent or defend it in any such Action and the Indemnifying Party will pay the reasonable and documented fees and expenses of such counsel.

(e) No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any Third-Party Claim with respect to which an Indemnifying Party is obligated to provide indemnification to an Indemnitee pursuant to this Agreement without the prior written consent of the applicable Indemnitee or Indemnitees (not to be unreasonably withheld, conditioned or delayed); provided, however, that such consent shall not be required if the judgment or settlement: (i) contains no finding or admission of liability with respect to any such Indemnitee or Indemnitees; (ii) involves only monetary relief which the Indemnifying Party has agreed to pay; and (iii) includes a full and unconditional release of the Indemnitee or Indemnitees. Notwithstanding the foregoing, the consent of an Indemnitee shall be required for any entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against such Indemnitee (such consent not to be unreasonably withheld, conditioned or delayed).

(f) Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, no Indemnitee shall admit any liability with respect to, or settle, compromise, resolve or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

Section 5.06 Tax Matters.

(a) Each Party is responsible for its own Taxes as imposed under applicable Law, and no indemnification shall be provided under this Agreement by either Party with respect to Taxes, except for any Parent Indemnified Taxes, which shall be borne solely by Parent.

(b) Parent shall prepare (or cause to be prepared) and file (or cause to be filed) (i) all Tax Returns with respect to members of the SpinCo Group that are required to be filed on a combined basis with any members of the Parent Group, and (ii) all other Tax Returns of the SpinCo Group that are required to be filed prior to the Distribution Date and shall, in each case, bear all Taxes shown as due thereon. SpinCo shall be solely responsible for the preparation and filing of (and payment of Taxes in respect of) any Tax Returns of the members of the SpinCo Group that are required to be filed after the Distribution Date, other than those described in the previous clause (i).

(c) SpinCo shall notify Parent within twenty (20) Business Days after receipt by it or any of its Affiliates of written notice of any pending Tax Contest relating to any Parent Indemnified Taxes; provided, however, that the failure to give such notice shall not relieve Parent of any of its obligations under this Section 5.06(c), except to the extent that Parent is actually and materially prejudiced by such failure. Such notice shall specify in reasonable detail the basis for such Tax Contest and shall include a copy of the relevant portion of any correspondence received from any Governmental Authority. Parent will have the right to control, at its own expense, any Tax Contest that relates to any Parent Indemnified Taxes; provided, however, that Parent shall (i) keep SpinCo reasonably informed of material developments with respect to such Tax Contest, (ii) consult with SpinCo before taking any significant or material action in connection with such Tax Contest and (iii) to the extent such Tax Contest is reasonably expected to give rise to Taxes of SpinCo, its Subsidiaries, or their Affiliates that are not Parent Indemnified Taxes, not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of SpinCo (such consent not to be unreasonably withheld, conditioned or delayed).

(d) Notwithstanding anything in this Agreement to the contrary, the U.S. State and Local Tax Sharing Agreement shall control with respect to any matters set forth therein.

Section 5.07 Additional Matters.

(a) Any claim on account of a Liability that does not result from a Third-Party Claim shall be asserted by prompt written notice given by the Indemnatee to the applicable Indemnifying Party. Any failure by an Indemnatee to give notice shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnatee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnatee as to any events or circumstances in respect of which such Indemnatee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnatee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) For the avoidance of doubt, Liabilities incurred by an Indemnatee pursuant to a contractual indemnification or similar obligation granted to a third party in respect of Liabilities otherwise indemnifiable under Section 5.02 or Section 5.03 shall be indemnifiable thereunder to the same extent that the underlying Liabilities would have been indemnifiable under Section 5.02 or Section 5.03.

(d) To the maximum extent permitted by applicable Law, the rights to recovery of each Party's Subsidiaries in respect of any past, present or future Action are hereby delegated to such Party. It is the intent of the Parties that the foregoing delegation shall satisfy any Law requiring such delegation to be effected pursuant to a power of attorney or similar instrument. The Parties and their respective Subsidiaries shall execute such further instruments or documents as may be necessary to effect such delegation.

(e) Each of Parent and SpinCo hereby agrees that with respect to any Third-Party Claim or Action pending as of the Distribution Date or commenced following the Distribution Date, in each case that (x) has named as a defendant one or more members of the SpinCo Group but otherwise relates only to the Parent Assets, the Parent Group Employees or the Distribution or (y) has named as a defendant one or more members of the Parent Group but

otherwise relates only to SpinCo or the other members of the SpinCo Group, the Parties shall use reasonable best efforts, each at its own expense, to cause each such nominal defendant to be removed as a defendant from such Third-Party Claim or Action, as soon as reasonably practicable (including using reasonable best efforts to petition the applicable court or counterparty to remove each such nominal defendant).

Section 5.08 Remedies Cumulative. The remedies provided in this Article V shall be cumulative and, subject to the provisions of Section 5.01, Section 5.11 and Article XI, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 5.09 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring an Action or otherwise assert any claim or defense against any Person, including before any court, arbitrator, mediator or administrative agency anywhere in the world, and further (on behalf of itself, the members of such Party's Group and any other Person claiming through it) waives and releases any claim or defense against any Person, alleging that: (a) the assumption or retention of any SpinCo Liabilities by SpinCo on the terms and conditions set forth in this Agreement or the Ancillary Agreements is unlawful, a breach of a fiduciary or other duty, void, unenforceable, unconscionable, inequitable, or otherwise improper for any reason; (b) the assumption or retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement or the Ancillary Agreements is unlawful, a breach of a fiduciary or other duty, void, unenforceable, unconscionable, inequitable, or otherwise improper for any reason; (c) the provisions of this Agreement (including this Article V) or any Ancillary Agreement are unlawful, a breach of a fiduciary or other duty, void, unenforceable, unconscionable, inequitable, or otherwise improper for any reason; or (d) any member of the Parent Group owes fiduciary duties to any member of the SpinCo Group or any equity holder of such member in his, her or its capacity as such with respect to this Agreement, any Ancillary Agreement, any transaction contemplated hereby or thereby or any agreement entered into in connection herewith or therewith.

Section 5.10 Survival of Indemnities. The rights and obligations of each of Parent and SpinCo and their respective Indemnitees under this Article V shall survive the sale or other transfer by any Party or its Affiliates of any Assets or businesses or the assignment by it of any Liabilities.

Section 5.11 Indemnified Damages. Except as may expressly be set forth in this Agreement or any Ancillary Agreement, none of Parent, SpinCo, or any member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other Parent Indemnitee or SpinCo Indemnitee, as applicable, under this Agreement for any indirect, special, punitive, consequential, exemplary, enhanced or treble damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages; provided, however, that the provisions of this Section 5.11 shall not limit an Indemnifying Party's indemnification obligations hereunder with respect to any Liability any Indemnitee may have to any third party not affiliated with any member of the Parent Group or the SpinCo Group for any indirect, special, punitive, consequential, exemplary, enhanced or treble damages.

ARTICLE VI

ACCESS TO INFORMATION; PRIVILEGE; CONFIDENTIALITY

Section 6.01 Agreement for Exchange of Information; Archives.

(a) Except in the case of an Adversarial Action or threatened Adversarial Action, and subject to Section 6.01(b), each Party, on behalf of its Group, shall provide or cause to be provided, to the other Party, at any time after the Distribution, as soon as reasonably practicable after written request therefor, any Information relating to time periods on or prior to the Distribution Date in the possession or under the control of such other Party or any other member of its Group, which the requesting Party or any other member of its Group: (i) reasonably needs to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party or any member of its Group (including under applicable securities Laws), by any national securities exchange or any Governmental Authority having jurisdiction over the requesting Party or any member of its Group; (ii) requests for use in any other judicial, regulatory, administrative or other Action, including possible Actions anticipated in good faith, or in order to satisfy audit, accounting, regulatory, litigation or other similar requirements; or (iii) reasonably needs to comply with its obligations under this Agreement or any Ancillary Agreement; provided that any request for information pursuant to this Section 6.01(a) shall be used only for the purposes described in this paragraph.

(b) In the event that either Party determines in good faith that the disclosure of any Information pursuant to Section 6.01(a) could be commercially detrimental, violate any Law or Contract or waive or jeopardize any attorney-client privilege, attorney work product protection or other similar privilege or doctrine, such Party may restrict such information to view by the requesting Party's attorneys' and experts' eyes only before providing access to or furnishing such Information to the requesting Party; provided, however, that such Party shall take all commercially reasonable measures to permit compliance with this Section 6.01(b) in a manner that avoids any such harm or consequence.

Section 6.02 Ownership of Information. Any Information owned by one Group that is provided to the requesting Party hereunder shall be deemed to remain the property of the providing Party. Except as specifically set forth herein or any Ancillary Agreement, nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 6.03 Compensation for Providing Information. Parent and SpinCo shall reimburse each other for the reasonable costs, if any, in complying with a request for Information pursuant to this Article VI (whether or not such Information was a SpinCo Asset or Parent Asset).

Section 6.04 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement, each Party shall use its reasonable best efforts to retain all Information in such Party's possession relating to the other Party or its businesses, Assets or Liabilities, this Agreement or the Ancillary Agreements.

Section 6.05 Accounting Information. Without limiting the generality of Section 6.01 but subject to Section 6.01(b):

(a) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards, as determined in good faith by Parent, or as required by Law for Parent to prepare consolidated financial statements or complete a financial statement audit for any period during which the financial results of SpinCo were consolidated

with those of Parent), SpinCo shall use its reasonable best efforts to enable Parent to meet its timetable for dissemination of its financial statements and to enable Parent's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts and during such period as specified in the immediately preceding sentence, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) SpinCo shall authorize and direct its auditors to make available to Parent's auditors, within a reasonable time prior to the date of Parent's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of SpinCo and (y) work papers to the extent related to such annual audits and quarterly reviews, to enable Parent's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of SpinCo's auditors as it relates to Parent's auditors' opinion or report and (ii) until all governmental audits of those financial statements of Parent specified in the immediately preceding sentence are complete, SpinCo shall provide reasonable access during normal business hours for Parent's internal auditors, counsel and other designated representatives to (x) the premises of SpinCo and all Information (and duplicating rights) within the knowledge, possession or control of SpinCo and (y) the officers and employees of SpinCo and its Subsidiaries, so that Parent may conduct reasonable audits relating to the financial statements provided by SpinCo; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of SpinCo; provided, further, that, any request for access pursuant to this Section 6.05(a) shall be made in good faith and limited to the extent reasonable to satisfy the good faith basis for such request.

(b) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards, as determined in good faith by SpinCo, or as required by Law for SpinCo to prepare consolidated financial statements or complete a financial statement audit for any period during which the financial results of the Parent Group were consolidated those of Parent), Parent shall use its reasonable best efforts to enable SpinCo to meet its timetable for dissemination of its financial statements and to enable SpinCo's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts, and during such period as specified in the immediately preceding sentence, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) Parent shall authorize and direct its auditors to make available to SpinCo's auditors, within a reasonable time prior to the date of SpinCo's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of Parent and (y) work papers to the extent related to such annual audits and quarterly reviews, to enable SpinCo's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of Parent's auditors as it relates to SpinCo's auditors' opinion or report and (ii) until all governmental audits of those financial statements of SpinCo specified in the immediately preceding sentence are complete, Parent shall provide reasonable access during normal business hours for SpinCo's internal auditors, counsel and other designated representatives to (x) the premises of Parent and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of Parent and its Subsidiaries and (y) the officers and employees of Parent and its Subsidiaries, so that SpinCo may conduct reasonable audits relating to the financial statements provided by Parent and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the Parent Group; provided, further, that, any request for access pursuant to this Section 6.05(b) shall be made in good faith and limited to the extent reasonable to satisfy the good faith basis for such request.

(c) Parent's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to SpinCo as an indirect wholly owned Subsidiary of Parent (and not as a reporting company under the Exchange Act). In order to enable the principal executive officer and principal financial

officer of SpinCo to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002 following the Distribution in respect of any quarterly or annual fiscal period of SpinCo that begins on or prior to the Distribution Date in respect of which financial statements are not included in the Form 10 (a "Straddle Period"), upon reasonable advance written request by SpinCo, Parent shall provide SpinCo with one (1) or more certifications with respect to such disclosure controls and procedures and the effectiveness thereof and whether there were any changes in the internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the internal control over financial reporting, which certification(s) shall (x) be with respect to the applicable Straddle Period (it being understood that no certification need be provided with respect to any period or portion of any period after the Distribution Date) and (y) be in substantially the same form as those that had been provided by officers or employees of Parent in similar certifications delivered prior to the Distribution Date, with such changes thereto as Parent may reasonably determine. Such certification(s) shall be provided to SpinCo by Parent (and not by any officer or employee in their individual capacity).

Section 6.06 Limitations of Liability. Each of Parent (on behalf of itself and each other member of the Parent Group) and SpinCo (on behalf of itself and any other member of the SpinCo Group) understands and agrees that neither Party is representing or warranting in any way as to the accuracy or sufficiency of any Information exchanged or disclosed under this Agreement, including any Information that constitutes an estimate or forecast or is based upon an estimate or forecast.

Section 6.07 Production of Witnesses; Records; Cooperation.

(a) Without limiting any of the rights or obligations of the Parties pursuant to Section 6.01 or Section 6.04, after the Distribution Date, except in the case of an Adversarial Action or threatened or contemplated Adversarial Action, and subject to Section 6.01(b), each of Parent and SpinCo shall use their reasonable best efforts to make reasonably available, upon written request: (i) the former, current and future directors, officers, employees, other personnel and agents of the Persons in its respective Group (whether as witnesses or otherwise); and (ii) subject to Section 6.01(b), Information contemplated by Sections 6.01(a), in each case of clauses (i) and (ii) above, to the extent that such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action, Commission comment or review or threatened or contemplated Action, Commission comment or review (including preparation for any such Action, Commission comment or review) in which Parent, SpinCo or any Person or Persons in such Party's Group, as applicable, may from time to time be involved, regardless of whether such Action, Commission comment or review or threatened or contemplated Action, Commission comment or review is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all reasonable out-of-pocket costs and expenses in connection therewith.

(b) Without limiting the foregoing, Parent and SpinCo shall use their reasonable best efforts to cooperate and consult with each other to the extent reasonably necessary with respect to any Actions or threatened or contemplated Actions (including in connection with preparation for any such Action), other than an Adversarial Action or threatened or contemplated Adversarial Action.

(c) The obligations of Parent and SpinCo, pursuant to this Section 6.07, to use their reasonable best efforts to make available former, current and future directors, officers, employees and other personnel and agents or provide witnesses and experts, except in the case of an Adversarial Action or threatened or contemplated Adversarial Action, is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to make

available employees and other officers without regard to whether such individual or the employer of such individual could assert a possible business conflict. Without limiting the foregoing, each of Parent and SpinCo agrees that neither it nor any Person or Persons in such Party's Group will take any adverse action against any employee of its Group based on such employee's provision of assistance or information to each other pursuant to this Section 6.07.

Section 6.08 Privileged Matters.

(a) Solely for purposes of asserting privileges which may be asserted under applicable Law: (x) the Parties recognize that legal and other professional services that have been and will be provided prior to the Distribution (whether by outside counsel, in-house counsel, other legal professionals, or other professionals acting at the direction of counsel) have been and will be rendered for the collective benefit of Parent and its Subsidiaries (in such capacity) and (y) Parent, each other member of the Parent Group and SpinCo shall be deemed to have been the client in connection with such services with respect to periods prior to the Distribution. The Parties recognize that legal and other professional services will be provided following the Distribution, which services will be rendered solely for the benefit of the Parent Group or the SpinCo Group, as the case may be.

(b) Subject to the terms of the Management Agreement and the Letter Agreement, Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to Parent Assets, Parent Group Employees or the Distribution and not to the SpinCo Assets or the SpinCo Employees, whether or not the privileged Information is in the possession or under the control of Parent or any other member of the Parent Group or SpinCo or any other member of the SpinCo Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to any Parent Assets or Parent Liabilities, and not any SpinCo Assets or SpinCo Liabilities, in connection with any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of Parent or any other member of the Parent Group or SpinCo or any other member of the SpinCo Group. For the avoidance of doubt, Information shall not be deemed to relate to the Parent Assets, Parent Group Employees or the Distribution solely by virtue of the fact that personnel associated with the corporate function of Parent were involved in the production or evaluation of such Information or otherwise involved in the Actions relating to such Information.

(c) SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to the SpinCo Assets or the SpinCo Employees and, subject to the terms of Management Agreement and the Letter Agreement, not to the Parent Assets, Parent Group Employees or the Distribution, whether or not the privileged Information is in the possession or under the control of SpinCo or any other member of the SpinCo Group or Parent or any other member of the Parent Group. SpinCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to any SpinCo Assets or SpinCo Liabilities and, subject to the terms of the Management Agreement and the Letter Agreement, not any Parent Assets or Parent Liabilities in connection with any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of SpinCo or any other member of the SpinCo Group or Parent or any other member of the Parent Group. For the avoidance of doubt, Information shall not be deemed to relate to the SpinCo Assets or the SpinCo Employees solely by virtue of the fact that SpinCo personnel were involved in the production or evaluation of such Information or otherwise involved in the Actions relating to such Information.

(d) Subject to the remaining provisions of this Section 6.08, the Parties agree that, subject to the terms of the Management Agreement and the Letter Agreement, Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with privileged Information not otherwise allocated pursuant to this Section 6.08 in connection with any Actions, or threatened or contemplated Actions, or other matters that involve both Parties (or one or more members of their respective Groups), whether or not such privileged Information is in the possession or under the control of SpinCo or any other member of the SpinCo Group or Parent or any other member of the Parent Group.

(e) Upon receipt by either Party, or by any other member of its respective Group, of any subpoena, discovery or other request (or of written notice that it will receive or has received such subpoena, discovery or other request) that may reasonably be expected to result in the production or disclosure of privileged Information subject to a shared privilege or immunity or as to which the other Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge or becomes aware that any of its, or any other member of its Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests (or have received written notice that they will receive or have received such subpoena, discovery or other requests) that may reasonably be expected to result in the production or disclosure of such privileged Information, such Party shall promptly notify the other Party of the existence of any such subpoena, discovery or other request and shall provide the other Party a reasonable opportunity to review the privileged Information and to assert any rights it or they may have, under this Section 6.08 or otherwise, to prevent the production or disclosure of such privileged Information; provided that if such Party is prohibited by applicable Law from disclosing the existence of such subpoena, discovery or other request, such Party shall provide written notice of such related information for which disclosure is not prohibited by applicable Law and use reasonable best efforts to inform the other Party of any related information such Party reasonably determines is necessary or appropriate for the other Party to be informed of to enable the other Party to review the privileged Information and to assert its rights, under this Section 6.08 or otherwise, to prevent the production or disclosure of such privileged Information.

(f) The Parties agree that their respective rights to any access to Information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of privileged Information between the Parties and other members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise. The Parties further agree that: (i) the exchange by one Party to the other Party of any Information that should not have been exchanged pursuant to the terms of Section 6.09 shall not be deemed to constitute a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise with respect to such privileged Information; and (ii) the Party receiving such privileged Information shall promptly return such privileged Information to the Party who has the right to assert the privilege or immunity.

Section 6.09 Confidential Information.

(a) From and after the Effective Time until the five (5)-year anniversary of the Effective Time (or in the case of trade secrets, for so long as such trade secrets constitute trade secrets under applicable Law), except as otherwise provided in the Management Agreement and the Letter Agreement, each of Parent and SpinCo, on behalf of itself and each other member of its Group, shall hold, and cause its respective Representatives to hold, in strict confidence, not release or disclose and protect with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own confidential and proprietary information pursuant to policies in effect as of the Distribution Date, all confidential or proprietary Information concerning the Parent Group (in the case of SpinCo or a member of its Group) or the SpinCo

Group (in the case of Parent or a member of its Group) (such Group's, "Specified Confidential Information") that is either in its possession (including such Specified Confidential Information in its possession prior to the Distribution) or furnished by the other Group or its respective Representatives at any time pursuant to this Agreement or any Ancillary Agreement, and shall not use any such Specified Confidential Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Specified Confidential Information is: (i) in the public domain at the time it is received by the Parent Group, the SpinCo Group or any of their respective Representatives, as applicable; (ii) becomes public other than by reason of a disclosure in breach of this Section 6.09(a) by the Parent Group, the SpinCo Group or any of their respective Representatives, as applicable; (iii) was already in the possession of the Parent Group, the SpinCo Group or any of their respective Representatives, as applicable, lawfully and on a non-confidential basis prior to the time it was received by the Parent Group, the SpinCo Group or any of their respective Representatives, as applicable, (iv) was obtained by the Parent Group, the SpinCo Group or any of their respective Representatives, as applicable, from a third party which, to Parent's or SpinCo's knowledge, was not disclosed in breach of an obligation of such third party not to disclose such information or (v) was developed independently by or on behalf of the Parent Group, the SpinCo Group or their respective Representatives, as applicable, without using or referring to any of the disclosing Group's Specified Confidential Information. Notwithstanding the foregoing, each of Parent and SpinCo may release or disclose, or permit to be released or disclosed, any such Specified Confidential Information of the other Group (A) to their respective Representatives who need to know such Specified Confidential Information (who shall be advised of the obligations hereunder with respect to such Specified Confidential Information), (B) to any nationally recognized statistical rating organization as it reasonably deems necessary, solely for the purpose of obtaining a rating of securities or other debt instruments upon normal terms and conditions, (C) if such Party or any other member of its Group is required or compelled to disclose any such Specified Confidential Information by judicial or administrative process (including any proceeding brought by a Governmental Authority) or by other requirements of Law or stock exchange rule, in each case, to the extent such Party is advised by counsel that it is advisable to do so, (D) as required in connection with any legal or other proceeding by one Party against the other Party or in respect of claims by one Party against the other Party brought in a proceeding, (E) as necessary in order to permit a Party to prepare and disclose its financial statements, Tax Returns or other required disclosures under applicable Law or in connection with the Distribution and (F) as necessary for a Party to enforce its rights or perform its obligations under this Agreement or any Ancillary Agreement; provided, however, that, with respect to clause (A) hereof: (1) such Representatives shall keep such Specified Confidential Information confidential and will not disclose such Specified Confidential Information to any other Person and (2) each Party agrees that it is responsible to the other Party for any action or failure to act that would constitute a breach or violation of this Section 6.09(a) by any such Representative; with respect to clause (B) hereof, the Party whose Specified Confidential Information is being disclosed or released to such rating organization is promptly notified thereof in writing in advance of such disclosure or release; with respect to public disclosures pursuant to clause (C) hereof, that the Party required to disclose such Specified Confidential Information gives the other Party a reasonable opportunity to review and comment on the portion of such disclosure containing or reflecting Specified Confidential Information prior to the disclosure thereof; and, in the case of disclosure required by judicial or administrative process pursuant to clause (C) hereof or disclosure pursuant to clause (D) hereof, that the Party required to disclose such Specified Confidential Information gives the other Party prompt and, to the extent reasonably practicable and legally permissible, prior notice of such disclosure and an opportunity to contest such disclosure and shall use reasonable best efforts to cooperate, at the expense of the requesting Party, in seeking any reasonable protective arrangements requested by such Party. In the event that such appropriate protective order or other remedy is not obtained, the Party that is required to disclose such Specified Confidential Information of the other Group shall furnish, or cause to be furnished, only that portion of such Specified Confidential Information that is legally required

to be disclosed and shall use reasonable best efforts to ensure that confidential treatment is accorded such Specified Confidential Information.

(b) Each Party acknowledges that it or other members of its Group may presently have and, after the Distribution, may gain access to or possession of confidential or proprietary Information of, or legally protected personal Information relating to, third parties: (i) that was received under confidentiality or non-disclosure agreements entered into between such third parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Distribution or (ii) that, as between the two Parties, was originally collected by the other Party or such other Party's Group and that may be subject to and protected by privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the other members of its Group and direct its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary Information of, or legally protected personal Information relating to, third parties in accordance with privacy, data protection or other applicable Laws and the terms of any Contracts that were either entered into before the Distribution or affirmative commitments or representations that were made before the Distribution by, between or among the other Party or members of the other Party's Group, on the one hand, and such third parties, on the other hand.

Section 6.10 Tax Information and Cooperation. Each of Parent and SpinCo shall reasonably cooperate and shall cause their respective Affiliates and Representatives to reasonably cooperate, in respect of the Distribution, in preparing and filing all Tax Returns relating to any Pre-Distribution Tax Period, including maintaining and making available to each other, and to any Governmental Authority as reasonably requested, their respective employees and all records reasonably necessary in connection with Taxes of the SpinCo Group and in resolving all Tax Contests relating to a Pre-Distribution Tax Period. Parent and SpinCo agree to use commercially reasonable efforts (i) to retain all books and records (or, in the alternative, to deliver such books and records to SpinCo) with respect to Tax matters pertinent to the SpinCo Group relating to any Tax period beginning before the Distribution Date until ninety (90) days after the expiration of the applicable statute of limitations and to abide by all record retention agreements entered into with any Governmental Authority and (ii) to allow the other Party and its Representatives, at times and dates mutually acceptable to the Parties, to inspect, review and make copies of such records as may be reasonably necessary or appropriate from time to time, such activities to be conducted during normal business hours and at such Party's expense. The Party requesting such cooperation will bear the reasonable out-of-pocket costs of the other Party. In no event shall any Party be entitled to receive information under this Section 6.10 that does not relate solely to the SpinCo Assets, the SpinCo Employees or the SpinCo Group except that, in the case of Tax information relating in part to the SpinCo Group, a Party otherwise required to provide Tax information under this Section 6.10 shall use commercially reasonable efforts to provide such Tax information as relates solely to the SpinCo Assets, the SpinCo Employees or the SpinCo Group (which may include, to the extent commercially reasonable, redacted versions of such information that show solely the portions of the relevant materials that relate solely to the SpinCo Assets, the SpinCo Employees or the SpinCo Group).

ARTICLE VII

EMPLOYEE MATTERS

Section 7.01 Retention of Benefit Plans.

(a) *Retained Benefit Plans.* Except as set forth in Section 7.02(d) or Section 8.03, Parent shall, or shall cause the other members of the Parent Group to, retain all Benefit Plans (and related trusts, if applicable), all Assets (including any insurance contracts, policies or other funding vehicles) and Liabilities relating to, arising out of or resulting from health and

welfare coverage or other claims under the Benefit Plans whether arising before, at or after the Distribution Date, with such changes, modifications or amendments as may be required by applicable Law or to reflect the Spin-Off.

(b) *No Duplication or Acceleration of Benefits.* No provision in this Agreement shall be construed to (i) create any right to accelerate vesting of distributions or entitlements under any Benefit Plan on the part of any Employee or Former Employee or (ii) limit the ability of Parent or any other member of the Parent Group or SpinCo or any other member of the SpinCo Group to amend, merge, modify, eliminate, reduce or otherwise alter in any respect any benefit under any Benefit Plan sponsored or maintained by a member of the Parent Group or a member of the SpinCo Group, respectively, or any trust, insurance policy or funding vehicle related thereto.

(c) *Beneficiaries.* References to Parent Group Employees, Former Employees, SpinCo Employees, and current and former nonemployee directors of either Parent or SpinCo shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable

Section 7.02 Employees.

(a) *Assignment and Transfer of Employees.* Effective as of no later than the Distribution Effective Time, the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that (i) each SpinCo Employee is employed by SpinCo as of immediately prior to the Distribution and (ii) each Employee not covered by Section 7.02(a)(i) is employed by a member of the Parent Group as of immediately prior to the Distribution. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *At-Will Status.* Nothing in this Agreement shall create any obligation on the part of any member of the Parent Group or any member of the SpinCo Group to (i) continue the employment of any Employee or permit the return from a leave of absence for any period after the date of this Agreement (except as required by applicable Law) or (ii) change the employment status of any Employee from “at-will,” to the extent that such Employee is an “at-will” employee under applicable Law. Except as provided in this Agreement, this Agreement shall not limit the ability of any member of the Parent Group or any member of the SpinCo Group to change the position, compensation or benefits of any Employees for performance-related, business or any other reason.

(c) *Not a Change in Control or Termination of Employment or Service.* The Parties acknowledge and agree that the Spin-Off and other transactions contemplated by this Agreement, and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 7.02, shall (i) not be deemed a “change in control,” “change of control,” or term of similar import for purposes of any Benefit Plan (including the Parent Awards) sponsored or maintained by any member of the Parent Group or any member of the SpinCo Group and (ii) not be deemed an involuntary termination of employment entitling any SpinCo Employee or Parent Group Employee to non-compete, severance, change in control or other payments or benefits (including under the Parent Awards) or the termination of service for any non-employee director.

(d) *Assignment by Parent and Assumption by SpinCo.* Parent shall assign, or cause any other applicable member of the Parent Group to assign, to SpinCo all Individual Agreements relating to the SpinCo Employees set forth on Schedule 7.02(d) (collectively, the “SpinCo Individual Agreements”), with such assignment to be effective as of no later than the Distribution Effective Time. Effective as of the Distribution Effective Time,

SpinCo shall assume the SpinCo Individual Agreements. Notwithstanding the foregoing, in lieu of such assignment, Parent may, or may cause any other applicable member of the Parent Group to, enter into amended and restated SpinCo Individual Agreements with SpinCo and the applicable SpinCo Employee to reflect the transfer of such SpinCo Employee to SpinCo.

Section 7.03 No Third-Party Beneficiaries. No current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement. Nothing in this Agreement is intended to amend any Benefit Plan or affect the applicable plan sponsor's right to amend or terminate any Benefit Plan pursuant to the terms of such plan or arrangement.

ARTICLE VIII

EQUITY, INCENTIVE AND DIRECTOR COMPENSATION

Section 8.01 Generally. Each Parent Award that is outstanding as of immediately prior to the Distribution shall be adjusted as described below; provided, however, that if the Post-Separation Parent Stock Value is equal to or greater than the Pre-Separation Parent Stock Value, no adjustments shall be made to the outstanding Parent Awards. Prior to the Distribution, Parent shall take all necessary actions to cause the Company, as the sole stockholder of SpinCo, to approve the SpinCo Omnibus Plan. SpinCo agrees to file a registration statement on Form S-8 (and, solely with respect to SpinCo RSU Awards for which the underlying shares of SpinCo Common Stock are not eligible for registration on Form S-8, a registration statement on Form S-3 or Form S-1) with respect to, and to cause to be registered pursuant to the Securities Act of 1933, as amended (the "Securities Act"), the shares of SpinCo Common Stock authorized for issuance under the SpinCo Omnibus Plan, as required pursuant to the Securities Act, not later than the Distribution and in any event before the date of issuance of any shares of SpinCo Common Stock pursuant to the SpinCo Omnibus Plan.

Section 8.02 Equity Incentive Awards.

(a) Option Awards. Each Parent Option Award that is outstanding as of immediately prior to the Distribution shall be converted, as of the Distribution Date, into a Post-Separation Parent Option Award and, except as otherwise provided in this Section 8.02(a), shall be subject to the same terms and conditions (including with respect to vesting and expiration) after the Distribution as applicable to such Parent Option Award immediately prior to the Distribution. From and after the Distribution (i) the number of shares of Parent Common Stock subject to such Post-Separation Parent Option Award shall be equal to the product obtained by multiplying (A) the number of shares of Parent Common Stock subject to the corresponding Parent Option Award immediately prior to the Distribution by (B) the Parent Ratio, rounded down to the nearest whole number of shares; and (ii) the per-share exercise price of such Post-Separation Parent Option Award shall be equal to the quotient obtained by dividing (A) the per share exercise price of the corresponding Parent Option Award as of immediately prior to the Distribution by (B) the Parent Ratio, rounded up to the nearest cent. Notwithstanding anything to the contrary in this Section 8.02(a), the exercise price and the number of shares of Parent Common Stock subject to each Post-Separation Parent Option Award, and the terms and conditions of exercise of such options, shall be determined in a manner consistent with the requirements of Section 409A of the Code.

(b) *RSU Awards.* Each Parent RSU Award that is outstanding as of immediately prior to the Distribution shall be converted, as of the Distribution Date, into a Post-Separation Parent RSU Award and, except as otherwise provided in this Section 8.02(b), shall be subject to the same terms and conditions (including with respect to vesting) after the Distribution as were applicable to such Parent RSU Award immediately prior to the Distribution; provided, however, that from and after the Distribution Date, the number of shares of Parent Common Stock subject to such Post-Separation Parent RSU Award shall be equal to the product obtained by multiplying (A) the number of shares of Parent Common Stock subject to the corresponding Parent RSU Award immediately prior to the Distribution by (B) the Parent Ratio, rounded to the nearest whole number of shares.

(c) *Performance-Based RSU Awards.* Each Parent Performance-Based RSU Award that is outstanding as of immediately prior to the Distribution shall be converted, as of the Distribution Date, into a Post-Separation Parent Performance-Based RSU Award and, except as otherwise provided in this Section 8.02(c), shall be subject to the same terms and conditions (including with respect to time-based and performance-based vesting) after the Distribution as were applicable to such Parent Performance-Based RSU Award immediately prior to the Distribution; provided, however, that from and after the Distribution Date, the target number of shares of Parent Common Stock subject to such Post-Separation Parent Performance-Based RSU Award shall be equal to the product obtained by multiplying (A) the target number of shares of Parent Common Stock subject to the corresponding Parent Performance-Based RSU Award immediately prior to the Distribution by (B) the Parent Ratio, rounded to the nearest whole number of shares.

(d) *Settlement, Delivery; Tax Withholding and Reporting.*

(i) After the Effective Time, Post-Separation Parent Option Awards, Post-Separation Parent Performance-Based RSU Awards, and Post-Separation Parent RSU, regardless of by whom held, shall be settled by Parent.

(ii) Upon the vesting, payment or settlement, as applicable, of Post-Separation Parent Option Awards, Post-Separation Parent Performance-Based RSU Awards and Post-Separation Parent RSU Awards, Parent shall be responsible for ensuring the collection of applicable Tax withholding (in the case of a SpinCo Employee, solely to the extent that such award results in compensatory income to such individual that is subject to withholding), the withholding and remittance of the applicable employee-side employment Taxes and the payment and remittance of the applicable employer-side employment Taxes to the applicable Governmental Authority.

(iii) After the Effective Time, Parent shall be responsible for all income Tax and employment Tax reporting in respect of Post-Separation Parent Option Awards, Post-Separation Parent Performance-Based RSU Awards and Post-Separation Parent RSU Awards.

(iv) The Parties agree that they shall cooperate to avoid the duplication of any employment Taxes (such as social security Taxes) subject to an applicable wage base. The Parties will cooperate and communicate with each other and with third-party vendors to effectuate withholding, remittance and reporting of Taxes in a timely, efficient and appropriate manner.

Section 8.03 Non-Equity Incentive Practices and Plan.

(a) *Bonuses.* SpinCo shall assume all Liabilities with respect to any bonuses that would otherwise be payable to SpinCo Employees for any performance periods that are open

when the Distribution occurs and thereafter, and no member of the Parent Group shall have any obligations with respect thereto. The Parent Group shall retain all Liabilities with respect to any bonuses that would otherwise be payable to Parent Group Employees and Former Employees for any performance periods that are open when the Distribution occurs and thereafter, and none of SpinCo or any other member of the SpinCo Group shall have any obligations with respect thereto.

(b) *Other Cash Incentive Plans.* No later than the Distribution Date, SpinCo shall assume as necessary any cash incentive plan for the exclusive benefit of SpinCo Employees, whether or not sponsored by SpinCo, and, from and after the Distribution Date, shall be solely responsible for all Liabilities thereunder. No later than the Distribution Date, the Parent Group shall continue to retain any cash incentive plan for the exclusive benefit of Parent Group Employees and Former Employees and, from and after the Distribution, shall be solely responsible for all Liabilities thereunder.

Section 8.04 Director Compensation. Parent shall be responsible for the payment of any fees for service on the Parent Board that are earned before, at or after the Distribution, and SpinCo shall not have any responsibility for any such payments. With respect to any SpinCo non-employee director, SpinCo shall be responsible for the payment of any fees for service on the SpinCo Board that are earned at any time after the Distribution, and Parent shall not have any responsibility for any such payments. For the avoidance of doubt, for any Dual-Role Director, Parent shall be responsible for the payment of such director's fees in connection with such director's service on the Parent Board before, on and after the Distribution Date, and SpinCo shall be responsible for the payment of such director's fees in connection with such director's service on the SpinCo Board on and after the Distribution Date.

ARTICLE IX

FURTHER ASSURANCES AND ADDITIONAL COVENANTS

Section 9.01 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, but subject to the express limitations of this Agreement, each of the Parties shall, subject to Section 4.03, use reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws and agreements to consummate, and make effective, the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, but subject to the express limitations and other provisions of this Agreement and of the Ancillary Agreements, prior to, on and after the Distribution Date, each Party shall cooperate with the other Parties, without any further consideration, but at the expense of the requesting Party: (i) to execute and deliver, or use reasonable best efforts to execute and deliver, or cause to be executed and delivered, all instruments, including any instruments of conveyance, assignment and transfer as such Party may reasonably be requested to execute and deliver by the other Parties; (ii) to deliver all required notices and make, or cause to be made, all filings with, and to obtain, or cause to be obtained, all Consents of any Governmental Authority or any other Person under any permit, license, Contract or other instrument; (iii) to obtain, or cause to be obtained, any Governmental Approvals or other Consents required to effect the Spin-Off; and (iv) to take, or cause to be taken, all such other actions as such Party may reasonably be requested to take by the other Parties from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement, the Ancillary

Agreements and any transfers of Assets or assignments and assumptions of Liabilities hereunder and the other transactions contemplated hereby.

ARTICLE X

TERMINATION

Section 10.01 Termination. This Agreement may be terminated by Parent at any time, in its sole discretion, prior to the Distribution.

Section 10.02 Effect of Termination. In the event of any termination of this Agreement prior to the Distribution, neither Party (nor any other member of its Group or any of its directors or officers) shall have any Liability or further obligation to the other Party or any other member of its Group under this Agreement or the Ancillary Agreements.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement, the Ancillary Agreements and the Exhibits and Schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and SpinCo represents on behalf of itself, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been (or, in the case of any Ancillary Agreement, will be on or prior to the Distribution Date) duly executed and delivered by it and constitutes, or will constitute a valid and binding agreement of it enforceable in accordance with the terms hereof or thereof.

Section 11.02 Negotiation. In the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or any Ancillary Agreement (other than the Management Agreement and the Letter Agreement) or otherwise arising out of or related to this Agreement or any such Ancillary Agreement or the

transactions contemplated hereby or thereby, including any Action based on contract, tort, equity, statute, regulation or constitution (collectively, “Disputes”), the Party raising the Dispute shall give written notice of the Dispute (a “Dispute Notice”), and the executive officers designated by the Parties (or such other individuals designated by such executive officers) shall negotiate for a reasonable period of time to settle such Dispute; provided that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed ninety (90) days (the “Negotiation Period”) from the time of receipt of the Dispute Notice; provided further, that in the event of any arbitration in accordance with Section 11.03, (x) the Parties shall not assert the defenses of statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (y) any contractual time period or deadline under this Agreement or any such Ancillary Agreement relating to such Dispute occurring after the Dispute Notice is received shall not be deemed to have passed until such arbitration has been resolved. For the avoidance of doubt, any dispute or disagreement between the parties to the Management Agreement or the Letter Agreement arising out of or in connection with any term or provision thereof, the subject matter thereof, or the interpretation or enforcement thereof, shall be exclusively governed by the terms set forth in the Letter Agreement or the Management Agreement, as applicable.

Section 11.03 Arbitration.

(a) *Arbitration Procedures.* If the Parties are unable to resolve the Dispute pursuant to Section 11.02, then the Parties shall submit the Dispute to final and binding arbitration in New York, New York, administered by Judicial Arbitration & Mediation Services (“JAMS”), or its successor, in accordance with the rules and procedures of JAMS then in effect. The Parties agree that any and all Disputes (which for purposes of this Section 11.03 will be deemed to include any action pursuant to the immediately preceding sentence) that are submitted to arbitration shall be decided by three (3) neutral arbitrators who are retired judges or attorneys licensed to practice law in New York who are experienced in complex commercial transactions. Each Party shall select one (1) arbitrator and those Party-selected arbitrators shall jointly select the third (3rd) arbitrator, who shall act as chair of the arbitral tribunal. If the Party-selected arbitrators are unable to select the third (3rd) arbitrator, JAMS shall designate the third (3rd) arbitrator. The Parties will cooperate with JAMS and with one another in selecting such arbitrators and in scheduling the arbitration proceedings in accordance with applicable JAMS procedures. The arbitration shall be conducted in accordance with the JAMS Comprehensive Rules. Any Party may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with JAMS, with a copy to the other Party. The Parties agree that they will participate in the arbitration in good faith and the administrative costs and arbitrator’s fees associated with the arbitration shall be allocated to the Parties as determined by the arbitrators based upon the relative success (in terms of percentages) of each Party’s claim. For example, if Parent and SpinCo commence arbitration proceedings and the final determination by the arbitrators reflects a sixty (60)-forty (40) compromise of the Parties’ claims, the arbitrators would allocate expenses forty percent (40%) to the Party whose claim was determined to be sixty percent (60%) successful and sixty percent (60%) to the Party whose claims was determined to be forty (40%) successful; provided, however, that each Party participating in any arbitration proceedings will bear such Party’s own attorneys’ fees and costs associated with the arbitration, unless such Party is ordered to pay reasonable costs and expenses pursuant to the final determination by the arbitrators. The arbitral tribunal shall apply Delaware law without reference to conflicts of laws principles that would result in the application of the law of a jurisdiction other than Delaware. Any award issued as a result of such arbitration shall be final and binding among the Parties and shall be enforceable by any court having jurisdiction over such Party against whom enforcement is sought. The Parties expressly acknowledge and understand that by entering into this Agreement, each Party is waiving such Party’s respective rights to have any Dispute between the Parties adjudicated by a court or by a jury.

(b) *Confidentiality*. Except as may be required by applicable Law or court order, the Parties agree to maintain confidentiality as to all aspects of any arbitration, including its existence and results, except that nothing herein shall prevent any Party from disclosing information regarding such arbitration for purposes of proceedings to enforce this clause or to enforce the award or for purposes of seeking provisional remedies from a court of competent jurisdiction. The Parties further agree to obtain the agreement of the arbitral tribunal to preserve the confidentiality of the arbitration.

(c) *Provisional Relief*. By agreeing to arbitration, the Parties do not intend to deprive the Delaware Courts of their ability to issue any form of provisions remedy, including but not limited to a preliminary injunction or attachment in aid of the arbitration, or to order any appropriate interim or conservatory measure. A request for such provisional remedy or interim or conservatory measure by a Party to a Delaware Court shall not be deemed a waiver of this agreement to arbitrate.

Section 11.04 *Specific Performance*. Subject to Section 11.02 and Section 11.03, except as provided below, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any applicable Ancillary Agreement, the affected Party shall have the right to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement or any applicable Ancillary Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived. Any requirements for the securing or posting of any bond or similar security with such remedy are hereby waived. For the avoidance of doubt, the rights pursuant to this Section 11.04 shall be pursued in arbitration under Section 11.03.

Section 11.05 *No Set-Off, Payments*. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) amounts payable pursuant to this Agreement or any Ancillary Agreement or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

Section 11.06 *Continuity of Service and Performance*. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of Section 11.02, Section 11.03 or Section 11.04 with respect to all matters not subject to such dispute resolution.

Section 11.07 *Governing Law*. This Agreement and any disputes relating to, arising out of or resulting from this Agreement, including to its execution, performance, or enforcement, shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof.

Section 11.08 *Assignability*. Except as otherwise provided for in this Agreement, neither this Agreement nor any right, interest or obligation arising under this Agreement shall be assignable (including by means of a divisional or divisive merger or similar transaction), in whole or in part, directly or indirectly, by either Party without the prior written consent of the

other Party, and any attempt to assign any rights, interests or obligations arising under this Agreement without such consent shall be void.

Section 11.09 Third-Party Beneficiaries. Except for the rights of the members of each Party's Group as set forth herein, and for the indemnification rights under this Agreement of any Parent Indemnitee or SpinCo Indemnitee in his, her or its capacity as such, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 11.10 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) when delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service, (c) upon written confirmation of receipt after transmittal by electronic mail (followed by delivery of an original via overnight courier service) or (d) upon the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Parent, to:

CompoSecure, Inc.
309 Pierce Street
Somerset, NJ 08873
Attn: Corporate Secretary
Email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Laura C. Turano
Email:

If to SpinCo, to:

Resolute Holdings Management, Inc.
445 Park Avenue, Suite 5B
New York, NY 10022
Attn: Thomas R. Knott
Email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Laura C. Turano
Email:

Either Party may, by notice to the other Party, change the address and identity of the Person to which such notices and copies of such notices are to be given. Each Party agrees that nothing in this Agreement shall affect the other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

Section 11.11 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such arbitrator or court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 11.12 Publicity. Each of Parent and SpinCo shall consult with the other and shall, subject to the requirements of Section 6.09, provide the other Party the opportunity to review and comment upon any press releases or other public statements in connection with the Spin-Off or any of the other transactions contemplated hereby and any filings with any Governmental Authority or national securities exchange with respect thereto, in each case prior to the issuance or filing thereof, as applicable (including the Information Statement, the Parties' respective Current Reports on Form 8-K to be filed on the Distribution Date, the Parties' respective Quarterly Reports on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs, or if such quarter is the fourth fiscal quarter, the Parties' respective Annual Reports on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs (each such Quarterly Report on Form 10-Q or Annual Report on Form 10-K, a "First Post-Distribution Report"). Each Party's obligations pursuant to this Section 11.12 shall terminate on the date on which such Party's First Post-Distribution Report is filed with the Commission.

Section 11.13 Expenses. Except as expressly provided in this Agreement or in any Ancillary Agreement, (a) all third-party fees, costs and expenses incurred by either Parent, any other member of the Parent Group or SpinCo in connection with effecting the Spin-Off prior to or on the Distribution Date will be borne and paid by Parent and (b) all third-party fees, costs and expenses incurred by either the Parent Group or the SpinCo Group in connection with effecting the Spin-Off following the Distribution Date, will be borne and paid by the Party incurring such fee, cost or expense. For the avoidance of doubt, this Section 11.13 shall not affect each Party's responsibility to indemnify Parent Liabilities or SpinCo Liabilities, as applicable, arising from the transactions contemplated by the Distribution.

Section 11.14 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.15 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the Liabilities for the breach of any obligations in this Agreement shall survive the Spin-Off and shall remain in full force and effect.

Section 11.16 Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 11.17 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party; provided that a Party may assign any or all of its rights, interests and obligations hereunder to any other member of such Party's Group, so long as such assignee agrees pursuant to an agreement in writing reasonably satisfactory to the other Party to be bound by the terms of this Agreement as if named a "Party"; provided, further, that no assignment permitted by this Section 11.17 shall release the assigning Party from liability for the full performance of its obligations under this Agreement, unless agreed to in writing by the non-assigning Party. In the case of any assignment permitted by this Section 11.17, the assigning Party shall provide prompt written notice of such assignment to the non-assigning Party.

Section 11.18 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement. Article, Section or Schedule references are to the Articles, Sections and Schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in any Schedule to this Agreement or to any Ancillary Agreement but not otherwise defined therein shall have the meaning as defined in this Agreement or the Ancillary Agreement to which such Schedule is attached, as applicable. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 11.17). The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." All references to "\$" or dollar amounts are to the lawful currency of the United States of America. References herein to any Law shall be deemed to refer to such Law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder. Except as expressly set forth in this Agreement, the Parties (or their respective Group members) shall make, or cause to be made, any payment that is required to be made pursuant to this Agreement as promptly as practicable and without regard to any local currency constraints or similar restrictions. In the event that an ambiguity or question of intent or

interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

[Remainder of page left intentionally blank; signature pages follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first noted above by their duly authorized representatives.

COMPOSECURE, INC.

By: /s/ Jonathan C. Wilk
Name: Jonathan C. Wilk
Title: Chief Executive Officer

RESOLUTE HOLDINGS MANAGEMENT, INC.

By: /s/ Thomas R. Knott
Name: Thomas R. Knott
Title: Chief Executive Officer

[Signature Page to Separation and Distribution Agreement]



43 Route 46 East, Suite 701
Pine Brook, NJ 07058
973-227-6600

January 27, 2025

via Overnight Delivery & Email

CompoSecure, LLC
309-313 Pierce Street
Somerset, NJ 08873
Attn: Timothy W. Fitzsimmons

RE: Confirmation of Renewal Option - Addendum
Standard Form Industrial Building Lease ("Lease") between FR JH 10, LLC ("Landlord")
and CompoSecure, LLC ("Tenant") signed and dated May 2, 2016
309-313 Pierce Street, Somerset, New Jersey, 08873 ("Premises")

Dear Mr. Fitzsimmons:

This Letter ("Confirmation Letter") shall confirm Landlord is in receipt of notice dated January 22, 2025 (the "Renewal Notice"), that Tenant wishes to exercise the Renewal Option as outlined in the Addendum of the Lease ("Renewal Term").

Capitalized terms not otherwise defined in this letter shall have the meaning ascribed to them in the Lease.

Tenant hereby acknowledges the following: (i) Tenant is in possession of the Premises (as defined in the Lease); (ii) the Lease is in full force and effect; and (iii) Landlord is not in default under the Lease.

The Term of the Lease is extended for a period of 5 years, commencing October 1, 2026 and ending September 30, 2031. Prior to and during the Renewal Term, all of the conditions set forth in the Lease shall remain in full force and effect.

Notwithstanding anything to the contrary contained in the Lease, Base Rent (exclusive of Additional Rent) during the Renewal Term shall be as follows:

Lease Period	Monthly Base Rent
October 1, 2026 – September 30, 2027	\$81,517.13
October 1, 2027 – September 30, 2028	\$83,962.64
October 1, 2028 – September 30, 2029	\$86,481.52
October 1, 2029 – September 30, 2030	\$89,075.97
October 1, 2030 – September 30, 2031	\$91,748.25

Tenant shall continue to be responsible for all and any Additional Rent in accordance with the terms and conditions of the Lease.

Please sign this letter below acknowledging your agreement with the above and return to my attention.

Cordially,

John Hanlon
Executive Director

Acknowledged and Agreed to this 28th day of
January, 2025

Timothy W. Fitzsimmons
Chief Financial Officer

cc: CompoSecure, LLC, 500 Memorial Drive, Somerset, NJ USA 08873, Attn: General Counsel
Legal.Notices@firt.com

**SECOND AMENDED AND RESTATED COMPOSECURE, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

(Amended and Restated Effective as of October 1, 2024)

CompoSecure, Inc. (the “**Company**”) believes that the granting of cash and equity compensation to the members of its Board of Directors (the “**Board**”) represents an effective tool to attract, retain, and reward such members of the Board who are not employees of the Company and (each, a “**Non-Employee Director**” and, collectively, the “**Non-Employee Directors**”) who are eligible to receive such compensation, as provided herein. This Non-Employee Director Compensation Policy (the “**Policy**”) has been adopted by the Board to formalize the Company’s policy regarding compensation that may be paid to the eligible Non-Employee Directors, which compensation will include both cash compensation and equity awards granted in accordance with the provisions of the Company’s 2021 Incentive Equity Plan (as may be amended from time to time, the “**Plan**”). The Compensation Committee of the Board or those persons or bodies to whom administration of the Plan, or part of the Plan, has been delegated as permitted by applicable law, the applicable stock exchange rules and in accordance with the Plan (the “**Administrator**”) shall have full power and authority to administer this Policy. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such terms in the Plan.

A. General.

1. Eligibility. The cash and equity-based compensation described in this Policy (other than as provided in Section E hereof) shall be paid or be made, as applicable, automatically and without further action of the Board, to each Covered Director. For purposes of this Policy, “**Covered Director**” means any member of the Board:

- a. who is not an officer or employee of the Company or any of its subsidiaries;
- b. who has not been an officer or employee of the Company or any of its predecessors, successors or subsidiaries in the past five years; and
- c. who is not the beneficial owner, and has not been the beneficial owner at any time during the preceding three years, of 10% or more of the Company’s Class A Common Stock, par value \$0.0001 per share (the “Common Stock”) (on an aggregated basis).

For the avoidance of doubt, the term “**Covered Directors**” does not include any Non-Employee Directors who are prohibited by a contractual obligation or employment policy from receiving compensation for their service on the Board, or who have otherwise notified the Company that they have declined to receive all or any portion of their compensation for their service on the Board.

2. Responsibility for Taxes. Each Covered Director will be solely responsible for any tax obligations incurred by such Covered Director as a result of any cash payments and/or equity awards that such Covered Director receives pursuant to this Policy.

B. Cash Compensation

1. Annual Board Retainer. Each Covered Director shall be paid an annual cash retainer of \$50,000 (the “**Annual Board Retainer**”).
2. Annual Committee Chair Retainer. A Covered Director shall be paid an annual cash retainer for Committee chair service (the “**Annual Committee Chair Retainer**”), as follows:
 - a. Audit Committee Chair: \$25,000.
 - b. Compensation Committee Chair: \$15,000.
 - c. Nominating/Governance Committee Chair: \$10,000.

For the avoidance of doubt, there are no per-meeting attendance fees for attending Board or Board committee meetings.

3. Timing of Payments. The Annual Board Retainer and Annual Committee Chair Retainer will be paid quarterly in arrears.

C. Equity Compensation

Covered Directors generally shall be entitled to receive all types of equity awards (except Incentive Stock Options) under the Plan (or any equity plan properly adopted by the Company and approved by the Company’s stockholders as may be in place at the time of such grant), including awards not specifically covered under this Policy. All grants of awards to Covered Directors pursuant to this Section C shall be granted on an automatic and nondiscretionary basis, in accordance with the following provisions and the applicable provisions of the Plan and shall be evidenced by an award agreement.

1. Annual Equity Awards.
 - a. Annual Equity Award. Each calendar year, effective as of the date of the annual meeting of the Company’s stockholders (the “**Annual Meeting**”), each Covered Director who either (I) has been nominated by the Board to be elected as a Director at such Annual Meeting, or (II) has a term of service extending beyond the date of such Annual Meeting, automatically will be granted an option to purchase shares of Company Common Stock (an “**Option**”) with a Fair Market Value (as defined below) of \$200,000 (the “**Annual Equity Award**”) effective as of such Annual Meeting.
 - b. Prorated Annual Equity Award. In addition, an individual who first becomes a Covered Director after the occurrence of the Annual Meeting for the year of their appointment or election to the Board shall receive an initial prorated equity award of an Option for the period beginning on the date such Covered Director is initially elected to the Board through the next Annual Meeting (“**Prorated Annual Equity Award**”). Such Prorated Annual Equity Award shall be granted as of the date on which such Covered Director commences their service as a member of the Board.

2. **Initial Equity Award.** Each individual who is initially appointed or elected to the Board and is a Covered Director shall receive an initial equity award of an Option (“**Initial Equity Award**”) with a Fair Market Value of \$200,000. Such Initial Equity Award shall be granted as of the date on which such Covered Director commences their service as a member of the Board.

3. **Number of Shares Underlying an Option.** The number of Shares subject to an Option, relating to each Annual Equity Award or Initial Equity Award, as applicable, shall be determined by the Administrator in its sole discretion based on the applicable Fair Market Value as described below.

4. **Vesting.** Except as provided herein, each Annual Equity Award and each Initial Equity Award shall vest in equal annual installments over a four-year period commencing on the date on which the applicable award is granted (the “**Service Period**”). The vesting of such awards shall be subject, in all cases, to the Covered Director’s continued service to the Company through the applicable vesting date(s) and the terms of the related award agreement. If the Covered Director elects to retire from the Board at any time, the Administrator will have the authority to accelerate the vesting of all or a portion of the Annual Equity Award and the Initial Equity Award. No Annual Equity Award or Initial Equity Award will be accelerated if a Covered Director is disqualified or removed, with or without cause, from the Board. Notwithstanding the foregoing, all unvested Annual Equity Awards and Initial Equity Awards outstanding immediately prior to the effectiveness of a Change of Control (as defined in the Plan) shall vest as of the effective date of such Change of Control.

5. **Fair Market Value.** For the purposes of this Policy, the “**Fair Market Value**” per share shall be equal to the closing price of the Common Stock, as reported on the Nasdaq Global Select Market (or any other reporting system selected by the Administrator, in its sole discretion) on the date as of which the determination is being made or, if no sales of shares are reported on such date, on the most recent preceding day on which there were sales of shares reported. The “**Fair Market Value**” of an Option shall be determined by the Administrator in its sole discretion. The Administrator has historically utilized the Black-Scholes option pricing model based upon information available at the time of grant.

6. **Exercise Price.** For the purposes of this Policy, the “**Exercise Price**” of an Option shall be the Fair Market Value of a share of Common Stock on the date the Option is granted.

D. Travel Expenses

All reasonable, customary and documented travel expenses incurred by Non-Employee Directors in attending Board or Board committee meetings shall be reimbursed by the Company.

E. Adjustments

In the event that any dividend or other distribution (whether in the form of cash, shares of Class A Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares of Class A Common Stock or other securities of the Company or other change in the corporate structure of the Company affecting such shares occurs, the Administrator shall make adjustments, if any, to the number, class or kind of Options then outstanding, including, for the avoidance of doubt, the applicable Exercise Price, in accordance with the Plan.

F. Taxes

Compensation paid to Covered Directors is not generally subject to U.S. federal income or employment tax withholding. However, if any such compensation payable under this Policy is subject to required withholding under any state, local or foreign tax law, the Company shall have the right to deduct from cash payments made to a Covered Director, or to make such other arrangements as may be necessary to collect from such Covered Director, any applicable taxes (including social contributions or similar payments) required to be withheld with respect to such payments, and to take such other action as the Administrator may deem advisable to enable the Company and the Covered Director to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any such compensation.

G. Conversions

A Covered Director may elect to convert his or her Annual Board Retainer and Annual Committee Chair Retainer into an Option in accordance with any conversion plan that may be adopted by the Administrator.

H. Effective Date; Amendment

This Second Amended and Restated Policy is effective as of October 1, 2024. The Policy may be amended at any time by the Board upon the recommendation of the Administrator, or by the Administrator, without the consent of any Covered Director who has received an award of Options, provided that such amendment will be of general application to all Covered Directors subject to this Policy and will not, without the specific written consent of any such Covered Director, adversely affect, in a material manner, any outstanding Options or the right of a Covered Director to receive all amounts due and payable with respect to an award of Options. Any amendment to this Policy shall be effective as of the date such amendment is so approved or as of such later date as may be specified by the Board or the Administrator when amending this Policy.

**THIRD AMENDED AND RESTATED COMPOSECURE, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

(Amended and Restated Effective as of February 28, 2025)

CompoSecure, Inc. (the “**Company**”) believes that the granting of cash and equity compensation to the members of its Board of Directors (the “**Board**”) represents an effective tool to attract, retain, and reward such members of the Board who are not employees of the Company (each, a “**Non-Employee Director**” and, collectively, the “**Non-Employee Directors**”) and who are eligible to receive such compensation, as provided herein. This Non-Employee Director Compensation Policy (the “**Policy**”) has been adopted by the Board to formalize the Company’s policy regarding compensation that may be paid to the eligible Non-Employee Directors, which compensation will include both cash compensation and equity awards granted in accordance with the provisions of the Company’s 2021 Incentive Equity Plan (as may be amended from time to time, the “**Plan**”). The Compensation Committee of the Board or those persons or bodies to whom administration of the Plan, or part of the Plan, has been delegated as permitted by applicable law, regulations, the applicable stock exchange rules and in accordance with the Plan (the “**Administrator**”) shall have full power and authority to administer this Policy. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such terms in the Plan.

A. General.

1. Eligibility. The cash and equity-based compensation described in this Policy (other than as provided in Section E hereof) shall be paid or be made, as applicable, automatically and without further action of the Board, to each Covered Director. For purposes of this Policy, “**Covered Director**” means any member of the Board:

- a. who is not an officer or employee of the Company or any of its subsidiaries;
- b. who has not been an officer or employee of the Company or any of its predecessors, successors or subsidiaries in the past five years; and
- c. who is not the beneficial owner, and has not been the beneficial owner at any time during the preceding three years, of 10% or more of the Company’s Class A Common Stock, par value \$0.0001 per share (the “Common Stock”) (on an aggregated basis).

For the avoidance of doubt, the term “**Covered Directors**” does not include any Non-Employee Directors who are prohibited by a contractual obligation or employment policy from receiving compensation for their service on the Board, or who have otherwise notified the Company that they have declined to receive all or any portion of their compensation for their service on the Board.

2. Responsibility for Taxes. Each Covered Director will be solely responsible for any tax obligations incurred by such Covered Director as a result of any cash payments and/or equity awards that such Covered Director receives pursuant to this Policy.

B. Cash Compensation

1. Annual Board Retainer. Each Covered Director shall be paid an annual cash retainer of \$50,000 (the “**Annual Board Retainer**”).
2. Annual Committee Chair Retainer. A Covered Director shall be paid an annual cash retainer for Committee chair service (the “**Annual Committee Chair Retainer**”), as follows:
 - a. Audit Committee Chair: \$25,000.
 - b. Compensation Committee Chair: \$15,000.
 - c. Nominating/Governance Committee Chair: \$10,000.

For the avoidance of doubt, there are no per-meeting attendance fees for attending Board or Board committee meetings.

3. Timing of Payments. The Annual Board Retainer and Annual Committee Chair Retainer will be paid quarterly in arrears.

C. Equity Compensation

Covered Directors generally shall be entitled to receive all types of equity awards (except Incentive Stock Options) under the Plan (or any equity plan properly adopted by the Company and approved by the Company’s stockholders as may be in place at the time of such grant), including awards not specifically covered under this Policy. All grants of awards to Covered Directors pursuant to this Section C shall be granted on an automatic and nondiscretionary basis, in accordance with the following provisions and the applicable provisions of the Plan and shall be evidenced by an award agreement.

1. Annual Equity Awards.
 - a. Annual Equity Award. Each calendar year, effective as of the date of the annual meeting of the Company’s stockholders (the “**Annual Meeting**”), each Covered Director who either (I) has been nominated by the Board to be elected as a Director at such Annual Meeting, or (II) has a term of service extending beyond the date of such Annual Meeting, automatically will be granted an option to purchase shares of Company Common Stock (an “**Option**”) with a Fair Market Value (as defined below) of \$150,000 (the “**Annual Equity Award**”) effective as of such Annual Meeting.
 - b. Prorated Annual Equity Award. In addition, an individual who first becomes a Covered Director after the occurrence of the Annual Meeting for the year of their appointment or election to the Board shall receive an initial prorated equity award of an Option for the period beginning on the date such Covered Director is initially elected to the Board through the next Annual Meeting (“**Prorated Annual Equity Award**”). Such Prorated Annual Equity Award shall be granted as of the date on which such Covered Director commences their service as a member of the Board.

2. Initial Equity Award. Each individual who is initially appointed or elected to the Board and is a Covered Director shall receive an initial equity award of an Option ("**Initial Equity Award**") with a Fair Market Value of \$150,000. Such Initial Equity Award shall be granted as of the date on which such Covered Director commences their service as a member of the Board.

3. Number of Shares Underlying an Option. The number of Shares subject to an Option, relating to each Annual Equity Award or Initial Equity Award, as applicable, shall be determined by the Administrator in its sole discretion based on the applicable Fair Market Value as described below.

4. Vesting. Except as provided herein, each Annual Equity Award and each Initial Equity Award shall vest in equal annual installments over a four-year period commencing on the date on which the applicable award is granted (the "**Service Period**"). The vesting of such awards shall be subject, in all cases, to the Covered Director's continued service to the Company through the applicable vesting date(s) and the terms of the related award agreement. If the Covered Director elects to retire from the Board at any time prior to the end of the Service Period, the Administrator will have the authority to accelerate the vesting of all or a portion of the Annual Equity Award and the Initial Equity Award. No Annual Equity Award or Initial Equity Award will be accelerated if a Covered Director is disqualified or removed prior to the end of the Service Period, with or without cause, from the Board. Notwithstanding the foregoing, all unvested Annual Equity Awards and Initial Equity Awards outstanding immediately prior to the effectiveness of a Change of Control (as defined in the Plan) shall vest as of the effective date of such Change of Control.

5. Fair Market Value. For the purposes of this Policy, the "**Fair Market Value**" per share shall be equal to the closing price of the Common Stock, as reported on the Nasdaq Global Select Market (or any other reporting system selected by the Administrator, in its sole discretion) on the date as of which the determination is being made or, if no sales of shares are reported on such date, on the most recent preceding day on which there were sales of shares reported. The "**Fair Market Value**" of an Option shall be determined by the Administrator in its sole discretion. The Administrator has historically utilized the Black-Scholes option pricing model based upon information available at the time of grant.

6. Exercise Price. For the purposes of this Policy, the "**Exercise Price**" of an Option shall be the Fair Market Value of a share of Common Stock on the date the Option is granted.

D. Travel Expenses

All reasonable, customary and documented travel expenses incurred by Non-Employee Directors in attending Board or Board committee meetings shall be reimbursed by the Company.

E. Adjustments

In the event that any dividend or other distribution (whether in the form of cash, shares of Class A Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares of Class A Common Stock or other securities of the Company or other change in the corporate structure of the Company affecting such shares occurs, the Administrator shall make adjustments, if any, to the number, class or kind of Options then outstanding, including, for the avoidance of doubt, the applicable Exercise Price, in accordance with the Plan.

F. Taxes

Compensation paid to Covered Directors is not generally subject to U.S. federal income or employment tax withholding. However, if any such compensation payable under this Policy is subject to required withholding under any state, local or foreign tax law, the Company shall have the right to deduct from cash payments made to a Covered Director, or to make such other arrangements as may be necessary to collect from such Covered Director, any applicable taxes (including social contributions or similar payments) required to be withheld with respect to such payments, and to take such other action as the Administrator may deem advisable to enable the Company and the Covered Director to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any such compensation.

G. Conversions

A Covered Director may elect to convert his or her Annual Board Retainer and Annual Committee Chair Retainer into an Option in accordance with any conversion plan that may be adopted by the Administrator.

H. Effective Date; Amendment

This Third Amended and Restated Policy is effective as of February 28, 2025. The Policy may be amended at any time by the Board upon the recommendation of the Administrator, or by the Administrator, without the consent of any Covered Director who has received an award of Options, provided that such amendment will be of general application to all Covered Directors subject to this Policy and will not, without the specific written consent of any such Covered Director, adversely affect, in a material manner, any outstanding Options or the right of a Covered Director to receive all amounts due and payable with respect to an award of Options. Any amendment to this Policy shall be effective as of the date such amendment is so approved or as of such later date as may be specified by the Board or the Administrator when amending this Policy.

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT, dated as of February 28, 2025, is entered into by and between CompoSecure Holdings, L.L.C., a Delaware limited liability company (the “Company”), and Resolute Holdings Management, Inc., a Delaware corporation (the “Manager”).

WHEREAS, the board of directors (the “Parent Board”) of CompoSecure, Inc., a Delaware corporation and parent of the Company (the “Parent”), has determined that it is advisable and in the best interests of Parent and its stockholders for Parent to establish a management business to be conducted by Manager and subsequently spin off the Manager, as an independent publicly traded company (the “Spin-Off”);

WHEREAS, the Company desires to retain the Manager to provide various management and other related services with respect to the Company in the manner and on the terms herein set forth;

WHEREAS, the Manager is willing to provide such management and related services in the manner and on the terms hereinafter set forth; and

NOW THEREFORE, in consideration of the premises and agreements hereinafter set forth, the parties hereto hereby agree as follows:

Section 1. Definitions.

(a) The following terms shall have the meanings set forth in this Section 1(a):

“Actions” has the meaning set forth in Section 9(a).

“Adjusted EBITDA” means , for any period, Net Income for such period, *plus*, without duplication, (i) the sum of the amounts for such period included in determining such Net Income of (A) Interest Expense, (B) Income Tax Expense, (C) Depreciation and Amortization Expense, (D) losses and expenses that are properly classified under GAAP as extraordinary, (E) all Quarterly Management Fees, (F) actual one-time and non-recurring fees, expenses and costs relating to any acquisition, business combination transaction or other transaction, in each case, evaluated, negotiated and, if applicable, implemented in accordance with the Management Agreement (whether or not closed), (G) any non-cash compensation charge or expense realized or resulting from any contingent payment obligation or similar payment obligation (including any “earn-out” obligation) that would require payments to any Person arising in connection with any acquisition, business combination transaction or other transaction consummated in accordance with the Management Agreement, (H) any impairment charges or asset write-offs, in each case, pursuant to GAAP, and (I) any other non-cash non-recurring expenses, *minus*, without duplication, (ii) (A) the sum of the amounts for such period included in determining such Net Income of (1) any gains on sales of assets and gains that are properly classified under GAAP as extraordinary, all as determined for the Company and its Subsidiaries on a consolidated basis in accordance with GAAP and (2) any cash payments made during such period in respect of non-cash charges described in clause (i)(I) taken in a prior period, and (B) Parent Allocated Expense.

“Affiliate” means, with respect to a Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such other Person, (ii) any executive officer, employee or general partner of such Person, (iii) any member of the board of directors or board of managers (or bodies performing similar functions) of such Person and (iv) any legal entity for which such Person acts as an executive officer or general partner; *provided* that it is acknowledged and agreed that (x) the Company and its Subsidiaries shall not be deemed to be Affiliates of the Manager and its Subsidiaries, (y) the Manager and its Subsidiaries shall not be deemed to be Affiliates of the Company and its Subsidiaries and (z) other Persons managed by the Manager shall not be deemed to be Affiliates of the Manager or its Subsidiaries or the Company or its Subsidiaries.

“Agreement” means this Management Agreement, as amended, restated, supplemented or otherwise modified from time to time.

“Automatic Renewal Term” has the meaning set forth in Section 11(a).

“Business Day” means any day except a Saturday, a Sunday or a day on which banking institutions in New York, New York are not required to be open.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any Capitalized Lease, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Capitalized Lease” means any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP.

“Claim” has the meaning set forth in Section 9(c).

“Class A Common Stock” means the Class A Common Stock, par value \$0.0001 per share, of Parent.

“Company” has the meaning set forth in the Preamble, except that, solely for the purposes of Section 3(a), the term “Company” means, collectively, CompoSecure Holdings, L.L.C. and its controlled Affiliates.

“Company’s Business” means the activities, operations and business affairs of the Company and its controlled Affiliates.

“Company Expenses” has the meaning set forth in Section 8(b).

“Company Indemnified Party” has meaning set forth in Section 9(b).

“Company Kick-Out Event” means (i) a final judgment by any Governmental Authority of competent jurisdiction not stayed or vacated within thirty (30) days that the Manager has committed a felony or a material violation of applicable securities laws that has a material

adverse effect on the business of the Company or the ability of the Manager to perform its duties under the terms of this Agreement, (ii) an order for relief in an involuntary bankruptcy case relating to the Manager or the Manager authorizing or filing a voluntary bankruptcy petition, (iii) the dissolution of the Manager or (iv) a final, non-appealable judgment by any Governmental Authority of competent jurisdiction that the Manager has (a) committed actual fraud against the Company, (b) misappropriated or embezzled funds of the Company or (c) acted, or failed to act, in a manner constituting bad faith, willful misconduct, gross negligence or reckless disregard in the performance of its duties under this Agreement; *provided, however*, that if any of the actions or omissions described in this clause (iv) are caused by an employee and/or officer of the Manager or one of its Affiliates and the Manager cures the damage caused by such actions or omissions within thirty (30) days of such determination, then such event shall not constitute a Company Kick-Out Event.

“Company Kick-Out Right” means the Company’s right to terminate this Agreement, in accordance with the terms hereof, upon the occurrence of a Company Kick-Out Event.

“Company-Selected Valuation Firm” has the meaning set forth in Section 11(e)(ii).

“Company Termination Notice” has the meaning set forth in Section 11(b).

“Confidential Information” means all confidential, proprietary or non-public information of, or concerning the performance, terms, business, operations, activities, personnel, training, finances, actual or potential acquisitions, plans, compensation, clients or investors of the Company or its Subsidiaries, written or oral, obtained by the Manager in connection with the services rendered hereunder; *provided* that Confidential Information shall not include information which (i) is in the public domain at the time it is received by the Manager, (ii) becomes public other than by reason of a disclosure by the Manager in breach of this Agreement, (iii) was already in the possession of the Manager lawfully and on a non-confidential basis prior to the time it was received by the Manager from the Company or its Affiliates, (iv) was obtained by the Manager from a third-party which, to the Manager’s knowledge, was not disclosed in breach of an obligation of such third-party not to disclose such information or (v) was developed independently by the Manager without using or referring to any of the Confidential Information.

“Consultation Period” has the meaning set forth in Section 11(b)(i).

“Covered Person” has the meaning set forth in Section 5(b).

“Depreciation and Amortization Expense” means, for any period, all depreciation and amortization expense of the Company and its Subsidiaries, all as determined on a consolidated basis in accordance with GAAP.

“Effective Date” means the date of the consummation of the Spin-Off.

“Effective Termination Date” means, as applicable, (a) with respect to any termination of this Agreement by the Company pursuant to Section 11(b), the last day of the Initial Term or Automatic Renewal Term during which the Company exercises such termination right, (b) with

respect to any termination of this Agreement by the Manager pursuant to Section 11(d)(iii), the date upon which the Manager provides a Manager Termination Notice pursuant to Section 11(d)(iii), or (c) with respect to any other termination of this Agreement by the Company or the Manager pursuant to Section 11, the last day of the notice period required for the exercise by the Company or the Manager of its applicable termination right.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto.

“Fair Market Value of Fees Payable” means, as of the Effective Termination Date, the fair market value of the aggregate Quarterly Management Fees then payable or that would become payable hereunder if this Agreement were automatically renewed and remained in effect in perpetuity. For the avoidance of doubt, the Fair Market Value of Fees Payable shall be determined without regard to any waiver or other discount by the Manager of any Quarterly Management Fee (which shall be calculated for purposes of the determination of the Fair Market Value of Fees Payable as though no such waiver or discount was applied).

“GAAP” means generally accepted accounting principles in the U.S.

“Governing Agreements” means, with regard to any entity, the articles of incorporation or certificate of incorporation and bylaws in the case of a corporation, the certificate of limited partnership (if applicable) and the partnership agreement in the case of a general or limited partnership, the certificate of formation and limited liability company agreement in the case of a limited liability company, the trust instrument in the case of a trust, or similar governing documents in each case, as amended, restated, supplemented or otherwise modified from time to time.

“Governmental Authority” means any domestic, foreign or transnational governmental, competition or regulatory authority, court, arbitral tribunal, agency, commission, body or other legislative, executive or judicial governmental entity or self-regulatory agency.

“Income Tax Expense” means, for any period, all provisions for taxes based on the net income of the Company or any of its Subsidiaries (including, without limitation, any additions to such taxes, and any penalties and interest with respect thereto and any expensed taxes), all as determined for the Company and its Subsidiaries on a consolidated basis in accordance with GAAP.

“Indemnified Party” has the meaning set forth in Section 9(b).

“Independent Director” means, a member of the Parent Board who qualifies as an “independent director” under the Exchange Act and the NASDAQ Rules.

“Interest Expense” means, with reference to any period, total interest expense (including that attributable to Capital Lease Obligations) of the Company and its Subsidiaries for such period with respect to all outstanding indebtedness of the Company and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of

credit and bankers' acceptances and net costs under Swap Agreements in respect of interest rates, to the extent such net costs are allocable to such period in accordance with GAAP), calculated for the Company and its Subsidiaries on a consolidated basis for such period in accordance with GAAP.

"Initial Term" has the meaning set forth in Section 11(a).

"Initial Valuation Firm Review Period" has the meaning set forth in Section 11(e)(ii).

"Investment Bank-Selected Valuation Firm" has the meaning set forth in Section 11(e)(iii).

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended from time to time, or any successor statute thereto.

"Letter Agreement" means the letter agreement, dated as of February 28, 2025, by and between Parent and the Manager.

"Losses" means any expenses, losses, damages, liabilities, demands, penalties, costs, charges and claims of any nature whatsoever (including any Out-of-Pocket Expenses).

"LTM Adjusted EBITDA" means, with respect to any twelve (12)-month period prior to a determination date, the last twelve (12) months' aggregate amount of Adjusted EBITDA. Schedule I sets forth an illustrative calculation of LTM Adjusted EBITDA for the twelve (12)-month period ended September 30, 2024.

"Manager" has the meaning set forth in the Preamble.

"Manager Expenses" has the meaning set forth in Section 8(a).

"Manager Indemnified Party" has the meaning set forth in Section 9(a).

"Manager Permitted Disclosure Parties" has the meaning set forth in Section 6(b).

"Manager-Selected Valuation Firm" has the meaning set forth in Section 11(e)(ii).

"Manager Termination Notice" has the meaning set forth in Section 11(d)(ii).

"Mediation" has the meaning set forth in Section 11(b)(ii).

"Mediator" has the meaning set forth in Section 11(b)(ii).

"Multiple on Fees Value" means an amount equal to (i) the aggregate Quarterly Management Fees that became payable hereunder during the twenty-four (24)-month period ended as of the last day of the most recent fiscal quarter completed prior to the Effective Termination Date multiplied by (ii) four (4). For the avoidance of doubt, the Multiple on Fees Value shall be determined without regard to any waiver or other discount by the Manager of any

Quarterly Management Fee (which shall be calculated for purposes of the determination of the Multiple on Fees Value as though no such waiver or discount was applied).

“NASDAQ” means the Nasdaq Stock Market LLC.

“NASDAQ Rules” means the NASDAQ listing rules currently in effect and, as amended, restated, supplemented or otherwise modified from time to time.

“Net Income” means, for any period, the consolidated net income (or loss) determined for the Company and its Subsidiaries, on a consolidated basis in accordance with GAAP; *provided* that there shall be excluded (i) the income (or deficit) of any Person (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest, except to the extent that any such income is actually received by the Company or such Subsidiary in the form of dividends or similar distributions and (ii) the undistributed earnings of any Subsidiary, to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation law applicable to such Subsidiary.

“Net Present Value of Fees Payable” means, as of the Effective Termination Date, (i) the net present value of the aggregate Quarterly Management Fees then payable or that would become payable hereunder during the five (5)-year period following the Effective Termination Date, discounted annually at a per annum rate equal to six percent (6.0%), plus (ii) the net present value of the terminal value of the Quarterly Management Fees that would become payable hereunder after such five (5)-year period if this Agreement were automatically renewed and remained in effect in perpetuity, discounted from the terminal year to the applicable present date at a per annum rate equal to six percent (6.0%). For the avoidance of doubt, the Net Present Value of Fees Payable shall be determined without regard to any waiver or other discount by the Manager of any Quarterly Management Fee (which shall be calculated for purposes of the determination of the Net Present Value of Fees Payable as though no such waiver or discount was applied).

“Out-of-Pocket Expenses” means any and all documented and reasonable out-of-pocket expenses (including fees and out-of-pocket disbursements of counsel).

“Parent” has the meaning set forth in the Recitals.

“Parent Allocated Expense” means, for any period, the sum of all selling, general and administrative expenses of Parent, all as determined for Parent in accordance with GAAP, *minus*, without duplication, (i) the sum of (A) Depreciation and Amortization Expense, (B) losses and expenses that are properly classified under GAAP as extraordinary, (C) actual one-time and non-recurring fees, expenses and costs relating to any acquisition, business combination transaction or other transaction, in each case, evaluated, negotiated and, if applicable, implemented in accordance with the Management Agreement (whether or not closed), (D) any non-cash compensation charge or expense realized or resulting from any contingent payment obligation or similar payment obligation (including any “earn-out” obligation) that would require payments to any Person arising in connection with any acquisition, business combination transaction or other

transaction consummated in accordance with the Management Agreement, (E) any impairment charges or asset write-offs, in each case, pursuant to GAAP, and (F) any other non-cash non-recurring expenses, *plus*, without duplication, (ii) the sum of the amounts for such period included in determining such selling, general and administrative expenses of Parent of (A) any gains on sales of assets and gains that are properly classified under GAAP as extraordinary, all as determined for Parent in accordance with GAAP and (B) any cash payments made during such period in respect of non-cash charges described in clause (i)(F) taken in a prior period.

“Parent Board” has the meaning set forth in the Recitals.

“Parent Trading Price” means the VWAP of one (1) share of Class A Common Stock for the five (5) consecutive trading days ending on the trading day immediately preceding the date that the Termination Fee is finally determined pursuant to Section 11(e) (as adjusted as appropriate to reflect any stock splits, stock dividends, combinations, reorganizations, reclassifications or similar events).

“Person” means any natural person, corporation, partnership, association, limited liability company, estate, trust, joint venture, any federal, state, county or municipal government or any bureau, department or agency thereof or any other legal entity and any fiduciary acting in such capacity on behalf of the foregoing.

“Quarterly Management Fee” means, with respect to each fiscal quarter, the quarterly management fee, payable in arrears, in a cash amount equal to two-and-a-half percent (2.5%) of LTM Adjusted EBITDA, measured for the period ending on the last day of the fiscal quarter then ended. The Quarterly Management Fee shall be *pro-rated* for partial periods, to the extent necessary, as described more fully elsewhere herein.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended from time to time, or any successor statute thereto.

“Subsidiary” means a corporation, limited liability company, partnership, joint venture or other entity or organization of which: (i) the Company or any other subsidiary of the Company is a general partner or managing member, or (ii) voting power to elect a majority of the board of directors, trustees or other Persons performing similar functions with respect to such entity or organization is held by the Company or by any one or more of the Company’s subsidiaries; *provided* that, for the avoidance of doubt, it is acknowledged and agreed that (x) the Company and its Subsidiaries shall not be deemed to be Subsidiaries of the Manager and its Subsidiaries and (y) other Persons managed by the Manager shall not be deemed to be Subsidiaries of the Manager or its Subsidiaries or the Company or its Subsidiaries.

“Swap Agreement” means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or

value or any similar transaction or any combination of these transactions; *provided* that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or its Subsidiaries shall be a Swap Agreement.

“Termination Fee” means an amount equal to the greatest of (i) the Fair Market Value of Fees Payable, (ii) the Net Present Value of Fees Payable and (iii) the Multiple on Fees Value.

“Termination Fee Negotiation Period” has the meaning set forth in Section 11(e)(i).

“Termination Make-Whole Cash Payment” has the meaning set forth in Section 11(f).

“Termination Shares” has the meaning set forth in Section 11(f).

“Termination Shares Value” means an amount equal to (i) the aggregate number of Termination Shares *multiplied by* (ii) the Parent Trading Price.

“Termination Without a Company Kick-Out Event” has the meaning set forth in Section 11(b).

“Trading Days” means a day on which NASDAQ is open for the transaction of business.

“Valuation Firm” has the meaning set forth in Section 11(e)(iii).

“VWAP” means the daily per share volume-weighted average price of Class A Common Stock on the principal U.S. securities exchange, “over-the-counter” market or automated or electronic quotation system on which Class A Common Stock trades, as displayed under the heading Bloomberg VWAP on the Bloomberg page designated for Class A Common Stock (or its equivalent successor if such page is not available) in respect of the period from the open of trading on such day until the close of trading on such day (or if such volume-weighted average price is unavailable, the per share volume-weighted average price of such Class A Common Stock on such day (determined without regard to afterhours trading or any other trading outside the regular trading session or trading hours)).

(b) As used herein, “fiscal quarters” shall mean the applicable fiscal quarter of Parent and “fiscal year” shall mean the applicable fiscal year of Parent. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified. References herein to “Sections,” “clauses” and other subdivisions, and to Schedules, without reference to a document are to the specified Sections, clauses and other subdivisions of and Schedules to, this Agreement. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning. References to “dollars” or “\$” mean United States dollars, unless otherwise clearly indicated to the contrary.

Section 2. Appointment of the Manager. To the fullest extent permitted by Delaware law, the Exchange Act, the Securities Act, the NASDAQ Rules and any other

applicable rule or regulation (including the rules and regulations promulgated under the Exchange Act and the Securities Act), the Company hereby appoints the Manager (and grants to it all powers necessary, convenient or appropriate) to, and the Manager hereby agrees and covenants that it shall manage the day-to-day business and operations and oversee the strategy of the Company and its controlled Affiliates in accordance with the terms of this Agreement.

Section 3. Obligations of the Manager.

(a) Subject to Section 2, the Manager shall use commercially reasonable efforts to perform (or cause to be performed) the following services (the “Services”):

- (i) establishing and monitoring the Company’s objectives, financing activities and operating performance;
- (ii) selecting and overseeing the Company’s management team and their performance;
- (iii) reviewing and approving the Company’s compensation and benefit plans, programs, policies, arrangements and agreements, including with respect to any grants of equity awards to Persons providing services to the Company;
- (iv) devising capital allocation strategies, plans and policies of the Company;
- (v) setting the budget parameters and expense guidelines of the Company and monitoring compliance therewith;
- (vi) identifying, analyzing and overseeing the consummation of business opportunities and potential acquisitions, dispositions and other business combinations;
- (vii) originating and recommending opportunities to form or acquire, and structuring and managing, any joint ventures;
- (viii) leading or overseeing negotiations with potential participants in any business opportunity under the Company’s consideration and determining (or delegating to any officer of the Company the decision to determine) if and when to proceed;
- (ix) engaging and supervising, on the Company’s behalf, independent contractors and third-party service providers;
- (x) communicating on behalf of the Company with the holders of any securities of the Company (A) as required to satisfy any reporting and other requirements of any Governmental Authority having jurisdiction over the Company and (B) to maintain effective relations with such holders;
- (xi) overseeing all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company may be involved or to which the Company may be subject arising out of the Company’s day-to-day activities (other than with the Manager or its Affiliates);
- (xii) counselling the Company in connection with decisions required by Delaware law to be made by the Board; and
- (xiii) performing such other services from time to time in connection with the management of the business and affairs of the Company and its activities as the Company

shall reasonably request and/or the Manager shall deem appropriate under the particular circumstances.

(b) From the Effective Date until the termination of this Agreement, if any, in accordance with Section 11, the Company, on behalf of itself and its controlled Affiliates, hereby constitutes, appoints and authorizes the Manager, and any officer of the Manager acting on its behalf from time to time, as the true and lawful agent and attorney-in-fact of the Company and such controlled Affiliates, in its or their respective names, places and steads, to negotiate, execute, deliver and enter into any certificates, instruments, agreements, authorizations and other documentation in the name and on behalf of the Company or any such controlled Affiliate as the Manager, in its sole discretion, deems necessary or appropriate to perform the Services, in each case subject to subject to Section 2. This power of attorney is deemed to be coupled with an interest. In performing the Services, as an agent of the Company or any of its controlled Affiliates, the Manager shall have the right to exercise all powers and authority which are reasonably necessary and customary to perform its obligations under this Agreement.

(c) The Manager may retain, for and on behalf, and at the sole cost and expense, of the Company, such services of the Persons as the Manager deems necessary or advisable to perform the Services (which Persons may include Affiliates of the Manager), in each case, subject to Section 2; *provided* that any such services may be provided by such Affiliates only to the extent such services are on arm's length terms. In performing or causing to be performed the Services, the Manager shall be entitled to rely reasonably on qualified experts and professionals (including, accountants, legal counsel and other professional service providers) hired by the Manager.

(d) At the Company's reasonable request, the Manager shall prepare, or, at the sole cost and expense of the Company, cause to be prepared, (i) reports and other information on the Company's operations and (ii) other information relating to any proposed or consummated business acquisition or divestiture.

(e) At all times during the term of this Agreement, the Manager shall maintain "errors and omissions" insurance coverage and other insurance coverage that is customarily carried by managers performing functions similar to those of the Manager under this Agreement with respect to assets similar to the assets of the Company and its Subsidiaries.

(f) Officers, employees and agents of the Manager and its Affiliates may serve as directors, officers, employees, agents, nominees or signatories for the Company or any of its controlled Affiliates. When executing documents or otherwise acting in such capacities for the Company or any of its controlled Affiliates, such Persons shall indicate in what capacity they are executing on behalf of the Company or any of its controlled Affiliates.

(g) The Manager shall refrain from any action that, in its sole judgment made in good faith, would materially violate any law, rule or regulation of any Governmental Authority having jurisdiction over the Company and its controlled Affiliates. Notwithstanding the foregoing, neither the Manager nor any of its Affiliates shall be liable to the Company, any of its controlled Affiliates or any of their respective Affiliates or equityholders for any act or omission by the Manager or any of its Affiliates, except as provided in Section 9.

(h) For the avoidance of doubt, and notwithstanding anything to the contrary in this Agreement, the entry by the Company and the Manager into this Agreement and the performance of their respective obligations hereunder shall not affect the authority, duties or responsibilities of the executive officers of the Company, including the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

Section 4. Obligations of the Company.

(a) The Company agrees to take all actions reasonably required to permit and enable the Manager to carry out its duties and obligations under this Agreement, including, all steps reasonably necessary to allow the Manager, subject to Section 2, to make any filing required to be made under the Securities Act, Exchange Act, the NASDAQ Rules or other applicable law, rule or regulation on behalf of the Company in a timely manner.

(b) The Company further agrees to use commercially reasonable efforts to make available to the Manager all resources, information and materials reasonably requested by the Manager to enable the Manager to satisfy its obligations hereunder, including its obligations to deliver financial statements and any other information or reports with respect to the Company.

(c) The Company hereby acknowledges and agrees that the Manager may use the name “CompoSecure” and other trademarks of the Company in connection with its activities under this Agreement (including, in connection with the preparation of any filing with or notification to any Governmental Authority made on behalf of the Company or any of its Subsidiaries). The parties hereto will reasonably cooperate to maintain reasonable quality control with respect to the Manager’s use of such trademarks.

Section 5. Additional Activities of the Manager; Non-Solicitation.

(a) Nothing in this Agreement shall (i) prevent the Manager or any of its Affiliates, or any of its or their officers, directors or employees, from engaging in other businesses or from rendering services of any kind to any other Person, whether or not the business objectives or policies of any such other Person are similar to those of the Company, (ii) in any way bind or restrict the Manager or any of its Affiliates, or any of its or their officers, directors or employees from buying, selling or trading any securities or commodities for their own accounts or for the account of others for whom the Manager or any of its Affiliates, or any of its or their officers, directors or employees may be acting, or (iii) prevent the Manager or any of its Affiliates from receiving fees or other compensation or profits from such activities described in this Section 5(a), which shall be for the Manager’s (and/or its Affiliates’) sole benefit. In furtherance of the foregoing, the Company acknowledges and agrees that (A) this Agreement and the Manager’s obligation to provide the Services shall not create an exclusive relationship between the Manager and its Affiliates, on the one hand, and the Company and its controlled Affiliates, on the other hand, (B) the Manager and its Affiliates may engage in or possess an interest in other profit-seeking or business ventures of any kind, nature or description, independently or with others, whether or not such ventures are competitive with the Company or any of its controlled Affiliates and the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to the Manager and its Affiliates, (C) none of the Manager or any of its Affiliates who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Company or any of its controlled Affiliates shall have any duty to communicate or offer such opportunity to the Company or any of its controlled Affiliates, and the Manager and its Affiliates shall not be liable to the Company or any of its controlled Affiliates for breach of any fiduciary or other duty by reason of the fact that the Manager or any of its Affiliates pursues or acquires for, or directs such opportunity to another Person or does not communicate such opportunity or information to the Company or any of its controlled Affiliates and (D) the Manager and its Affiliates may, in the Manager’s sole and absolute discretion, allocate opportunities among the Company and such other Persons to which the Manager renders services of any kind, or for which the Manager otherwise acts as an external manager, in any manner that the Manager determines would be necessary, convenient or appropriate (which determination, for the avoidance of doubt, may be based upon such allocation of opportunities that maximizes the aggregate management fees received by the Manager pursuant to this Agreement and any other management agreement or similar agreement entered into between the

Manager and such other Persons). Notwithstanding anything herein to the contrary, (x) nothing in this Agreement shall be construed to impose on the Manager an express or implied fiduciary duty to the Company, any of its controlled Affiliates or their respective holders of equity or voting interests, and (y) none of the Company or any of its controlled Affiliates shall have any rights in or to such business ventures, potential transactions, agreements, arrangements, opportunities or other matters referred to in this Section 5(a), or the income or profits or losses derived therefrom, and the pursuit of such business ventures, potential transactions, agreements, arrangements, opportunities or other matters, even if competitive with the activities of the Company and its controlled Affiliates, shall not be deemed wrongful or improper.

(b) In the event of a Termination Without a Company Kick-Out Event by the Company pursuant to Section 11(b), for a period of two (2) years following such termination, the Company shall not, without the consent of the Manager, employ or otherwise retain any employee of the Manager or any of its Affiliates or any Person who has been employed by the Manager or any of its Affiliates at any time within the two (2)-year period immediately preceding the date on which such Person commences employment with or is otherwise retained by the Company (any such Person, a “Covered Person”); *provided* that the preceding sentence shall not restrict the Company from employing or retaining any Covered Person who devotes substantially all of such Covered Person’s business time and attention to the Company’s Business, other than with respect to acquisitions, dispositions and other business combinations, joint ventures or other investments of the Company or any of its Subsidiaries. The Company acknowledges and agrees that, in addition to any damages, the Manager may be entitled to equitable relief for any violation of this Section 5(b) by the Company, including, injunctive relief.

Section 6. Records; Confidentiality.

(a) The Manager shall maintain appropriate books of account, records and files relating to services performed hereunder, and such books of account, records and files shall be accessible for inspection by representatives of the Company at any time during normal business hours upon advance written notice. The Manager shall have full responsibility for the maintenance, care and safekeeping of all such books of account, records and files (it being understood that if any such recordkeeping services are performed by service providers to the Company and such service providers are monitored by the Manager with due care, the Manager shall be in compliance with the foregoing).

(b) Until the third (3rd) anniversary of any termination of this Agreement pursuant to Section 11 (or in the case of trade secrets, for so long as such trade secrets constitute trade secrets under applicable law), the Manager shall keep confidential any and all Confidential Information and shall not use Confidential Information other than in connection with the performance of the Services or disclose Confidential Information, in whole or in part, to any Person other than (i) to officers, directors, employees, agents, representatives, advisors of the Manager or its Affiliates who need to know such Confidential Information for the purpose of rendering services hereunder, (ii) to appraisers, lenders or other financing sources, co-originators, custodians, administrators, brokers, commercial counterparties or any similar entity and others in the ordinary course of the Company’s Business ((i) and (ii) collectively, “Manager Permitted Disclosure Parties”), (iii) in connection with any governmental or regulatory filings of the Company or its Affiliates or disclosure or presentations to investors in the Company’s Business (subject to compliance with applicable law), (iv) to Governmental Authorities having jurisdiction over the Company or the Manager, (v) as requested by law, legal process or regulatory request to which the Manager or any Person to whom disclosure is permitted hereunder is a party or subject, (vi) to existing or prospective investors in the Company’s Business and their advisors to the extent such Persons reasonably request such information, subject to an undertaking of confidentiality, non-disclosure and non-use, or (vii) with the consent of the Company, including

pursuant to a separate agreement entered into between the Manager and the Company. The Manager agrees to inform each of its Manager Permitted Disclosure Parties of the non-public nature of the Confidential Information. Nothing herein shall prevent the Manager from disclosing Confidential Information (A) upon the order of any court or administrative agency, (B) upon the request or demand of, or pursuant to any law or regulation to, any regulatory agency or authority, (C) to the extent reasonably required in connection with the exercise of any remedy hereunder, or (D) to its legal counsel or independent auditors; *provided, however*, that with respect to clauses (A) and (B), it is agreed that, so long as not legally prohibited, the Manager will (x) consider, and if advisable seek, at the Company's sole expense, an appropriate protective order or confidentiality agreement, (y) notify the Company of such disclosure, and (z) in the absence of an appropriate protective order or confidentiality agreement, disclose only that portion of such information that is responsive to such request or demand.

Section 7. Compensation.

(a) For the Services rendered, the Company shall pay the Quarterly Management Fees to the Manager. The Manager will not receive any Quarterly Management Fees for periods prior to the Effective Date. The Manager may (at its sole discretion) elect not to receive, or to discount, any Quarterly Management Fee for a given quarterly period, which election shall not be deemed to constitute a waiver or discount of the Quarterly Management Fee in any future periods and shall, for the avoidance of doubt, be ignored in calculating the Termination Fee (and the components thereof).

(b) The parties hereto acknowledge that the Quarterly Management Fee is intended in part to compensate the Manager and its Affiliates for the costs and expenses (other than reimbursable costs and expenses) the Manager will incur hereunder, as well as certain expenses not otherwise reimbursable under Section 8, in order for the Manager to provide the Services to the Company. A management fee paid by the Manager under a sub-management agreement (if any) shall not constitute an expense reimbursable by the Company under this Agreement or otherwise unless otherwise approved by the Company.

(c) Each Quarterly Management Fee shall be payable in arrears in cash, commencing with the fiscal quarter in which the Effective Date occurs. If applicable, the initial and final Quarterly Management Fees shall be *pro-rated* based on the number of days during the initial and final fiscal quarter, respectively, that this Agreement is in effect. The Manager shall calculate each Quarterly Management Fee, and deliver such calculation to the Company, within thirty (30) days following the last day of each fiscal quarter and the Company shall pay the Manager the applicable Quarterly Management Fee for such fiscal quarter within three (3) Business Days after the date of delivery to the Company of such computations.

(d) The Company shall make any payments due hereunder to the Manager or, if the Manager directs, to an Affiliate of the Manager.

Section 8. Expenses.

(a) Subject to Section 8(b) and except as otherwise specifically acknowledged and agreed in writing, the Manager shall be responsible for the expenses related to any and all personnel of the Manager and its Affiliates who provide services to the Company pursuant to this Agreement or otherwise (including, each of the officers of the Company and any directors of the Company who are also directors, officers or employees of the Manager or any of its Affiliates), including, salaries, bonuses and other wages, payroll taxes and the cost of employee benefit plans of such personnel, and costs of insurance (other than insurance specifically required under this Agreement, including pursuant to Section 3(e)) with respect to such personnel (collectively, "Manager Expenses").

(b) The Company shall pay all of its costs and expenses and shall reimburse the Manager or its Affiliates for documented costs and expenses of the Manager and its Affiliates incurred on behalf of the Company other than Manager Expenses (collectively, “Company Expenses”). The Manager, in good faith, shall determine whether a cost or expense is a Manager Expense or Company Expense. Without limiting the generality of the foregoing, it is specifically agreed that the following costs and expenses shall be paid by the Company and shall not be paid by the Manager or its Affiliates: (i) fees, costs and expenses in connection with transaction costs incident to the acquisition, negotiation, structuring, trading, settling, disposition and financing of any investments of the Company and its Subsidiaries (whether or not consummated); (ii) fees, costs and expenses of legal, tax, accounting, consulting, auditing (including internal audit), finance, administrative, investment banking, capital market and other similar services rendered to the Company or any of its Subsidiaries (including, where the context requires, through one or more third-parties and/or Affiliates of the Manager) or, if provided by the Manager’s personnel, in accordance with Section 3(c); (iii) the compensation and expenses of the directors and officers of the Company and its Subsidiaries, as applicable, the cost of liability insurance to indemnify such directors and officers and the non-cash equity incentive compensation (that is denominated in, or the value of which is determined with reference to, shares of capital stock of Parent) of the personnel of the Company and its Subsidiaries, the Manager and their respective Affiliates who provide services to the Company and its Affiliates; (iv) interest and fees and expenses arising out of borrowings made by the Company or any of its Subsidiaries, including, costs associated with the establishment and maintenance of any credit facilities, other financing arrangements, or other indebtedness of the Company or any of its Subsidiaries (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any securities offerings of the Company or any of its Subsidiaries; (v) expenses connected with communications to holders of securities of the Company or any of its Subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of any Governmental Authorities having jurisdiction over the Company or any of its Subsidiaries, including, all costs of preparing and filing required reports with the SEC, the costs payable by the Company or any of its Subsidiaries to any transfer agent and registrar in connection with the listing and/or trading of the securities of the Company or any of its Subsidiaries on any exchange, the fees payable by the Company or any of its Subsidiaries to any such exchange in connection with its listing, costs of preparing, printing and mailing any other reports or related statements of the Company or any of its Subsidiaries; (vi) costs of the Company or any of its Subsidiaries associated with technology-related expenses, including without limitation, any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors or Affiliates of the Manager, technology service providers and related software/hardware utilized in connection with the investment and operational activities of the Company and its Subsidiaries; (vii) expenses incurred by managers, officers, personnel and agents of the Manager for travel on behalf of the Company or any of its Subsidiaries and other Out-of-Pocket Expenses incurred by them in connection with the Services or the acquisition, financing, refinancing, sale or other disposition of an investment or any securities offerings of the Company or any of its Subsidiaries; (viii) expenses incurred with respect to market information systems and publications, research publications and materials, including, news research and quotation equipment and services, obtained or used by the Manager in connection with rendering the Services or performing any other duty hereunder; (ix) the costs and expenses relating to ongoing regulatory compliance matters and regulatory reporting obligations relating to the Company’s Business; (x) the costs of any litigation involving the Company or any of its Subsidiaries or its or their respective assets and the amount of any judgments or settlements paid in connection therewith; (xi) all taxes and license fees of the Company and its Subsidiaries; (xii) all costs of directors and officers, liability or other insurance relating to the Company’s Business and other insurance costs incurred in connection with the operation of the Company’s Business, except for the costs attributable to the insurance that the Manager elects to carry for itself and its personnel, and all indemnification or extraordinary expense or liability relating to the Company’s Business; (xiii) costs and expenses

incurred in contracting with any third-parties, in whole or in part, on behalf of the Company or any of its Subsidiaries; (xiv) all other costs and expenses relating to the Company's Business and operations, including, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of businesses, including appraisal, reporting, audit and legal fees; (xv) expenses relating to any office(s) or office facilities, including, disaster backup recovery sites and facilities, maintained for the Company, any of its Subsidiaries or any investments of the Company and its Subsidiaries separate from the office or offices of the Manager; (xvi) expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made to or on account of holders of securities of the Company or any of its Subsidiaries, including, in connection with any dividend reinvestment plan; (xvii) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against the Company or any of its Subsidiaries, or against any trustee, director, partner, member or officer of the Company or any of its Subsidiaries in such Person's capacity as such for which the Company or any of its Subsidiaries is required to indemnify such trustee, director, partner, member or officer by any Governmental Authority; and (xviii) all other expenses actually incurred by the Manager (except as otherwise specifically excluded herein) which are reasonably necessary for the performance by the Manager of its duties and functions under this Agreement.

(c) The Manager may, at its option, elect not to seek reimbursement for certain expenses during a given quarterly period, which determination shall not be deemed to construe a waiver of reimbursement for the same type of expenses or similar expenses in future periods if such expenses or similar expenses are incurred in future periods.

(d) The provisions of this Section 8 shall survive any termination of this Agreement pursuant to Section 11 to the extent such expenses have previously been incurred or are incurred in connection with such termination.

Section 9. Limits of the Manager's Responsibility; Indemnification.

(a) The Manager assumes no responsibility under this Agreement other than to render the Services in good faith in accordance with this Agreement. To the fullest extent permitted by Delaware law, the Manager and its Affiliates, including their respective directors, officers, employees, managers, trustees, control persons, partners, stockholders and equityholders, will not be liable to the Company, any of its Subsidiaries or any of their respective Affiliates or equityholders, for any acts or omissions by the Manager or its officers, employees or Affiliates performed in accordance with, pursuant to, or in furtherance of, this Agreement, whether by or through attempted piercing of the corporate veil, by or through a claim, by the enforcement of any judgment or assessment or by any legal or equitable proceeding (including any threatened or ongoing investigative, administrative, judicial or regulatory action or proceeding), or by virtue of any statute, regulation or other applicable law, or otherwise (together, "Actions"), except by reason of acts or omission constituting bad faith, fraud, willful misconduct, gross negligence or reckless disregard of their respective duties under this Agreement. The Company shall, to the fullest extent permitted by Delaware law, reimburse, indemnify and hold harmless the Manager, its Affiliates, and the directors, officers, employees and stockholders of the Manager and its Affiliates including their respective directors, officers, employees, managers, trustees, control persons, partners, stockholders and equityholders (each, a "Manager Indemnified Party"), (i) of and from any and all Losses in respect of or arising from any acts or omissions of such Manager Indemnified Party performed in good faith in accordance with, pursuant to, or in furtherance of, this Agreement and not constituting bad faith, fraud, willful misconduct, gross negligence or reckless disregard of duties of such Manager Indemnified Party under this Agreement and (ii) of and from any Out-of-Pocket Expenses incurred in connection with investigating, preparing or defending any Actions as such expenses are incurred or paid (provided that if it is ultimately finally judicially determined in a court of competent jurisdiction that such Manager Indemnified

Party is not entitled to indemnification hereunder, such Manager Indemnified Party shall reimburse the Company for any Out-of-Pocket Expenses already paid or reimbursed by the Company in respect of which such final judicial determination was made). Notwithstanding the above, the Manager will not be liable for trade errors that may result from ordinary negligence, errors in the investment decision making process and/or in the trade process.

(b) The Manager shall, to the fullest extent permitted by Delaware law, reimburse, indemnify and hold harmless the Company, its Subsidiaries and the directors, officers and employees of the Company and its Subsidiaries, as applicable (each, a “Company Indemnified Party”, a Manager Indemnified Party and a Company Indemnified Party are each sometimes hereinafter referred to as an “Indemnified Party”) of and from any and all Losses in respect of or arising from (i) any acts or omissions of the Manager constituting bad faith, fraud, willful misconduct, gross negligence or reckless disregard of duties of the Manager under this Agreement or (ii) any claims by the Manager’s or its Affiliate’s employees relating to the terms and conditions of their employment by the Manager or its Affiliate.

(c) In case any such claim, suit, action, investigation or proceeding (a “Claim”) is brought against any Indemnified Party in respect of which indemnification may be sought by such Indemnified Party pursuant hereto, the Indemnified Party shall give prompt written notice thereof to the indemnifying party, which notice shall include all documents and information in the possession of or under the control of such Indemnified Party reasonably necessary for the evaluation and/or defense of such Claim and shall specifically state that indemnification for such Claim is being sought under this Section 9; *provided, however*, that the failure of the Indemnified Party to so notify the indemnifying party shall not limit or affect such Indemnified Party’s rights other than pursuant to this Section 9 unless the failure to provide such notice results in material prejudice to the indemnifying party. Upon receipt of such notice of Claim (together with such documents and information from such Indemnified Party), the indemnifying party shall, at its sole cost and expense, in good faith control and defend any such Claim (including any settlement thereof) with counsel reasonably satisfactory to such Indemnified Party, which counsel may, without limiting the rights of such Indemnified Party pursuant to the next succeeding sentence of this Section 9(c), also represent the indemnifying party in such Claim. In the alternative, such Indemnified Party may elect to conduct the defense of the Claim, if (i) such Indemnified Party reasonably determines that the conduct of its defense by the indemnifying party could be materially prejudicial to its interests, (ii) the indemnifying party refuses to assume such defense (or fails to give written notice to the Indemnified Party within ten (10) days of receipt of a notice of Claim that the indemnifying party assumes such defense), or (iii) the indemnifying party shall have failed, in such Indemnified Party’s reasonable judgment, to defend the Claim in good faith. The indemnifying party may settle any Claim against such Indemnified Party; *provided* that (A) such settlement is without any Losses (including equitable relief) whatsoever to such Indemnified Party, (B) the settlement does not include or require any admission of liability or culpability by such Indemnified Party and (C) the indemnifying party obtains an effective written release of liability for such Indemnified Party from the party to the Claim with whom such settlement is being made, which release must be reasonably acceptable to such Indemnified Party, and a dismissal with prejudice with respect to all claims made by the party against such Indemnified Party in connection with such Claim. Subject to the immediately prior sentence, the applicable Indemnified Party shall reasonably cooperate with the indemnifying party, at the indemnifying party’s sole cost and expense, in connection with the defense or settlement of any Claim in accordance with the terms hereof. If such Indemnified Party is entitled pursuant to this Section 9 to elect to defend such Claim by counsel of its own choosing and so elects, then the indemnifying party shall be responsible for any good faith settlement of such Claim entered into by such Indemnified Party. Except as provided in the immediately preceding sentence, no Indemnified Party may pay or settle any Claim and seek reimbursement therefor under this Section 9.

(d) Any Indemnified Party entitled to indemnification hereunder shall first seek recovery from any other indemnity then available with respect to portfolio entities and/or any applicable insurance policies by which such Indemnified Party is indemnified or covered prior to seeking recovery hereunder and shall obtain the written consent of the Company or the Manager (as applicable) prior to entering into any compromise or settlement which would result in an obligation of the Company or the Manager (as applicable) to indemnify such Indemnified Party. If such Indemnified Party shall actually recover any amounts under any applicable insurance policies or other indemnity then available, it shall offset the net proceeds so received against any amounts owed by the Company or the Manager (as applicable) by reason of the indemnity provided hereunder or, if all such amounts shall have been paid by the Company or the Manager (as applicable) in full prior to the actual receipt of such net insurance proceeds, it shall pay over such proceeds (up to the amount of indemnification paid by the Company or the Manager (as applicable) to such Indemnified Party) to the Company or the Manager (as applicable). If the amounts in respect of which indemnification is sought arise out of the conduct of the business and affairs of the Company or the Manager and also of any other Person or entity for which the Indemnified Party hereunder was then acting in a similar capacity, the amount of the indemnification to be provided by the Company or the Manager (as applicable) may be limited to the Company's or the Manager's (as applicable) allocable share thereof if so determined by the Company or Manager (as applicable) in good faith.

(e) The provisions of this Section 9 shall survive any termination of this Agreement pursuant to Section 11.

Section 10. No Joint Venture. The Company and the Manager are not partners or joint venturers with each other and nothing herein shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

Section 11. Term; Renewal; Termination.

(a) *Term; Renewal.* This Agreement became effective on the Effective Date and shall continue in operation, unless terminated in accordance with the terms hereof, until the tenth (10th) anniversary of the Effective Date (the "Initial Term"). Following the Initial Term, this Agreement shall be deemed renewed automatically for successive and additional ten (10)-year period(s) (each, an "Automatic Renewal Term") unless the Company or the Manager elects to terminate or not renew this Agreement in accordance with Section 11(b), Section 11(c) or Section 11(d), as applicable. For the avoidance of doubt, during the Initial Term and each Automatic Renewal Term, the Company shall have the Company Kick-Out Right.

(b) *Termination by the Company Without a Company Kick-Out Event.* Notwithstanding any other provision of this Agreement to the contrary, upon both (x) the expiration of the Initial Term or an Automatic Renewal Term, as applicable, and (y) one hundred eighty (180) days' prior written notice to the Manager (the "Company Termination Notice"), the Company may, without the occurrence of a Company Kick-Out Event, decline to renew this Agreement upon a two-thirds (2/3) vote of the Independent Directors (who have not recused themselves with respect to such vote) that the Quarterly Management Fees payable to the Manager are not fair, subject to clauses (i)-(iv) below (any such nonrenewal, a "Termination Without a Company Kick-Out Event"). The Company Termination Notice shall include reasonable supporting detail for the Independent Directors' determination that the Quarterly Management Fees payable to the Manager are not fair.

(i) No later than five (5) Business Days following the receipt by the Manager of the Company Termination Notice, the management teams of the Company and the Manager shall engage in good faith discussions and negotiations to resolve the

Independent Directors' concerns that the Quarterly Management Fees are not fair for a period of sixty (60) days (the "Consultation Period").

(ii) If, at the end of the Consultation Period, the Company and the Manager have been unable to resolve such concerns, then the Company and the Manager shall attempt in good faith to retain as soon as reasonably practicable (but in no event later than ten (10) Business Days after the expiration of the Consultation Period) an agreed upon impartial professional mediator who is a partner or a retired partner, in each case, in a law firm of national standing based in New York City with experience in investment management (any such Person, a "Mediator") for a nonbinding mediation of such dispute (such process, a "Mediation"); *provided* that if the Company and the Manager cannot agree on a Mediator within such ten (10)-Business Day period, or if the Mediator agreed upon by the Company and the Manager does not accept being retained for the Mediation, then within an additional ten (10) Business Days, the Company and the Manager shall each select one (1) Mediator and those two (2) Mediators shall, within ten (10) Business Days after their selection, select a third (3rd) Mediator. The Mediation shall be conducted by the Mediator selected in accordance with the preceding sentence on a strictly confidential basis, and no participant shall disclose the existence, nature, any documents, exhibits or information exchanged or presented, in connection with such Mediation, or the result of the Mediation, to any third-party, with the sole exceptions of its legal counsel and/or tax advisor, all of whom shall be bound by these confidentiality terms. The Company and the Manager agree to take all steps necessary to protect the confidentiality of the materials in respect of the Mediation, agree to file (and, if so required by applicable court rules, seek leave to file) confidential information (and documents containing confidential information) under seal, and agree to the entry of an appropriate protective order encompassing the confidentiality terms contained herein.

(iii) In the event that the Company and the Manager are able to resolve such concerns pursuant to Section 11(b)(i) or Section 11(b)(ii) prior to the Effective Termination Date, then the Termination Fee that became payable upon the Manager's receipt of the Company Termination Notice delivered by the Company pursuant to Section 11(b) shall no longer be payable, (B) such Company Termination Notice shall be deemed to be of no force and effect, (C) the Company and the Manager shall as promptly as practicable (and in no event later than five (5) Business Days following the resolution of such concerns) execute and deliver an amendment to this Agreement setting forth the revised Quarterly Management Fee as then agreed upon by the Company and the Manager and (D) this Agreement, as so amended, shall continue in full force and effect on the terms stated herein and in such amendment.

(iv) In the event that the Company and the Manager are unable to reach an understanding with respect to the Quarterly Management Fee, the Agreement shall be deemed terminated and the Company shall pay to the Manager the Termination Fee in accordance with Section 11(f).

(c) *Termination by the Company Upon a Company Kick-Out Event.* The Company may terminate this Agreement effective upon thirty (30) days' prior written notice of termination from the Company to the Manager, without payment of the Termination Fee, upon the occurrence of a Company Kick-Out Event.

(d) *Termination by the Manager.* The Manager shall have the following rights to terminate this Agreement:

(i) No later than one hundred eighty (180) days prior to the expiration of the Initial Term or the then current Automatic Renewal Term, the Manager may deliver

written notice to the Company informing it of the Manager's intention to decline to renew this Agreement, whereupon this Agreement shall not be renewed and extended and this Agreement shall terminate effective on the expiration of the then-current term. The Company shall not be required to pay to the Manager the Termination Fee if the Manager terminates this Agreement pursuant to this Section 11(d)(i).

(ii) The Manager may terminate this Agreement effective upon sixty (60) days' prior written notice of termination to the Company (any such notice, a "Manager Termination Notice") (A) in the event that the Company shall default in the performance or observance of any material term, condition or covenant contained in this Agreement and such default shall continue for a period of thirty (30) days after written notice thereof specifying such default and requesting that the same be remedied in such thirty (30) day period or (B) upon the termination of the Letter Agreement, prior to any nonrenewal or termination of this Agreement. The Company shall be required to pay to the Manager the Termination Fee in accordance with Section 11(f) if the Manager terminates this Agreement pursuant to clause (A) or (B) above.

(iii) The Manager may terminate this Agreement if the Company becomes required to register as an investment company under the Investment Company Act, with such termination deemed to occur immediately before such event, in which case the Company shall not be required to pay to Manager the Termination Fee.

(e) *Determination of the Termination Fee.* If a Termination Fee becomes payable by the Company to the Manager upon a termination of this Agreement pursuant to Section 11(b), Section 11(d)(ii)(A) or Section 11(d)(ii)(B), the Termination Fee shall be finally determined as follows:

(i) If the Company and the Manager agree on the Termination Fee within thirty (30) days following receipt (A) by the Manager of a Company Termination Notice delivered by the Company pursuant to Section 11(b) or (B) by the Company of a Manager Termination Notice delivered by the Manager pursuant to Section 11(d)(ii)(A) or Section 11(d)(ii)(B) (the "Termination Fee Negotiation Period"), then the finally determined Termination Fee shall be the amount agreed in writing by the Company and the Manager.

(ii) If the Company and the Manager do not agree on the Termination Fee prior to the expiration of the Termination Fee Negotiation Period, then, as soon as reasonably practicable (but in no event later than ten (10) Business Days after the expiration of the Termination Fee Negotiation Period), the Manager shall retain an internationally recognized top-tier investment bank (the "Manager-Selected Valuation Firm") and the Company shall retain a different internationally recognized top-tier investment bank (the "Company-Selected Valuation Firm"), in each case, to deliver to the Manager and the Company, within thirty (30) days following the tenth (10th) Business Day after the expiration of the Termination Fee Negotiation Period (the "Initial Valuation Firm Review Period"), a report setting forth in reasonable detail such Valuation Firm's good faith determination of (A) the Fair Market Value of Fees Payable, (B) the Net Present Value of Fees Payable, (C) the Multiple on Fees Payable and (D) the Termination Fee. If the Termination Fee determined by the Manager-Selected Valuation Firm and the Termination Fee determined by the Company-Selected Valuation Firm are within ten percent (10%) of each other, then the finally determined Termination Fee shall be the average of such Termination Fees determined by the Manager-Selected Valuation Firm and the Company-Selected Valuation Firm.

(iii) If the Termination Fees determined by the Manager-Selected Valuation Firm and the Company-Selected Valuation Firm are not within ten percent (10%) of each other, then:

(A) as soon as reasonably practicable (but in no event later than ten (10) Business Days after the expiration of the Initial Valuation Firm Review Period, the Manager-Selected Valuation Firm and the Company-Selected Valuation Firm shall select a third (3rd) internationally recognized top-tier investment bank (the “Investment Bank-Selected Valuation Firm”, together with the Manager-Selected Valuation Firm and the Company-Selected Valuation Firm, the “Valuation Firms”) to deliver to the Manager and the Company, within thirty (30) days following the tenth (10th) Business Day after the expiration of the Initial Valuation Firm Review Period, a report setting forth in reasonable detail such Valuation Firm’s good faith determination of (1) the Fair Market Value of Fees Payable, (2) the Net Present Value of Fees Payable, (3) the Multiple on Fees Payable and (4) the Termination Fee; and

(B) the finally determined Termination Fee shall be the average of the Termination Fee determined by the Investment Bank-Selected Valuation Firm and whichever Termination Fee determined by the Manager-Selected Valuation Firm or the Company-Selected Valuation Firm is closer in value to the Termination Fee determined by the Investment Bank-Selected Valuation Firm.

(iv) In preparing their respective reports, each Valuation Firm shall (A) determine the Termination Fee and components thereof in accordance with the terms of this Agreement, (B) be provided with the same access to the Company’s and the Manager’s respective management teams and the same source documents and information regarding the Company and the Manager and (C) take into account all factors such Valuation Firm determines relevant to such determination, including the Company’s historical financial and operating results, the Company’s future business prospects and projected financial and operating results and public and private market and industry conditions. Each such report prepared shall set forth a single point determination (and not a range of values) of the Termination Fee.

(v) The Manager shall bear the fees and expenses of the Manager-Selected Valuation Firm. The Company shall bear the fees and expenses of the Company-Selected Valuation Firm. The fees and expenses of the Investment Bank-Selected Valuation Firm shall be borne by the party hereto whose Valuation Firm’s determination of the Termination Fee was the furthest from the Termination Fee determined by the Investment-Bank Selected Valuation Firm, or, if the determinations of such other Valuation Firms were equally different from that determined by the Investment Bank-Selected Valuation Firm, then the Investment Bank-Selected Valuation Firm’s fees and expenses shall be borne equally by the Manager and the Company.

(f) *Payment of the Termination Fee.* Within five (5) Business Days of the determination of the Termination Fee pursuant to Section 11(e), the Company shall pay to the Manager the Termination Fee, in cash, by wire transfer of immediately available funds, to one (1) or more accounts designated in writing by the Manager. Notwithstanding anything to the contrary in this Agreement, at the option of the Company, by action of a two-thirds (2/3) vote of the Independent Directors (who have not recused themselves with respect to such vote) and upon written notice to the Manager no later than two (2) Business Days after the determination of the Termination Fee pursuant to Section 11(e), the Company’s obligation to pay the Termination Fee pursuant to this Section 11(f) may be satisfied by (i) the issuance to the Manager of an aggregate number of shares of Class A Common Stock equal to (A) all or any portion of the Termination

Fee divided by (B) the Parent Trading Price (such shares, collectively, the “Termination Shares”) and (ii) to the extent the Termination Fee exceeds the Termination Shares Value, the payment by the Company to the Manager of an amount equal to such excess, in cash, by wire transfer of immediately available funds, to one (1) or more accounts designated in writing by the Manager (such amount, the “Termination Make-Whole Cash Payment”); *provided* that any Termination Shares shall be issued and any Termination Make-Whole Cash Payment shall be paid to the Manager within five (5) Business Days of the determination of the Termination Fee pursuant to Section 11(e). For the avoidance of doubt, any issuance of Termination Shares pursuant to this Section 11(f) shall be in accordance with applicable laws and stock exchange regulations.

(g) *No Liability.* Except as expressly provided in Section 5(b), Section 6(b), Section 8 and Section 9 and the Termination Fee that shall become payable by the Company to the Manager upon any termination pursuant to Section 11(b), Section 11(d)(ii)(A) or Section 11(d)(ii)(B), a termination of this Agreement pursuant to this Section 11 shall be without any further liability or obligation of either party hereto to the other party hereto.

(h) *Cooperation.* Following a termination of this Agreement pursuant to this Section 11, the Manager shall cooperate, at the Company’s request and expense, with the Company in executing an orderly transition of the management of the Company.

Section 12. Assignments.

(a) *Assignments by the Manager.* This Agreement may not be assigned by the Manager without the consent of the Company, which consent shall be contingent on the affirmative vote of a majority of the Company’s Independent Directors. Notwithstanding the foregoing, the Manager may, at any time without the approval of the Company and without the approval of the Company’s Independent Directors, (i) assign this Agreement to one or more Affiliates of the Manager and (ii) delegate to one or more of its Affiliates, including sub-managers where applicable, the performance of any of its responsibilities hereunder so long as it remains liable for any such Affiliates’ performance. Any such permitted assignment shall bind the assignee under this Agreement in the same manner as the Manager is bound, and the Manager shall be liable to the Company for all acts or omissions of the assignee under any such assignment. In addition, the assignee shall execute and deliver to the Company a counterpart of this Agreement naming such assignee as the Manager. Nothing contained in this Agreement shall preclude any pledge, hypothecation or other transfer of any amounts payable to the Manager under this Agreement.

(b) *Assignments by the Company.* This Agreement shall not be assigned by the Company without the prior written consent of the Manager.

Section 13. Action Upon Termination. Notwithstanding anything to contrary contained herein, from and after any Effective Termination Date, the Manager shall not be entitled to compensation for further Services hereunder, but shall be paid all compensation accruing to such Effective Termination Date and, upon a termination of this Agreement pursuant to Section 11(b), Section 11(d)(ii)(A) or Section 11(d)(ii)(B), the Termination Fee.

Section 14. Representations and Warranties.

(a) The Company hereby represents and warrants to the Manager as follows:

(i) The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware, has the limited liability company power and authority and the legal right to own and operate its assets, to lease any property it may operate as lessee and to conduct the business in which it is now engaged and is duly

qualified as a foreign limited liability company and is in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Company and its Subsidiaries, if any, taken as a whole.

(ii) The Company has the limited liability company power and authority and the legal right to make, deliver and perform this Agreement and all obligations required hereunder and has taken all necessary limited liability company action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other Person that has not already been obtained, including stockholders and creditors of the Company, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any Governmental Authority is required by the Company in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement and all obligations required hereunder. This Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Company, and this Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

(iii) The execution, delivery and performance of this Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Company, or any order, judgment, award or decree of any Governmental Authority binding on the Company, or the Governing Agreements of, or any securities issued by the Company or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Company is a party or by which the Company or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Company and its Subsidiaries, if any, taken as a whole, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

(b) The Manager hereby represents and warrants to the Company as follows:

(i) The Manager is duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power and authority and the legal right to conduct the business in which it is now engaged and is duly qualified as a foreign corporation and is in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Manager.

(ii) The Manager has the corporate power and authority and the legal right to make, deliver and perform this Agreement and all obligations required hereunder and has taken all necessary corporate action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other Person, including stockholders of the Manager, and no license, permit, approval or authorization of, exemption by, notice

or report to, or registration, filing or declaration with, any Governmental Authority is required by the Manager in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement and all obligations required hereunder. This Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Manager, and this Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Manager enforceable against the Manager in accordance with its terms.

(iii) The execution, delivery and performance of this Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Manager, or any order, judgment, award or decree of any Governmental Authority binding on the Manager, or the Governing Agreements of, or any securities issued by the Manager or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Manager is a party or by which the Manager or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Manager, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

Section 15. Miscellaneous.

(a) *Notices.* Any notices that may or are required to be given hereunder by any party to another shall be deemed to have been duly given if (i) personally delivered or delivered by facsimile, when received, (ii) sent by U.S. Express Mail or recognized overnight courier, on the second (2nd) following Business Day (or third (3rd) following Business Day if mailed outside the United States), (iii) delivered by electronic mail, when received or (iv) posted on a password protected website maintained by the Manager and for which the Company has received access instructions by electronic mail, when posted:

The Company:	CompoSecure Holdings, L.L.C. 309 Pierce Street Somerset, NJ 08873 Attention: General Counsel
The Manager:	Resolute Holdings Management, Inc. 445 Park Avenue, Suite 5B New York, NY 10022 Attention: Chief Executive Officer

(b) *Binding Nature of Agreement; Successors and Assigns; No Third-Party Beneficiaries.* This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided herein. Except for Section 5 and Section 9, none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third-party.

(c) *Integration.* This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express

terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

(d) *Additional Agreements.* In the event the Company forms any Subsidiary or acquires any business or any other equity interest (or other interest convertible or exchangeable into an equity interest) in any other Person, following the Effective Date, the Company shall, at the Manager's election, cause any such Subsidiary, business or other Person to enter into a management agreement with the Manager in a form substantially similar to this Agreement (for the avoidance of doubt, there will be no duplication of fees under this Agreement and any such agreement), and, if the Manager so elects shall not make such acquisition in the absence of such a management agreement.

(e) *Amendments.* Neither this Agreement, nor any terms hereof, may be amended, supplemented or modified except in an instrument in writing executed by the parties hereto.

(f) *Governing Law.* Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties hereto expressly agree that all of the terms and provisions hereof shall be governed by and construed under the laws of the State of Delaware.

(g) *Forum; Consent to Service.* To the fullest extent permitted by law, in the event of any proceeding arising out of the terms and conditions of this Agreement, the parties hereto irrevocably (i) consent and submit to the exclusive jurisdiction of the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (unless the Delaware Court of Chancery shall decline jurisdiction over a particular matter, in which case, any state or federal court within the State of Delaware), (ii) waive any defense based on doctrines of venue or *forum non conveniens*, or similar rules or doctrines and, (iii) agree that all claims in respect of such a proceeding must be heard and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (unless the Delaware Court of Chancery shall decline jurisdiction over a particular matter, in which case, any state or federal court within the State of Delaware). Process in any such proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Each of the parties hereto hereby agrees and consents that service of any process, summons, notice, or document pursuant to Section 15(a) shall be effective service of process for any suit or proceeding arising out of the terms and conditions of this Agreement.

(h) *Waiver of Jury Trial.* EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(i) *Survival of Representations and Warranties.* All representations and warranties made hereunder, and in any document, certificate or statement delivered pursuant hereto or in connection herewith, shall survive the execution and delivery of this Agreement.

(j) *No Waiver; Cumulative Remedies.* No failure to exercise and no delay in exercising, on the part of a party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(k) *Costs and Expenses.* Each party hereto shall bear its own costs and expenses (including the fees and disbursements of counsel and accountants) incurred in connection with the negotiations, preparation of and entry into this Agreement, and all matters incident thereto, prior to the Effective Time. For the avoidance of doubt, all costs and expenses incurred by the parties hereto on and after the Effective Time in connection with the performance of their respective duties hereunder shall be borne in accordance with Section 8.

(l) *Headings.* The section and subsection headings in this Agreement are for convenience in reference only and shall not be deemed to alter or affect the interpretation of any provisions hereof.

(m) *Counterparts.* This Agreement may be executed by the parties to this Agreement on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(n) *Severability.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(o) *Action by the Company.* Notwithstanding anything to the contrary in this Agreement, only the Company, by action of a two-thirds (2/3) vote of the Independent Directors (who have not recused themselves with respect to such vote), and for the avoidance of doubt not the Manager, may exercise the Company's rights or grant any consent, amendment or waiver hereunder, including the termination rights under Section 11(b).

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first written above.

Company:

CompoSecure Holdings, L.L.C.

By: /s/ Jonathan C. Wilk
Name: Jonathan C. Wilk
Title: Chief Executive Officer

Manager:

Resolute Holdings Management, Inc.,

By: /s/ Thomas R. Knott
Name: Thomas R. Knott
Title: Chief Executive Officer

[Signature Page to CompoSecure Holdings, L.L.C. Management Agreement]

U.S. State and Local Tax Sharing Agreement

This U.S. STATE AND LOCAL TAX SHARING AGREEMENT, dated as of February 28, 2025 (this “**Agreement**”) is entered into by and between CompoSecure, Inc., a Delaware corporation (“**Parent**”), and Resolute Holdings Management, Inc., (“**SpinCo**”), a Delaware corporation (“**SpinCo**”), and together with Parent, the “**Companies**”, and each a “**Company**”). Each of Parent and SpinCo is sometimes referred to herein as a “**Party**” and, collectively, the “**Parties**”.

Recitals

WHEREAS, pursuant to that certain Separation and Distribution Agreement by and between the Parties, dated as of February 28, 2025 (the “**Separation and Distribution Agreement**”), Parent intends to distribute 100 percent of the stock of SpinCo to its shareholders on a pro rata basis (the “**Spin-Off**”);

WHEREAS, after the Spin-Off, Parent, and its affiliates, on the one hand, and SpinCo, and its affiliates, on the other hand, may be required to file certain Combined US State and Local Tax Returns (as defined below); and

WHEREAS, Parent, and its affiliates, on the one hand, and SpinCo and its affiliates, on the other hand, wish to allocate Tax assets and liabilities between themselves for taxable periods ending after the Closing Date (defined below).

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenants and agrees as follows:

Section 1. Definitions.

For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings:

“**Affiliate**” means any entity that is directly or indirectly Controlled by either the person in question or an Affiliate of such person; provided, that neither Parent nor SpinCo shall be considered an Affiliate of the other. As used in this paragraph, “**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise;

“**Apportionment Factor**” means a ratio determined by a relevant taxing jurisdiction’s apportionment formula, including where applicable, sales, property and payroll tax factors.

“**Benefited Party**” shall have the meaning set forth in Section 3.04(c) of this Agreement;

“**Business Day**” means any day other than a Saturday, a Sunday, or a day on which the Federal Reserve Bank of New York is closed;

“**Claiming Company**” shall have the meaning set forth in Section 3.04(a) of this Agreement;

“**Closing**” means the completion of the Spin-Off pursuant to the Separation and Distribution Agreement (as amended and restated from time to time);

“**Closing Date**” means the date on which Closing takes place; “**Code**” means the US Internal Revenue Code of 1986, as amended;

“**Combined US State and Local Tax Returns**” means a Tax Return which (i) relates to any arrangement (whether in place by reason of law, agreement or otherwise) with any Tax Authority in relation to US state Taxes (or any Taxes of any political subdivision thereof), (ii) relates to both the business of one or more members of the Parent Group and the business of one or more members of the SpinCo Group and (iii) uses a unitary combined apportionment methodology;

"Controlling Company" shall have the meaning set forth in Section 7.02(a) of this Agreement; **"Dispute"** shall have the meaning set forth in Section 10.01 of this Agreement;

"Due Date" means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed with or Taxes are required to be paid to a Tax Authority, whichever is applicable;

"Final Determination" means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a taxable period, (a) by a form comparable to IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, under the laws of a State (or political subdivision thereof), except that a form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such taxable period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under the laws of a State (or political subdivision thereof) comparable to Sections 7121 or 7122 of the Code; (d) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; or (e) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the Parties;

"Group" means the Parent Group or the SpinCo Group, or both, as the context requires;

"Indemnitee" shall have the meaning set forth in Section 9 of this Agreement;

"Indemnitor" shall have the meaning set forth in Section 9 of this Agreement;

"Non-Controlling Company" shall have the meaning set forth in Section 7.02(b) of this Agreement;

"Parent" has the meaning set forth in the first sentence of this Agreement;

"Parent Business" means all of the businesses and operations conducted by the Parent Group, excluding the SpinCo Business, at any time, whether prior to or after the Spin-Off;

"Parent Group" means Parent and its Affiliates, excluding any entity that is a member of the SpinCo Group;

"Payor" shall have the meaning set forth in Section 4.02(a) of this Agreement;

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for US federal income tax purposes;

"Post-Closing Tax Benefits" means Tax Benefits attributable to any Tax period beginning after the Closing Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Closing Date;

"Post-Closing Taxes" means Taxes attributable to any Tax period beginning after the Closing Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Closing Date;

"Preliminary Tax Advisor" shall have the meaning set forth in Section 10.02 of this Agreement;

"Refunds" means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes) that can be refunded or, alternatively, applied to other Taxes payable, including any interest paid on or with respect to such refund of Taxes;

"Relevant Presence Ratio" means, with respect to each Group, a fraction determined by dividing the sum of the Apportionment Factor numerators of the each entity in such Group with nexus in the jurisdiction (in states employing a "Finnigan" apportionment methodology, also including the nexus entity's share of Apportionment Factor numerators from non-nexus members of the applicable Group as determined using the ratio of the nexus entity's Apportionment Factor numerator over the aggregate of the Apportionment Factor numerators of all nexus entity's in such Group) by the unitary business group's combined Apportionment Factor denominator. For the avoidance of doubt, the operations and assets of a member of the Parent Group or the SpinCo Group will be taken into account for this purpose only to the extent the member is a member of the relevant consolidated, combined, unitary or similar Tax group.

"Required Company" shall have the meaning set forth in Section 4.02(a) of this Agreement;

"Responsible Company" means the Company having responsibility for preparing and filing the relevant Combined US State and Local Tax Return pursuant to Section 3.02;

"SpinCo" has the meaning set forth in the first sentence of this Agreement;

"SpinCo Business" means the business and operations conducted by the SpinCo Group as such business and operations will continue after the Spin-Off; and

"SpinCo Group" means SpinCo and its Affiliates, as determined after the Spin-Off.

"Straddle Period" means any period relevant for Taxes commencing on or before the Closing Date but ending after the Closing Date;

"State" means any state of the United States, the District of Columbia, and any territory of the United States;

"Taxes" means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, escheat or unclaimed property liability, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any State or political subdivision thereof, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing;

"Tax Advisor" means a tax counsel or accountant of recognized standing in the relevant jurisdiction;

"Tax Authority" means, with respect to any Tax, the State or political subdivision thereof that imposes such Tax and the agency (if any) charged with the collection of such Tax for such State or subdivision;

"Tax Benefit" means a Tax Item that decreases the Tax liability of a taxpayer;

"Tax Contest" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund);

"Tax Item" means any item of income, gain, loss, deduction, expense, or credit, or other attribute that may have the effect of increasing or decreasing any Tax;

"Tax Records" means any Tax Returns, Tax Return work papers, documentation relating to any Tax Contests, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under applicable Tax laws or under any record retention agreement with any Tax Authority;

"Tax Return" means any and all reports, returns, declaration forms and statements (including amendments thereto) filed or required to be filed with respect to Taxes, and any attachments thereto;

Section 2. Allocation of Tax Liabilities.

Section 2.01 General Rule.

- (a) SpinCo shall be liable for, and shall indemnify and hold harmless the Parent Group against, (i) the Post-Closing Taxes attributable to the SpinCo Business (as determined pursuant to Section 2.02) that the Parent Group pays or is required to pay to the relevant Tax Authority as a result of one or more members of the SpinCo Group being or having been included in any affiliated, consolidated, combined, unitary or similar Tax group with one or more members of the Parent Group and (ii) the Tax Benefits attributable to the Parent Business that the SpinCo Group is treated as using in accordance with Section 2.03(a).
- (b) Parent shall be liable for, and shall indemnify and hold harmless the SpinCo Group against, (i) any Taxes attributable to the Parent Business (as determined pursuant to Section 2.02) that the SpinCo Group pays or is required to pay to the relevant Tax Authority as a result of one or more members of the Parent Group being or having been included in any affiliated, consolidated, combined, unitary or similar Tax group with one or more members of the SpinCo Group and (ii) the Tax Benefits attributable to the SpinCo Business that the Parent Group is treated as using in accordance with Section 2.03(b).

Section 2.02 Attribution of Taxes and Tax Items.

- (a) *General.* For purposes of this Agreement, each Tax and any Tax Items shall be apportioned between the Parent Business on the one hand and the SpinCo Business on the other (but not both) in proportion to each such Group's Relative Presence Ratio in the applicable jurisdiction.
- (b) *Straddle Period Tax Allocation.* The allocation of income or deductions required to determine any Taxes or other amounts attributable to the portion of the Straddle Period ending on, or beginning after, the Closing Date shall be made by means of a closing of the books and records as of the close of the Closing Date; provided that exemptions, allowances or deductions that are calculated on an annual or periodic basis shall be allocated between such portions in proportion to the number of days in each such portion; provided, further, that real property and other property or similar periodic Taxes shall be apportioned on a per diem basis.

Section 2.03 Use of Tax Benefits.

- (a) *Use of Parent Tax Benefits.* The SpinCo Group shall be treated as using Tax Benefits attributable to the Parent Business (as determined pursuant to Section 2.02) to the extent that Tax Benefits attributable to Parent Business reduce (i) Post-Closing Taxes attributable to, and payable by, SpinCo (or its Affiliates), computed on a "with and without basis" or (ii) Taxes payable by Parent (or its Affiliates) for which SpinCo would be liable pursuant to clause (i) of Section 2.01(a), computed on a "with and without" basis.
- (b) *Use of SpinCo Tax Benefits.* The Parent Group shall be treated as using Tax Benefits attributable to the SpinCo Business (as determined pursuant to Section 2.02) to the extent that Post-Closing Tax Benefits attributable to the SpinCo Business reduce (i) Taxes payable by Parent (or its Affiliates), computed on a "with and without basis" or (ii) Taxes payable by SpinCo (or its Affiliates) for which Parent would be liable pursuant to clause (i) of Section 2.01(b), computed on a "with and without" basis.

Section 3. Preparation and Filing of Combined US State and Local Tax Returns.

Section 3.01 General. Combined US State and Local Tax Returns shall be prepared and filed when due (including extensions) in accordance with this Section 3. The Companies shall provide, and shall cause their Affiliates to provide, assistance and cooperation to one another in accordance with Section 5 with respect to the preparation and filing of such Tax Returns,

including providing information required to be provided in Section 5. Each year the Parties shall assess whether the filing of any Combined US State and Local Tax Returns is required in one or more jurisdictions based on information available to them with respect to the overlapping ownership thereof with respect to all or a portion of the prior taxable year. The Parties shall cooperate in good faith to make such determination as soon as reasonably practicable so as to allow each Party sufficient time to prepare Combined US State and Local Tax Returns on such basis.

Section 3.02 Responsibility for Preparation and Filing and Payment of Taxes Shown Due.

- (a) Parent shall prepare and file (or cause to be prepared and filed) any Combined US State and Local Tax Returns for any Tax Period ending after the Closing Date (a **"Post-Closing Tax Period"**) that is required by law to be filed by a member of the Parent Group.
- (b) SpinCo shall prepare and file (or cause to be prepared and filed) any Combined US State and Local Tax Return for any Post-Closing Tax Period (i) that is required by law to be filed by any member of the SpinCo Group, or (ii) that is required by law and where the applicable law would allow for either a member of the Parent Group or a member of the SpinCo Group to file that Combined US State and Local Tax Return.

Section 3.03 Right to Review Combined US State and Local Tax Returns.

- (a) Except as otherwise agreed by the Companies, no later than fifteen (15) days prior to the Due Date of each such Combined US State and Local Tax Return, the Responsible Company shall make available or cause to be made available drafts of such Tax Return (together with all related work papers) to the other Company. The other Company shall have access to any and all data and information necessary for the preparation of all such Tax Returns and the Companies shall cooperate fully in the preparation and review of such Tax Returns. Subject to the preceding sentence, no later than ten (10) days after receipt of such Tax Returns, the other Company shall have a right to object to such Tax Return (or items with respect thereto) by written notice to the Responsible Company; such written notice shall contain such disputed item (or items) and the basis for its objection.
- (b) If a Company does object by proper written notice described in Section 3.03(a), the Companies shall act in good faith to resolve any such dispute as promptly as practicable; provided, however, that, notwithstanding anything to the contrary contained herein, if the Companies have not resolved the disputed item or items by the day five (5) days prior to the Due Date of such Tax Return, such Tax Return shall be filed as prepared pursuant to this Section 3.03 (revised to reflect all initially disputed items that the Companies have agreed upon prior to such date).
- (c) In the event a Combined US State and Local Tax Return is filed that includes any disputed item for which proper notice was given pursuant to Section 3.03(a) that was not finally resolved and agreed upon, such disputed item (or items) shall be resolved in accordance with Section 10. In the event that the resolution of such disputed item (or items) in accordance with Section 10 with respect to a Tax Return is inconsistent with such Tax Return as filed, the Responsible Company (with cooperation from the other Company) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Tax Return is adjusted as a result of a resolution pursuant to Section 10, proper adjustment shall be made to the amounts previously paid or required to be paid in accordance with Section 4 in a manner that reflects such resolution.

Section 3.04 Refunds

- (a) Each Company (and its Affiliates) (the “**Claiming Company**”) shall be entitled to Refunds that relate to Taxes for which it (or its Affiliates) is liable, or that are generated by Tax Benefits that are attributable to it (or its affiliates), pursuant to this Agreement.
- (b) To the extent a Company (or its Affiliates) applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Tax Authority requires such application in lieu of a Refund) and such Refund, if received, would have been payable by such Company to the Claiming Company pursuant to this Section 3.04, such Company shall be deemed to have actually received a Refund to the extent thereof on the Due Date of the Tax Return on which the overpayment is applied to reduce Taxes otherwise payable.
- (c) In the event of an adjustment relating to Taxes pursuant to a Final Determination for which one Party is responsible under this Agreement which would have given rise to a Refund but for an offset against the Taxes for which the other Party is or may be responsible pursuant to this Agreement (the “**Benefited Party**”), then the Benefited Party shall pay to the other Party, within ten (10) days of such offset an amount equal to the amount of such reduction in the Taxes of the Benefited Party.
- (d) Any Refund or portion thereof to which a Claiming Company is entitled pursuant to this Section 3.04 that is received or deemed to have been received as described herein by the other Company (or its Affiliates) shall be paid by such other Company to the Claiming Company within ten (10) days of the receipt or deemed receipt of such refund. Payments not made within the ten (10) day period shall bear interest computed at the rate per annum equal to the Wall Street Journal Prime Rate as published in The Wall Street Journal from time to time on the amount of the payment based on the number of days in the period beginning on the commencement of the ten (10) day period and ending on and including the date of payment.
- (e) To the extent that the amount of any Refund is subsequently reduced, such reduction shall be allocated to the Party that was entitled to the Refund pursuant to this Section 3.04 and an appropriate adjusting payment shall be made by such Party to the other Party if the other Party originally paid the Refund to such Party. To the extent a Party does not agree with the amount of any Refund calculated by the other Party, the dispute shall be resolved in accordance with Section 10.

Section 4. Tax Payments.

Section 4.01 Payment of Taxes.

- (a) *Computation and Payment of Tax Due.* Prior to the Due Date for any Combined US State and Local Tax Return, the Responsible Company shall compute the amount of Tax required to be paid to the applicable Tax Authority with respect to such Tax Return on such Due Date. The Responsible Company shall pay such amount to such Tax Authority on or before the Due Date. Prior to the Due Date or as soon as reasonably practicable following the Due Date, the Responsible Company shall provide notice to the other Company setting forth such other Company's responsibility for the amount of Taxes to be paid or paid to the Tax Authority and provide proof of payment of such Taxes.
- (b) *Payment of Liability with Respect to Tax Due.* If the Responsible Company notifies the other Company at least fifteen (15) days prior to the Due Date of the amount of any Taxes due to any Tax Authority and allocable to it under the provisions of this Agreement, the other Company shall pay such amounts to the Responsible Company prior to the Due Date (or at the direction of the Responsible Company, to the Tax Authority). If the Responsible Company notifies the other Company less than fifteen (15) days prior to the Due Date of the amount of any Taxes due to any Tax Authority and allocable to it under the provisions of this Agreement,

the other Company shall pay such amounts to the Responsible Company within fifteen (15) days of the receipt of such notice.

- (c) *Payments for Tax Benefits.* Within fifteen (15) days following the use by the Responsible Company (or its Affiliates) of a Tax Benefit attributable to the other Company (or its Affiliates), if the SpinCo Group is treated as using a Tax Benefit attributable to the Parent Group under the provisions of this Agreement, SpinCo shall pay to Parent an amount equal to the amount such Tax Benefit, and if the Parent Group is treated as using a Tax Benefit attributable to the SpinCo Group under the provisions of this Agreement, Parent shall pay to SpinCo an amount equal to the amount of such Tax Benefit. For purposes of this Agreement, any such Tax Benefit shall be considered used as of the earlier of (i) the Due Date of the Tax Return that is filed with respect to such Tax Benefit or (ii) the date on which such Tax Return is filed. Within fifteen (15) days of the receipt of a notice from the Responsible Company that the other Company (or its Affiliates) has used a Tax Benefit attributable to the Responsible Company (or its Affiliates), if the SpinCo Group is treated as using a Tax Benefit attributable to the Parent Group under the provisions of this Agreement, SpinCo shall pay to Parent an amount equal to the amount such Tax Benefit, and if the Parent Group is treated as using a Tax Benefit attributable to the SpinCo Group under the provisions of this Agreement, Parent shall pay to SpinCo an amount equal to the amount of such Tax Benefit.
- (d) *Interest on Late Payments.* Payments not made within the time periods specified set forth in Sections 4.01(b) and (c) shall bear interest computed at the rate per annum equal to the Wall Street Journal Prime Rate as published in The Wall Street Journal from time to time on the amount of the payment based on the number of days in the period beginning the date such payments were due to the other Company and ending on and including the date of payment.
- (e) *Subsequent Adjustments.* In the case of any adjustment pursuant to a Final Determination with respect to any such Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due any additional Tax due with respect to such Tax Return required to be paid as a result of such adjustment pursuant to such Final Determination. The Responsible Company shall redetermine the amounts payable by Parent to SpinCo or by SpinCo to Parent, as the case may be, under this Agreement. If the Responsible Company notifies the other Company at least fifteen (15) days prior to the date any additional Tax is due to such Tax Authority and allocable to it under the provisions of this Agreement, the other Company shall pay such amounts to the Responsible Company prior to the date such additional Tax is due (or at the direction of the Responsible Company, to the Tax Authority).
If the Responsible Company notifies the other Company less than fifteen (15) days prior to the date any additional Tax is due to such Tax Authority and allocable to it under the provisions of this Agreement, the other Company shall pay such amounts to the Responsible Company within fifteen (15) days of the receipt of such notice. The Responsible Company shall pay to the other Company, or the other Company shall pay to the Responsible Company, any other amounts due under the provisions of this Agreement within fifteen (15) days from the later of (i) the date the additional Tax was due, (ii) the date of the Final Determination (if no cash payment was paid), or (iii) in the case of an amount payable by the other Company to the Responsible Company, the date of receipt of written notice and demand from the Responsible Company of the amount due. Any payments required under this Section 4.01(e) shall include interest computed at the rate per annum equal to the Wall Street Journal Prime Rate as published in The Wall Street Journal from time to time based on the number of days in the period beginning the date such payments were due to the other Company under this Section 4.01(e) and ending on and including the date of payment.
- (f) *Disputes.* To the extent a Party does not agree with any amount calculated pursuant to this Section 4.01, the dispute shall be resolved in accordance with Section 10

Section 4.02 Indemnification Payments.

- (a) If any Company (the “**Payor**”) is required under applicable Tax law to pay to a Tax Authority a Tax that another Company (the “**Required Company**”) is liable for under this Agreement, the Payor shall provide notice to the Required Company for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Such Required Company shall have a period of thirty (30) days after the receipt of notice to respond thereto. Unless the Required Company disputes the amount it is liable for under this Agreement, the Required Company shall reimburse the Payor within forty-five (45) Business Days of delivery by the Payor of the notice described above. To the extent the Required Company does not agree with the amount the Payor claims the Required Company is liable for under this Agreement, the dispute shall be resolved in accordance with Section 10. Any reimbursement shall include interest on the Tax payment computed at the rate per annum equal to the Wall Street Journal Prime Rate as published in The Wall Street Journal from time to time based on the number of days in the period beginning the date such payments were due to the other Company under this Section 4.02 and ending on and including the date of payment .
- (b) All indemnification payments under this Agreement shall be made by Parent directly to SpinCo and by SpinCo directly to Parent; provided, however, that if the Companies mutually agree with respect to any such indemnification payment, any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the SpinCo Group, on the other hand, and vice versa.

Section 5. Cooperation and Reliance.

Section 5.01 Assistance and Cooperation.

- (a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies and their Affiliates including (i) preparation and filing of any Combined US State and Local Tax Returns and the determination of whether filing of such returns on a combined basis is required, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of such Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed with respect to such Tax Returns. Such cooperation shall include making all information and documents in their possession relating to the other Company and its Affiliates available to such other Company as provided in Section 6. Each of the Companies shall also make available to the other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes shown on such Tax Returns, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to such Taxes.
- (b) Any information or documents provided under this Section 5 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of such Tax Returns or in connection with any administrative or judicial proceedings relating to such Taxes. Notwithstanding any other provision of this Agreement or any other agreement, (i) neither Company nor any Affiliate shall be required to provide the other Company or any Affiliate or any other Person access to or copies of any information or procedures (including the proceedings of any Tax Contest) other than information or procedures that relate solely to the first Company, the business or assets of the first Company or any of its Affiliates and (ii) in no event shall any Company or its Affiliates be required to provide the other Company, any of the other Company's Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any privilege. In addition, in the event that a Company determines that

the provision of any information to the other Company or an Affiliate of the other Company could be commercially detrimental, violate any law or agreement or waive any privilege, the Company shall use reasonable best efforts to permit compliance with its obligations under this Section 5 in a manner that avoids any such harm or consequence.

Section 5.02 Combined US State and Local Tax Return Information. Parent and SpinCo acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Parent or SpinCo pursuant to Section 5.01 or this Section 5.02. Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare any Combined US State and Local Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and in sufficient time for the Responsible Company to file such Tax Returns on a timely basis.

Section 5.03 Non-Performance. If a Company (or any of its Affiliates) fails to comply with any of its obligations set forth in this Section 5 upon reasonable request and notice by the other Company (or any of its Affiliates) and such failure results in the imposition of additional Taxes, the non-performing Company shall be liable in full for such additional Taxes.

Section 5.04 Costs. Each Company shall devote the personnel and resources necessary in order to carry out this Section 5 and shall make its employees available on a mutually convenient basis to provide explanations of any documents or information provided hereunder. Each Company shall carry out its responsibilities under this Section 5 at its own cost and expense.

Section 6. Tax Records.

The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Company and its Affiliates, authorized agents and representatives and any representative of a Tax Authority or other Tax auditor direct access during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Company in connection with the preparation of any Combined US State and Local Tax Return or financial accounting statements, audits, litigation, or the resolution of items under this Agreement. To the extent any Tax Records are required to be or are otherwise transferred by the Companies or their respective Affiliates to any person other than an Affiliate, the Company or its respective Affiliate shall transfer such records to the other Company at such time.

Section 7. Tax Contests.

Section 7.01 Notice. Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending or threatened Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware related to Taxes for which it is indemnified by the other Company hereunder. Such notice shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified Company has knowledge of an asserted Tax liability with respect to a matter for which it is entitled to indemnification hereunder and such Company fails to give the indemnifying Company prompt notice of such asserted Tax liability and the indemnifying Company is entitled under this Agreement to contest the asserted Tax liability, then (i) if the indemnifying Company is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying Company shall have no obligation to indemnify the indemnified Company for such Tax liability or any other Taxes arising from such failure, and (ii) if the indemnifying Company is not precluded from contesting the asserted Tax liability in any forum, but

such failure to give prompt notice results in a material monetary detriment to the indemnifying Company, then any amount which the indemnifying Company is otherwise required to pay the indemnified Company pursuant to this Agreement shall be reduced by the amount of such detriment.

Section 7.02 Control of Tax Contests.

- (a) *Controlling Company.* In the case of any Tax Contest with respect to any Combined US State and Local Tax Return, the Company that would be primarily liable under this Agreement to pay the applicable Tax Authority the Taxes resulting from such Tax Contest shall administer and control such Tax Contest (the “**Controlling Company**”).
- (b) *Settlement Rights.* The Controlling Company must obtain the prior consent (not to be unreasonably withheld, conditioned or delayed) of the other non-controlling Company (the “**Non-Controlling Company**”) prior to contesting, litigating, compromising or settling any Tax Contest related to an adjustment which the Non-Controlling Company may reasonably be expected to become liable to make any indemnification payment under this Agreement. Unless waived by the Companies in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Company may reasonably be expected to become liable to make any indemnification payment under this Agreement to the Controlling Company under this Agreement: (i) the Controlling Company shall keep the Non-Controlling Company informed in a timely manner of all actions taken or proposed to be taken by the Controlling Company with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Company shall provide the Non-Controlling Company copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (iii) the Controlling Company shall timely provide the Non-Controlling Company with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; (iv) the Controlling Company shall consult with the Non-Controlling Company (including, without limitation, regarding the use of outside advisors to assist with the Tax Contest) and offer the Non-Controlling Company a reasonable opportunity to comment and the Controlling Company shall consider such comments in good faith before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest; and (v) the Controlling Company shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Company to take any action specified in the preceding sentence with respect to the Non-Controlling Company shall not relieve the Non-Controlling Company of any liability and/or obligation which it may have to the Controlling Company under this Agreement except to the extent that the Non-Controlling Company was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Company from any other liability or obligation which it may have to the Controlling Company.
- (c) *Tax Contest Participation.* Unless waived by the Companies in writing, the Controlling Company shall provide the Non-Controlling Company with written notice reasonably in advance of, and the Non-Controlling Company shall have the right to attend, any formally scheduled meetings with Tax Authorities or hearings or proceedings before any judicial authorities in connection with any potential adjustment in a Tax Contest pursuant to which the Non-Controlling Company may reasonably be expected to become liable to make any indemnification payment to the Controlling Company under this Agreement. The failure of the Controlling Company to provide any notice specified in this Section 7.02(c) to the Non-Controlling Company shall not relieve the Non-Controlling Company of any liability and/or obligation which it may have to the Controlling Company under this Agreement except to the extent that the Non-Controlling Company was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Company from any other liability or obligation which it may have to the Controlling Company.
- (d) *Power of Attorney.* Each member of the SpinCo Group shall execute and deliver to Parent (or such member of the Parent Group as Parent shall designate) any power of attorney or

other similar document reasonably requested by Parent (or such designee) in connection with any Tax Contest (as to which Parent is the Controlling Company) described in this Section 7. Each member of the Parent Group shall execute and deliver to SpinCo (or such member of the SpinCo Group as SpinCo shall designate) any power of attorney or other similar document requested by SpinCo (or such designee) in connection with any Tax Contest (as to which SpinCo is the Controlling Company) described in this Section 7.

- (e) **Costs.** All external out-of-pocket costs and expenses that are incurred by the Controlling Company with respect to a Tax Contest related to an adjustment which the Non-Controlling Company may reasonably be expected to become liable to make any indemnification payment under this Agreement shall be shared by the Companies according to each Company's relative share of the potential Tax liability with respect to the Tax Contest as determined under this Agreement; provided, however, that a Non-Controlling Company shall not be liable for fees payable to outside advisors to the extent that the Controlling Company failed to consult with the Non-Controlling Company pursuant to Section 7.02(b). If the Controlling Company incurs out-of-pocket costs and expenses to be shared under this Section 7.02(e) during a fiscal quarter, such Controlling Company shall provide notice to the Non-Controlling Company within thirty (30) days after the end of such fiscal quarter for the amount due from such Non-Controlling Company pursuant to this Section 7.02(e), describing in reasonable detail the particulars relating thereto. Such Non-Controlling Company shall have a period of thirty (30) days after the receipt of notice to respond thereto. Unless the Non-Controlling Company disputes the amount it is liable for under this Section 7.02(e), the Non-Controlling Company shall reimburse the Controlling Company within forty-five (45) Business Days of delivery by the Controlling Company of the notice described above. To the extent the Non-Controlling Company does not agree with the amount the Controlling Company claims the Non-Controlling Company is liable for under this Section 7.02(e), the dispute shall be resolved in accordance with Section 10. Any reimbursement shall include interest computed at the rate per annum equal to the Wall Street Journal Prime Rate as published in The Wall Street Journal from time to time based on the number of days in the period beginning the date such payments were due to the other Company under this Section 7.02(e) and ending on and including the date of payment. During the first month of each fiscal quarter in which it expects to incur costs for which reimbursement may be sought under this Section 7.02(e), the Controlling Company will provide the Non-Controlling Company with a good faith estimate of such costs.

Section 8. Survival of Obligations.

The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Section 9. Treatment of Payments of Interest.

Anything herein to the contrary notwithstanding, to the extent one Company ("**Indemnitor**") makes a payment of interest to another Company ("**Indemnitee**") under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the interest payment shall be treated as interest expense to the Indemnitor (deductible to the extent provided by law) and as interest income by the Indemnitee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted to take into account any associated Tax benefit to the Indemnitor or increase in Tax to the Indemnitee.

Section 10. Disagreements.

Section 10.01 Discussion. The Companies mutually desire that friendly collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in an amicable manner all disagreements and misunderstandings connected with their respective rights and obligations under this Agreement, including any amendments hereto. In

furtherance thereof, in the event of any dispute or disagreement (a **"Dispute"**) between any member of the Parent Group and any member of the SpinCo Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Companies shall negotiate in good faith to resolve the Dispute.

Section 10.02 Referral to Tax Advisor for Computational Disputes. Notwithstanding anything to the contrary in Section 10, with respect to any Dispute under this Agreement involving computational matters, if the Companies are not able to resolve the Dispute through the discussion process set forth in Section 10.01, the Dispute will be referred to a Tax Advisor acceptable to each of the Companies to act as an arbitrator in order to resolve the Dispute. In the event that the Companies are unable to agree upon a Tax Advisor within fifteen (15) Business Days following the completion of the discussion process, the Companies shall each separately retain an independent, nationally recognized law or accounting firm (each, a **"Preliminary Tax Advisor"**), which Preliminary Tax Advisors shall jointly select a Tax Advisor on behalf of the Companies to act as an arbitrator in order to resolve the Dispute. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall furnish written notice to the Companies of its resolution of any such Dispute as soon as practical, but in any event no later than thirty (30) Business Days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor will be conclusive and binding on the Companies. Following receipt of the Tax Advisor's written notice to the Companies of its resolution of the Dispute, the Companies shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. Each Company shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Tax Advisor (and the Preliminary Tax Advisors, if any). All fees and expenses of the Tax Advisor (and the Preliminary Tax Advisors, if any) in connection with such referral shall be shared equally by the Companies.

Section 10.03 Injunctive Relief. Nothing in this Section 10 will prevent either Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Dispute through the process set forth above could result in serious and irreparable injury to either Company. Notwithstanding anything to the contrary in this Agreement, Parent and SpinCo are the only members of their respective Group entitled to commence a dispute resolution procedure under this Agreement, and each of Parent and SpinCo will cause its respective Group members not to commence any dispute resolution procedure other than as provided in this Section 10.

Section 11. Expenses.

Except as otherwise provided in this Agreement, each Company and its Affiliates shall bear their own expenses incurred in connection with preparation of any Combined US State and Local Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 12. General Provisions.

Section 12.01 Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 12.01):

if to Parent, to:

CompoSecure, Inc.
309 Pierce Street
Somerset, NJ
Attention: Corporate Secretary

Email:

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison, LLP
 1285 Avenue of the Americas
 Attention: Scott A. Barshay
 Laura Turano
 E-mail:

if to SpinCo, to:

Resolute Holdings Management, Inc.
 445 Park Avenue, Suite 5B
 Attention: Thomas R. Knott
 Email:

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison, LLP
 1285 Avenue of the Americas
 Attention: Scott A. Barshay
 Laura Turano
 E-mail:

A Party may change the address for receiving notices under this Agreement by providing written notice of the change of address to the other Parties.

Section 12.02 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns.

Section 12.03 Waiver. The Parties may waive a provision of this Agreement only by a writing signed by the Party intended to be bound by the waiver. A Party is not prevented from enforcing any right, remedy or condition in the Party's favor because of any failure or delay in exercising any right or remedy or in requiring satisfaction of any condition, except to the extent that the Party specifically waives the same in writing. A written waiver given for one matter or occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver for any other matter or occasion. Any enumeration of a Party's rights and remedies in this Agreement is not intended to be exclusive, and a Party's rights and remedies are intended to be cumulative to the extent permitted by law and include any rights and remedies authorized in law or in equity.

Section 12.04 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 12.05 Change in Law. If, due to any change in applicable law or regulations or their interpretation by any court of law or other governing body having jurisdiction subsequent to the date of the Agreement, performance of any provision of this Agreement becomes impracticable or impossible,

the parties hereto will use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

Section 12.06 Authority. Each of the Parties represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 12.07 Further Action. The Parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other Parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other Parties in accordance with Section 7.

Section 12.08 Integration. This Agreement, together with each of the exhibits and schedules appended hereto constitutes the final agreement among the Parties, and is the complete and exclusive statement of the Parties' agreement on the matters contained herein. All prior and contemporaneous negotiations and agreements among the Parties with respect to the matters contained herein are superseded by this Agreement, as applicable. In the event of any inconsistency between this Agreement and any other agreements relating to the Spin-Off, with respect to matters addressed herein, the provisions of this Agreement shall control.

Section 12.09 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms "Section," "paragraph," and "clause" are references to the Sections, paragraphs, and clauses of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement; (d) references to "\$" shall mean US dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) provisions shall apply, when appropriate, to successive events and transactions; (i) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) Parent and SpinCo have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or burdening a Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (k) a reference to any Person includes such Person's successors and permitted assigns.

Section 12.10 No Double Recovery. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged Party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or equity. Unless expressly required in this Agreement, a Party shall not be required to exhaust all remedies available under other agreements or at law or equity before recovering under the remedies provided in this Agreement.

Section 12.11 Counterparts. This Agreement may be executed in one (1) or more counterparts (including by electronic or .pdf transmission), and by each Party in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of any signature page by facsimile, electronic or .pdf transmission shall be binding to the same extent as an original signature page.

Section 12.12 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law thereof.

Section 12.13 Jurisdiction. If any dispute arises out of or in connection with this Agreement, except as expressly contemplated by another provision of this Agreement, the Parties irrevocably (and the Parties will cause each other member of their respective Group to irrevocably) (i) agrees that any dispute shall be subject to the exclusive jurisdiction of the state and federal courts located in the State of Delaware, (ii) waives any claims of forum non conveniens and agrees to submit to the jurisdiction of such courts and (iii) agrees that service of any process, summons, notice or document by US registered mail to its respective address set forth in Section 12.01 shall be effective service of process for any litigation brought against it in any such court or for the taking of any other acts as may be necessary or appropriate in order to effectuate any judgment of said courts.

Section 12.14 Amendment. No provision of this Agreement (except as otherwise provided therein) may be amended or modified except by a written instrument signed by each of the parties hereto or thereto, as applicable.

Section 12.15 Parent or SpinCo Affiliates. If, at any time, Parent or SpinCo acquires or creates one or more Affiliates that are includable in the Parent Group or SpinCo Group, as the case may be, they shall be subject to this Agreement and all references to the Parent Group or SpinCo Group, as the case may be, herein shall thereafter include a reference to such Affiliates.

Section 12.16 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to any of the Parties hereto (including but not limited to any successor of Parent or SpinCo succeeding to the Tax attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original Party to this Agreement.

Section 12.17 Injunctions. The Parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. The Parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which they may be entitled at law or in equity.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

COMPOSECURE, INC.

By: /s/ Jonathan C. Wilk
Name: Jonathan C. Wilk
Title: Chief Executive Officer

RESOLUTE HOLDINGS MANAGEMENT, INC.

By: /s/ Thomas R. Knott
Name: Thomas R. Knott
Title: Chief Executive Officer

Resolute Holdings Management, Inc.
445 Park Avenue, Suite 5B
New York, NY 10022

February 28, 2025

CompoSecure, Inc.
309 Pierce Street
Somerset, NJ 08873
Attention: Chief Executive Officer

Re: Management Agreement with CompoSecure Holdings, L.L.C.

Ladies and Gentlemen:

Reference is hereby made to the Management Agreement, dated as of February 28, 2025 (the "Management Agreement"), by and between CompoSecure Holdings, L.L.C. (the "Company"), a Delaware limited liability company, and Resolute Holdings Management, Inc. (the "Manager"), a Delaware corporation. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Management Agreement.

WHEREAS, upon and subject to the terms of the Management Agreement, the Company has appointed the Manager (and granted to it all powers necessary, convenient or appropriate) to, and the Manager has agreed and covenanted that it shall, manage the Company's day-to-day business and operations, and oversee the Company's strategy; and

WHEREAS, in furtherance of the performance by the Company and the Manager of their respective duties and obligations under the Management Agreement, CompoSecure, Inc., a Delaware corporation and parent of the Company ("Parent"), and the Manager desire to enter into this letter agreement (this "Letter Agreement").

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and upon the terms and subject to the conditions hereof, Parent and the Manager agree as follows:

1. Term. This Letter Agreement shall be coterminous with the Management Agreement, unless this Letter Agreement is terminated by the mutual written consent of Parent and the Manager.

2. Covenants of Parent.

(a) During the term of this Letter Agreement, to the fullest extent permitted by Delaware law, the Exchange Act, the Securities Act, the NASDAQ Rules and any other applicable rule or regulation (including the rules and regulations promulgated under the Exchange Act and the Securities Act):

(i) Parent, the Parent Board or any committee thereof shall not take any action to modify, amend, qualify, interfere with or terminate the delegations set forth on Schedule I attached hereto (collectively, the “Delegations”); and

(ii) Parent shall, and shall cause its Subsidiaries, as applicable, to: (A) take all steps reasonably necessary to allow the Manager to make any registrations, filings, declarations and notices on behalf of itself or the Company (including, following the termination of the 2021 CompoSecure, Inc. 2021 Incentive Equity Plan (as in effect from time to time, the “2021 Plan”), such registrations, filings, declarations and notices reasonably necessary for a successor to the 2021 Plan or similar equity plan or subplan (each, a “Successor Plan” and, together with the 2021 Plan, the “Plan”), which contains provisions sufficient to continue the Grant Delegation (as defined in the Delegations) with respect to such Successor Plan in the same manner the Grant Delegation applies to the 2021 Plan, to be adopted by Parent and its stockholders, including any approvals necessary to exempt any grants under the Plan from Section 16 of the Exchange Act) in connection with the Manager’s performance of its duties and obligations under the Management Agreement; (B) make customary representations, warranties and covenants in connection with any acquisition, business combination transaction or other transaction that is intended qualify in whole or in part as tax-free for U.S. federal income tax purposes, and is entered into, in each case, in accordance with the Management Agreement; and (C) use commercially reasonable efforts to make available to the Manager and its representatives all properties, personnel, representatives, resources, information and materials requested by the Manager in connection with the Manager’s performance of its duties and obligations under the Management Agreement, including its obligations to deliver financial statements and any other information or reports with respect to the Company.

(b) Parent hereby acknowledges and agrees that the Manager may use the name “CompoSecure” and other trademarks of Parent and its Subsidiaries in connection with the Manager’s activities under the Management Agreement (including, in connection with the preparation of any filing with or notification to any Governmental Authority made on behalf of the Company or any of its Subsidiaries). The parties hereto will reasonably cooperate to maintain reasonable quality control with respect to the Manager’s use of such trademarks.

3. Covenants of the Manager. During the term of this Letter Agreement, any action of the Manager pursuant to the Grant Delegation shall be in writing and the Manager shall, promptly following each Grant (as defined in the Plan) under the Plan granted or acted upon by the Manager pursuant to the Grant Delegation (the “Delegated Grants”) (but not less frequently than every six months) keep the Compensation Committee of the Parent Board apprised as to the Delegated Grants.

4. Representations and Warranties.

(a) Parent hereby represents and warrants to the Manager as follows:

(i) Parent is duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power and authority and the legal right to own and operate its assets, to lease any property it may operate as lessee and to conduct the business in which it is now engaged and is duly qualified as a foreign corporation and is in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of Parent and its Subsidiaries, if any, taken as a whole.

(ii) Parent has the corporate power and authority and the legal right to make, deliver and perform this Letter Agreement and all obligations required hereunder and has taken all necessary corporate action to authorize this Letter Agreement on the terms and conditions hereof and the execution, delivery and performance of this Letter Agreement and all obligations required hereunder. No consent of any other Person that has not already been obtained, including stockholders and creditors of Parent, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any Governmental Authority is required by Parent in connection with this Letter Agreement or the execution, delivery, performance, validity or enforceability of this Letter Agreement and all obligations required hereunder. This Letter Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of Parent, and this Letter Agreement constitutes, and each instrument or document required hereunder when and executed and delivered hereunder will constitute, the legally valid and binding obligation of Parent enforceable against Parent in accordance with its terms.

(iii) The execution, delivery and performance of this Letter Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on Parent, or any order, judgment, award or decree of any Governmental Authority binding on Parent, or the Governing Agreements of, or any securities issued by Parent or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking

to which Parent is a party or by which Parent or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of Parent and its Subsidiaries, if any, taken as a whole, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

(b) The Manager hereby represents and warrants to Parent as follows:

(i) The Manager is duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power and authority and the legal right to conduct the business in which it is now engaged and is duly qualified as a foreign corporation and is in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Manager.

(ii) The Manager has the corporate power and authority and the legal right to make, deliver and perform this Letter Agreement and all obligations required hereunder and has taken all necessary corporate action to authorize this Letter Agreement on the terms and conditions hereof and the execution, delivery and performance of this Letter Agreement and all obligations required hereunder. No consent of any other Person, including stockholders of the Manager, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any Governmental Authority is required by the Manager in connection with this Letter Agreement or the execution, delivery, performance, validity or enforceability of this Letter Agreement and all obligations required hereunder. This Letter Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Manager, and this Letter Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Manager enforceable against the Manager in accordance with its terms.

(iii) The execution, delivery and performance of this Letter Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Manager, or any order, judgment, award or decree of any Governmental Authority binding on the Manager, or the Governing Agreements of, or any securities issued by the Manager or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Manager is a party or by which the Manager or any of its assets may be bound, the violation of which would have a

material adverse effect on the business operations, assets or financial condition of the Manager, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

5. Miscellaneous.

(a) *Notices.* Any notices that may or are required to be given hereunder by any party to another shall be deemed to have been duly given if (i) personally delivered or delivered by facsimile, when received, (ii) sent by U.S. Express Mail or recognized overnight courier, on the second (2nd) following Business Day (or third (3rd) following Business Day if mailed outside the United States), (iii) delivered by electronic mail, when received or (iv) posted on a password protected website maintained by the Manager and for which the Company has received access instructions by electronic mail, when posted:

Parent:	CompoSecure, Inc. 309 Pierce Street Somerset, NJ 08873 Attention: General Counsel
The Manager:	Resolute Holdings Management, Inc. 445 Park Avenue, Suite 15B New York, NY 10022 Attention: Chief Executive Officer

(b) *Binding Nature of Agreement; Successors and Assigns; No Third-Party Beneficiaries.* This Letter Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided herein. None of the provisions of this Letter Agreement are intended to be, nor shall they be construed to be, for the benefit of any third party.

(c) *Integration.* This Letter Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

(d) *Additional Agreements.* In the event the Company forms any Subsidiary, or acquires any business, following the date hereof and, at the Manager's election, causes any such Subsidiary, or business, to enter into a management agreement with the Manager in a form substantially similar to the Management Agreement, Parent

shall, at the Manager's election, enter into a letter agreement with the Manager in a form substantially similar to this Letter Agreement.

(e) *Amendments.* Neither this Letter Agreement, nor any terms hereof, may be amended, supplemented or modified except in an instrument in writing executed by the parties hereto.

(f) *Governing Law.* Notwithstanding the place where this Letter Agreement may be executed by any of the parties hereto, the parties hereto expressly agree that all of the terms and provisions hereof shall be governed by and construed under the laws of the State of Delaware.

(g) *Forum; Consent to Service.* To the fullest extent permitted by law, in the event of any proceeding arising out of the terms and conditions of this Letter Agreement, the parties hereto irrevocably (i) consent and submit to the exclusive jurisdiction of the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (unless the Delaware Court of Chancery shall decline jurisdiction over a particular matter, in which case, any state or federal court within the State of Delaware), (ii) waive any defense based on doctrines of venue or *forum non conveniens*, or similar rules or doctrines and, (iii) agree that all claims in respect of such a proceeding must be heard and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (unless the Delaware Court of Chancery shall decline jurisdiction over a particular matter, in which case, any state or federal court within the State of Delaware). Process in any such proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Each of the parties hereto hereby agrees and consents that service of any process, summons, notice, or document pursuant to Section 5(a) shall be effective service of process for any suit or proceeding arising out of the terms and conditions of this Letter Agreement. Any proceeding arising out of the terms and conditions of this Letter Agreement shall be governed by the provisions hereof and not by the provisions of Article XI of the Separation and Distribution Agreement, dated as of February 28, 2025, by and between Parent and the Manager.

(h) *Waiver of Jury Trial.* EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS LETTER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS LETTER AGREEMENT.

(i) *Survival of Representations and Warranties.* All representations and warranties made hereunder, and in any document, certificate or statement delivered pursuant hereto or in connection herewith, shall survive the execution and delivery of this Letter Agreement.

(j) *No Waiver; Cumulative Remedies.* No failure to exercise and no delay in exercising, on the part of a party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(k) *Costs and Expenses.* Each party hereto shall bear its own costs and expenses (including the fees and disbursements of counsel and accountants) incurred in connection with the negotiations, preparation of and entry into this Letter Agreement, and all matters incident thereto.

(l) *Headings; Interpretation.* The section and subsection headings in this Letter Agreement are for convenience in reference only and shall not be deemed to alter or affect the interpretation of any provisions hereof. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Letter Agreement shall refer to this Letter Agreement as a whole and not to any particular provision of this Letter Agreement, and Section references are to this Letter Agreement unless otherwise specified. References herein to “Sections,” “clauses” and other subdivisions, and to Schedules, without reference to a document are to the specified Sections, clauses and other subdivisions of and Schedules to, this Letter Agreement. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(m) *Counterparts.* This Letter Agreement may be executed by the parties to this Letter Agreement on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(n) *Severability.* Any provision of this Letter Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Very truly yours,

RESOLUTE HOLDINGS MANAGEMENT, INC.

By: /s/ Thomas R. Knott
Name: Thomas R. Knott
Title: Chief Executive Officer

Agreed and accepted,

COMPOSECURE, INC.

By: /s/ Jonathan C. Wilk
Name: Jonathan C. Wilk
Title: Chief Executive Officer

[Signature Page to Letter Agreement]

WAIVER AGREEMENT

THIS WAIVER AGREEMENT (this "Waiver Agreement") is made as of February 28, 2025, by and among CompoSecure, Inc., a Delaware corporation (the "Company"), Resolute Compo Holdings LLC, a Delaware limited liability company ("Resolute Compo Holdings"), and Tungsten 2024 LLC, a Delaware limited liability company ("Tungsten") and, together with the Company and Resolute Compo Holdings, the "Parties" and each, a "Party"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Governance Agreement (as defined below).

WITNESSETH

WHEREAS, the Company, Resolute Holdings Management, Inc., a Delaware corporation, and Fradin Consulting, LLC, a California limited liability company (the "Adviser"), are parties to the Board Adviser Agreement, dated as of February 28, 2025 (the "Board Adviser Agreement"), pursuant to which the Adviser will provide advice to the Board and be granted the right to have Roger Fradin, as the Adviser Representative (as defined in the Board Adviser Agreement), attend all meetings of the Board and its committees in a non-voting observer capacity, subject to and in accordance with the terms of the Board Adviser Agreement;

WHEREAS, the Company, Resolute Compo Holdings and Tungsten are parties to the Governance Agreement, dated as of September 17, 2024 (the "Governance Agreement");

WHEREAS, pursuant to Sections 1.2(i) and 1.2(v) of the Governance Agreement, at each meeting of the stockholders of the Company (or pursuant to any consent in lieu thereof), the Company and the Stockholder shall take all reasonable actions within their respective control (including, with respect to the Stockholder, by voting or causing to be voted all Voting Shares owned or held by the Stockholder or its Affiliates) in such manner as may be necessary to (a) fix and maintain the number of directors which shall constitute the whole Board at eleven directors (the "Board Size Requirement") and (b) maintain on the Board for so long as the Stockholder owns or holds (whether beneficially, of record or otherwise) at least 35% of the outstanding shares of Common Stock no less than six (6) designees of the Stockholder (collectively, the "Stockholder Directors"), of which two (2) shall qualify as Independent Directors and be subject to approval of the Nomination Committee, which approval shall not be unreasonably withheld (collectively, the "Stockholder Directors Requirement");

WHEREAS, pursuant to Section 7.9 of the Governance Agreement, any waiver by any Party of any provision of the Governance Agreement must be (a) first approved by a majority of the Independent Directors and (b) set forth in an instrument in writing signed by the parties to the Governance Agreement;

WHEREAS, the Parties desire to waive the Board Size Requirement, subject and in accordance with the terms set forth in this Waiver Agreement;

WHEREAS, with respect to the Stockholder Directors Requirement, the Stockholder desires to waive solely its right to designate a sixth (6th) Stockholder Director in accordance with the Stockholder Directors Requirement (the "Specified Stockholder Designation Right"), subject to and in accordance with the terms set forth in this Waiver Agreement; and

WHEREAS, prior to the execution and delivery of this Waiver Agreement, a majority of the Independent Directors approved the Board Size Requirement Waiver (as defined below) and the

Specified Stockholder Designation Right Waiver (as defined below) pursuant to an action by unanimous written consent of the Board, dated as of February 28, 2025.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the Parties agree as follows:

1. Board Size Requirement Waiver. Subject to Section 3 hereof, each Party hereby (a) waives any and all of its rights, interests or benefits in, and any and all of the other Parties' respective obligations with respect to, the Board Size Requirement, and (b) agrees not to assert or allege any rights, interests or benefits in, or any breach by the other Parties of any of their respective obligations with respect to, the Board Size Requirement (collectively, the "Board Size Requirement Waiver"); provided that if the Stockholder rescinds the Specified Stockholder Designation Right Waiver, the Board may rescind the Board Size Requirement Waiver by approval of a majority of the Independent Directors, in which case the Board Size Requirement Waiver shall be null and void and of no force or effect whatsoever.

2. Specified Stockholder Designation Right Waiver. Subject to Section 3 hereof, the Stockholder hereby (a) waives any and all of its rights, interests or benefits in, and any and all other Parties' respective obligations with respect to, the Specified Stockholder Designation Right, and (b) agrees not to assert or allege any rights, interests or benefits in, or any breach by the other Parties of any of their respective obligations with respect to, the Specified Stockholder Designation Right (collectively, the "Specified Stockholder Designation Right Waiver"); provided that the Stockholder may rescind the Specified Stockholder Designation Right Waiver at any time in its sole discretion, in which case the Specified Stockholder Designation Right Waiver shall be null and void and of no force or effect whatsoever.

3. Effectiveness of the Waivers. Notwithstanding anything to the contrary set forth herein, and without limiting the provisions of Section 1 or Section 2 hereof, the Parties agree that if (a) Roger Fradin ceases to serve as the Adviser Representative, on behalf of the Adviser, in accordance with the Board Adviser Agreement or (b) the Board Adviser Agreement is terminated in accordance with its terms (each, a "Trigger Event"), then, upon the occurrence of any such Trigger Event, both the Board Size Requirement Waiver and the Specified Stockholder Designation Right Waiver shall be null and void and of no force or effect whatsoever.

4. Full Force and Effect. Except as expressly modified by this Waiver Agreement, all of the terms, covenants, agreements, conditions and other provisions of the Governance Agreement shall remain in full force and effect in accordance with their respective terms.

5. Miscellaneous. The provisions of Sections 4.1 (*Representations and Warranties of the Company*), 4.2 (*Representations and Warranties of the Stockholder*), 7.1 (*Notices*), 7.2 (*Entire Agreement*), 7.3 (*Successors and Assigns*), 7.4 (*Counterparts*), 7.5 (*Governing Law*), 7.6 (*Submission to Jurisdiction; Waiver of Jury Trial*), 7.8 (*Severability*), the first four sentences of Section 7.9 (*Amendment; Wavier*) and 7.11 (*Mutual Drafting*) of the Governance Agreement are hereby incorporated by reference as if set forth in this Waiver Agreement in their entirety and shall apply *mutatis mutandis*.

[Signature pages follow]

IN WITNESS WHEREOF, each of the Parties has executed and delivered this Waiver Agreement as of the date first above written.

COMPOSECURE, INC.

By: /s/ Jonathan C. Wilk
Name: Jonathan C. Wilk
Title: Chief Executive Officer

RESOLUTE COMPO HOLDINGS, LLC
By: Tungsten 2024 LLC, its managing member

By: /s/ John Cote
Name: John Cote
Title: Manager

TUNGSTEN 2024 LLC

By: /s/ John Cote
Name: John Cote
Title: Manager

[Signature Page to Waiver Agreement]

BOARD ADVISER AGREEMENT

This Board Adviser Agreement (the “**Agreement**”) is made effective as of February 28, 2025 (the “**Effective Date**”) by and among CompoSecure, Inc., a Delaware corporation (the “**Company**”), Resolute Holdings Management, Inc., a Delaware corporation (“**Resolute**”), and Fradin Consulting, LLC, a California limited liability company (the “**Adviser**”).

RECITALS

WHEREAS, Roger Fradin (the “**Adviser Representative**”) is the sole owner of the Adviser;

WHEREAS, the Company desires to obtain the advice of the Adviser regarding the Company’s business and strategy and the industrial distribution sector, including insight relating to the Company’s customer base;

WHEREAS, the Company and Resolute have determined that it would be advisable and in the best interests of both the Company and Resolute to grant the Adviser certain observation rights with respect to the Company’s Board of Directors (the “**Board**”) and committees thereof (“**Committees**”); and

WHEREAS, the Company would like to engage the Adviser in an advisory capacity and provide the Adviser with such observation rights as further described herein and on the terms and conditions of this Agreement, and the Adviser is willing to provide such advice and have such rights.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Service as an Adviser.

1.1 The Company grants the Adviser the right to have the Adviser Representative attend all meetings (including telephonic or videoconference meetings) of the Board and all Committees in a non-voting observer capacity, subject to the Board’s discretion as set forth in Section 1.3 hereof. The Adviser Representative may participate fully in discussions of all matters brought to the Board or any Committee for consideration, but in no event shall the Adviser Representative, (i) be deemed to be a member of the Board or any Committee or to have any voting power with respect to any matter submitted to the Board or any Committee for a vote or (ii) except for the obligations expressly set forth in this Agreement, have or be deemed to have, or otherwise be subject to, any duties (fiduciary or otherwise) to the Company or its stockholders.

1.2 The Company shall provide to the Adviser Representative all notices, consents, and other materials that it provides to Board members (collectively, “**Board Materials**”) at substantially the same time and in the same manner as such Board Materials are delivered to the Board members.

1.3 Notwithstanding anything herein to the contrary, the Adviser Representative and the Adviser shall be excluded from access to any Board Materials, or meetings of the Board or any Committee, or any portions of any of the foregoing, if the Board or such Committee, as applicable, concludes that: (i) such exclusion is reasonably necessary to comply with the Board’s or the Committee’s fiduciary obligations or to satisfy other rules or regulations applicable to the Company or to preserve the attorney-client or work product privilege between the Company or its affiliates and its counsel; (ii) there is an actual or potential conflict of interest between the Adviser or Resolute, on the one hand, and the Company, on the other hand (it being understood that any meetings, Board Materials, or portions of any of the foregoing, that relate to the Company’s evaluation of Resolute’s performance under that certain Management Agreement, dated as of February 28, 2025 (the “**Management Agreement**”), by and between CompoSecure Holdings, L.L.C. and Resolute shall constitute a conflict for purposes of this

clause (ii)); or (iii) such exclusion is necessary to avoid a conflict of interest or disclosure that is restricted by any agreement to which the Company or any of its affiliates is a party or otherwise bound.

1.4 The Adviser Representative shall serve as an adviser to the members of the Board and senior management on a non-exclusive basis for the term of this Agreement. The Adviser Representative shall perform services hereunder as an independent contractor and not as an employee, agent, joint venturer, partner or fiduciary of the Company, Resolute or any of their respective affiliates. Neither the Adviser nor the Adviser Representative shall have power or authority to act for, represent or bind the Company or its affiliates in any manner whatsoever. The Adviser agrees to not take or cause to be taken any action, and further agrees to cause the Adviser Representative to not take or cause to be taken any action, that expresses that the Adviser or the Adviser Representative has such power or authority, and the Adviser shall use reasonable efforts, and shall cause the Adviser Representative to use its reasonable efforts, to not take or cause to be taken any action that would imply to a reasonable person that the Adviser or the Adviser Representative has such power or authority. The Adviser acknowledges and agrees, on behalf of itself and the Adviser Representative, that as an independent contractor, the Adviser will be solely responsible for payment of all taxes payable in respect of compensation earned by the Adviser hereunder, and none of the Company, Resolute or any of their respective affiliates will withhold for taxes from any such amounts. In addition, the Adviser understands and agrees, on behalf of itself and the Adviser Representative, that, except as set forth herein, neither the Adviser nor the Adviser Representative is eligible by virtue of the Adviser's engagement as an adviser to participate in any of the employee benefit plans or programs of the Company, Resolute or any of their respective affiliates. The Adviser further acknowledges and agrees, on behalf of itself and the Adviser Representative, that nothing in this Agreement shall confer upon the Adviser or the Adviser Representative any right to be retained by or in the employ or service of the Company or Resolute and shall not interfere in any way with the right of the Company or Resolute to terminate this Agreement in accordance with Section 3 hereof. The right of the Company or Resolute to terminate at will this Agreement at any time for any reason is specifically reserved.

2. Duties. During the term of this Agreement, the Adviser will, and will cause the Adviser Representative to, use commercially reasonable efforts to provide advice to the members of the Board and senior management as may be reasonably requested from time to time by the Board or the Chief Executive Officer of the Company, including advising on the Company's business and strategy and the industrial distribution sector, including insight relating to the Company's customer base. In addition, the Adviser shall, and shall cause the Adviser Representative to, be available upon reasonable advance notice to provide telephonic guidance and consultation to members of the Board and the Company's Chief Executive Officer.

3. Term. The term of this Agreement will begin on the Effective Date and will continue for a period of 12 months after the Effective Date. The term shall renew automatically for consecutive 12-month periods, unless any party provides notice of intent not to renew in writing to the other parties at least 30 days prior to the applicable renewal date. Any party may terminate this Agreement upon giving the other party written notice of such termination, and such termination shall be effective immediately. In the event this Agreement is terminated by any party, the Company shall pay pro rata fees and unpaid expenses through the termination date to the Adviser promptly thereafter.

4. Compensation.

4.1 As compensation for the Adviser's services under this Agreement, the Company shall pay to the Adviser (i) from the Effective Date through the date of the first annual meeting of the Company's stockholders to occur after the Effective Date (the "**First Annual Meeting**") a pro rata portion (the "**Prorated Adviser Retainer**") of the Annual Adviser Retainer (defined below), and (ii) for each period of 12 months beginning on the date of the First Annual Meeting, an annual cash retainer fee of \$50,000 (the "**Annual Adviser Retainer**"), payable quarterly in arrears.

4.2 In addition, each calendar year, on the date of the annual meeting of the Company's stockholders, at the start of which the Adviser continues to provide services under this Agreement, the Adviser Representative, on behalf of the Adviser, shall be granted an option (an "**Option**") to purchase shares of the Company's Class A Common Stock, par value \$0.0001 per share,

with a "Fair Market Value" as defined in Third Amended and Restated CompoSecure, Inc. Non-Employee Director Compensation Policy, as amended from time to time (the "**Policy**"), of \$150,000 (the "**Annual Adviser Equity Award**"). Except as provided herein, each Annual Adviser Equity Award shall vest in equal annual installments over a four-year period commencing on the applicable grant date (the "**Service Period**"), subject to the Adviser's continued service to the Company through the applicable vesting date(s) and the terms of the applicable option award agreement. If the Adviser elects to terminate this Agreement in accordance with Section 3 hereof at any time prior to the end of the Service Period, the "Administrator" as defined in the CompoSecure, Inc. 2021 Incentive Equity Plan, as amended from time to time (the "**Plan**"), will have the authority to accelerate the vesting of all or a portion of the Annual Adviser Equity Award. No Annual Adviser Equity Award will be accelerated if this Agreement is terminated by the Company or Resolute in accordance with Section 3 hereof prior to the end of the Service Period. Notwithstanding the foregoing, all unvested Annual Adviser Equity Awards outstanding immediately prior to the effectiveness of a "Change of Control" as defined in the Plan shall vest as of the effective date of such Change of Control. The provisions of Section C.3 (*Number of Shares Underlying an Option*), Section C.5 (*Fair Market Value*), Section C.6 (*Exercise Price*), Section E (*Adjustments*), Section F (*Taxes*) and Section G (*Conversions*) of the Policy shall apply to the Adviser with respect to the Prorated Adviser Retainer and the Annual Adviser Retainer payable to it in accordance with Section 4.1 hereof and the Options granted to the Adviser Representative, on behalf of the Adviser, in accordance with this Section 4.2 *mutatis mutandis*.

4.3 For the avoidance of doubt, the Options that the Adviser Representative received in connection with his service as a member of the Board shall remain outstanding and continue to vest under the terms of the Plan and the applicable option award agreement, subject to the Adviser's continued service under this Agreement. The parties acknowledge and agree that, for any annual period during which the Adviser Representative serves as a member of the Board for a portion of such period and the Adviser serves in the adviser capacity contemplated by this Agreement for the remaining portion of such period, there shall be no duplication of (i) the aggregate annual cash retainers to which the Adviser Representative is entitled for such service as a member of the Board and (ii) the Annual Adviser Retainer and Prorated Adviser Retainer payable to the Adviser hereunder.

5. Expenses. The Company agrees to promptly reimburse the Adviser for reasonable out-of-pocket expenses incurred in connection with the attendance of the Adviser Representative, on behalf of the Adviser, at Board meetings, provided that the Adviser shall provide appropriate documentation of all expenses, all in accordance with the Company's standard practices.

6. Indemnification. In the performance of services, the Adviser shall, and shall cause the Adviser Representative to, be obligated to act only in good faith, and neither the Adviser nor the Adviser Representative shall be liable to the Company for errors in judgment that are not the result of intentional misconduct. The Company agrees to indemnify and hold harmless the Adviser and the Adviser Representative from and against any and all losses, claims, expenses, damages or liabilities, joint or several, (including the costs of any investigation and all reasonable attorneys' fees and costs) to which the Adviser or the Adviser Representative may become subject or incurred by the Adviser or the Adviser Representative, to the fullest extent lawful, in connection with any pending or threatened litigation, legal claim or proceeding arising out of or in connection with the services rendered by the Adviser or the Adviser Representative under this Agreement; *provided, however*, that the foregoing indemnity shall not apply to any such losses, claims, related expenses, damages or liabilities arising out of the Adviser's or the Adviser Representative's intentional misconduct, fraud, or material breach of this Agreement. The terms and provisions of this Section 6 shall survive termination or expiration of this Agreement.

7. Confidential Information.

7.1 As used in this Agreement, "**Confidential Information**" means any and all information furnished, in any medium, or disclosed in any form or method, including orally, by the Company to the Adviser or the Adviser Representative during the term of this Agreement, or discovered by the Adviser or the Adviser Representative through any means, including observation, including, but not limited to, Board Materials; information about the Company's employees, officers, directors, suppliers, customers, affiliates, businesses and business relationships; financial data, financial projections, business plans, capabilities, trade secrets, and such other information normally understood to be

confidential or otherwise designated as such in writing by the Company, as well as information discerned from, based on or relating to any of the foregoing which may be prepared or created by the Adviser or the Adviser Representative. Confidential Information shall not include:

- (i) information that is publicly available as of the date of this Agreement; or
- (ii) information that subsequently becomes publicly available or generally known in the industry through no fault of the Adviser or the Adviser Representative, provided that such information shall be deemed Confidential Information until such time as it becomes publicly available or generally known.

7.2 The Adviser shall, and shall cause the Adviser Representative to, retain all Confidential Information in confidence and comply with any and all procedures adopted from time to time to protect and preserve the confidentiality of any Confidential Information. The Adviser shall not, and shall cause the Adviser Representative not to, at any time, during or after the term of this Agreement, directly or indirectly, (i) divulge any Confidential Information, in whole or in part, to any Person other than (A) the Adviser Representative in connection with the Adviser's performance of services under this Agreement (it being understood the Adviser will be responsible for any breach of this Section 7 by the Adviser Representative), (B) Resolute (which information shall, for the avoidance of doubt, be subject to the confidentiality obligations applicable to Resolute under the Management Agreement) or (C) with the consent of the Company, or (ii) use or permit the use of any Confidential Information, except as required by the Adviser's services under this Agreement. Adviser agrees to employ, and to cause the Adviser Representative to employ, reasonable steps to protect Confidential Information from unauthorized or inadvertent disclosure. Upon expiration or termination of this Agreement and upon the Company's request during the term of this Agreement, the Adviser shall, and shall cause the Adviser Representative to, promptly destroy, or return at the Company's option and expense, any and all tangible Confidential Information (whether written or electronic) to the Company, including all copies, abstracts or derivatives thereof.

7.3 The Adviser recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Adviser agrees, on behalf of itself and the Adviser Representative, that, during the term of this Agreement and thereafter, the Adviser and the Adviser Representative owe the Company and such third parties a duty to, and the Adviser further agrees to cause the Adviser Representative to, (i) hold all such confidential or proprietary information in the strictest confidence, (ii) not disclose it to any person, firm or corporation and (iii) not use it except as necessary in carrying out the services for the Company under this Agreement consistent with the Company's agreement with such third party.

7.4 The terms and provisions of this Section 7 shall survive termination or expiration of this Agreement.

8. Restrictions on Trading in the Company's Stock. The Adviser, on behalf of itself and the Adviser Representative, acknowledges and agrees that the Adviser and the Adviser Representative will be subject to the provisions of the Company's Insider Trading Policy, as in effect from time to time (the "**Insider Trading Policy**"), and will be a "Covered Person" as defined in the Insider Trading Policy. In addition, the Adviser, on behalf of itself and the Adviser Representative, acknowledges and agrees that the Adviser and the Adviser Representative will be subject to the blackout periods applicable to "Access Persons" as defined in the Insider Trading Policy and pre-clearance of trades required of Access Persons, in each case, under the Insider Trading Policy. The Adviser, on behalf of itself and the Adviser Representative, further acknowledges and agrees that the foregoing restrictions will apply to the Adviser Representative's family members and the Adviser's and the Adviser Representative's respective controlled entities.

9. Publicity. Each of the Company and Resolute shall have the right to use the name, biography and photo of the Adviser Representative on their respective websites, and in their respective marketing and advertising materials during the term of this Agreement.

10. Other Relationships. The Company acknowledges that the Adviser Representative may serve as an officer or director of other companies. During the term of this Agreement, the Adviser shall provide the Company with prior written notice of any changes in the Adviser's and/or the Adviser Representative's respective affiliations and of any changes in circumstances that could raise a potential conflict of interest as provided in the Company's Code of Conduct, as in effect from time to time.

11. Authority; No Conflicts. Each party respectively represents and warrants that it has all requisite power and authority to enter into this Agreement and that the execution, delivery and performance of this Agreement does not and will not result in any violation of, be in conflict with, or constitute a default under any agreement or other instrument to which such party is bound.

12. Notices. All notices and all other communications hereunder shall be in writing and shall be deemed given if delivered personally or sent by registered or certified mail, postage prepaid (return receipt requested), sent by facsimile (receipt of which is confirmed) or sent by a nationally recognized overnight courier (receipt of which is confirmed) to a party at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Adviser: the address set forth on the signature page.

If to the Company:

CompoSecure, Inc.
309 Pierce Street
Somerset, NJ 08873
Attention: Corporate Secretary
Email:

If to Resolute:

Resolute Holdings Management, Inc.
445 Park Avenue, Suite 15F
New York, NY 10022
Attention: Thomas R. Knott
Email:

Each such notice or other communication shall be effective at the time of receipt if delivered personally or sent by facsimile (with receipt confirmed) or nationally recognized overnight courier (with receipt confirmed), or three (3) business days after being mailed, registered or certified mail, postage prepaid, return receipt requested.

13. Parties in Interest. This Agreement is made solely for the benefit of the Adviser, Resolute and the Company, and no other person shall acquire or have any right under or by virtue of this Agreement, except for the Adviser Representative who shall have the rights with respect to Options that are expressly provided to him under Sections 4.2 and 4.3 hereof.

14. Entire Agreement; Amendments; Severability; Counterparts; Construction of Agreement. This Agreement constitutes the entire agreement and understanding of the parties, and supersedes any and all previous agreements and understandings, whether oral or written, among the parties with respect to the matters set forth in this Agreement. No provision of this Agreement may be amended, modified or waived, except in a writing signed by the parties. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision, and if any restriction in this Agreement is found by a court to be unreasonable or unenforceable, then such court may amend or modify the restriction so it can be enforced to the fullest extent permitted by law. This Agreement may be executed by electronic signature in any number of counterparts, each of which together shall constitute one and the same instrument. No provision of this Agreement shall be construed against any party as the

drafter thereof. The titles of the Sections of this Agreement are for convenience of reference only and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any of its provisions.

15. **Governing Law; Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of Delaware, without giving effect to conflict of law principles that would result in the application of any other jurisdiction's laws. Any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement will be brought or otherwise commenced only in the Court of Chancery of the State of Delaware (or, only if such court declines to accept jurisdiction over a particular matter, then in the United States District Court for the District of Delaware or, if jurisdiction is not then available in the United States District Court for the District of Delaware (but only in such event), then in any court sitting in the State of Delaware) and any appellate court from any of such courts (in any case, the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country. Each party hereto agrees to the entry of an order to enforce any resolution, settlement, order or award made pursuant to this Section 15 by the Delaware Court and in connection therewith hereby irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action or proceeding, any claim that it is not subject personally to the jurisdiction of the Delaware Court, that its property is exempt or immune from attachment or execution, that the action or proceeding is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the Delaware Court. Each party hereto hereby agrees to receive service of process in the same manner as any notice is to be provided under Section 12 hereof or any other manner permitted by applicable law.

16. **Works.** The Advisor acknowledges, on behalf of itself and the Adviser Representative, that the Advisor's and the Adviser Representative's work on and contributions to documents, programs, methodologies, protocols and other expressions in any tangible medium (including, without limitation, all business ideas and methods, inventions, innovations, developments, procedures or processes, market research, databases and other works of authorship) which have been or will be prepared by the Advisor or the Adviser Representative, or to which the Advisor or the Adviser Representative has contributed or will contribute, in connection with the services rendered to the Company by the Advisor or the Adviser Representative under this Agreement (collectively, "**Works**"), are and will be within the scope of the Adviser's engagement hereunder and part of the Adviser's and the Adviser Representative's duties and responsibilities. The Adviser agrees, on behalf of itself and the Adviser Representative, that the Adviser hereby assigns, grants and delivers, and the Adviser further agrees that it shall cause the Adviser Representative to assign, grant and deliver, exclusively and throughout the world to the Company all rights, titles and interests in and to any such Works.

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPOSECURE, INC.

By: /s/ Jonathan C. Wilk
Name: Jonathan C. Wilk
Title: Chief Executive Officer

RESOLUTE HOLDINGS MANAGEMENT, INC.

By: /s/ Thomas R. Knott
Name: Thomas R. Knott
Title: Chief Executive Officer

FRADIN CONSULTING, LLC

By: /s/ Roger Fradin
Name: Roger Fradin
Title: Authorized Person

[Signature page to Board Adviser Agreement]

COMPOSECURE, INC.
OPTION CONVERSION PROGRAM FOR DIRECTORS

1. Introduction

1.1 **Purpose.** The purpose of the Program is to provide Directors with the opportunity to convert all or a portion of their Compensation into an Option Award under the Equity Plan. This Program restates the Prior Program in its entirety and, except with respect to awards that have already been converted or deferred under the Prior Program, after the Effective Date, the Prior Program shall have no force and no further conversions or deferrals shall be permitted under the Prior Program. For the avoidance of doubt, any Compensation previously converted into restricted stock unit awards and any restricted stock unit awards deferred under the Prior Program shall remain outstanding until settled in accordance with the provisions of the Prior Program.

1.2 **Equity Plan.** Option Awards made under Section 4 shall be issued under the Equity Plan and shall be subject to the Equity Plan's terms, and each Share issued pursuant to an exercised Option Award shall be drawn from the Share reserve under the Equity Plan.

1.3 **Effective Date.** The Program shall be effective on October 1, 2024 (the "**Effective Date**").

2. Definitions

2.1 "**Administrator**" means the Compensation Committee of the Board or those persons or bodies to whom administration of the Program, or part of the Program, has been delegated as permitted by applicable law and in accordance with the Program.

2.2 "**Affiliate**" means a Parent, a Subsidiary, or any corporation or other Entity that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

2.3 "**Award Agreement**" means a written or electronic agreement between the Company and a Participant documenting the terms and conditions of an Option Award. The term "Award Agreement" will also include any other written agreement between the Company and a Participant containing additional terms and conditions of, or amendments to, an award.

2.4 "**Board**" means the Board of Directors of the Company.

2.5 "**Code**" means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

2.6 "**Company**" means CompoSecure, Inc., a Delaware corporation, and any successor.

2.7 "**Compensation**" means cash compensation Directors earn for services to the Board.

2.8 "**Director**" means a Non-Employee Director based in the U.S. who is a "Covered Director" as defined in the Company's Non-Employee Director Compensation Policy.

2.9 “**Disability**” means, unless the applicable Award Agreement provides otherwise, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. The determination of whether an individual has a Disability shall be determined under procedures established by the Administrator.

2.10 “**Effective Date**” shall have the meaning set forth in Section 1.3.

2.11 “**Entity**” means a corporation, partnership, limited liability company, or other entity.

2.12 “**Equity Plan**” means the CompoSecure, Inc. 2021 Incentive Equity Plan, as may be amended from time to time, or any successor plan.

2.13 “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

2.14 “**Non-Employee Director**” means a member of the Board who is not an employee of the Company or any Affiliate, and who satisfies the requirements of a “non-employee director” within the meaning of Section 16 of the Exchange Act.

2.15 “**Option Award**” means a stock option award granted under the Equity Plan including, for the avoidance of doubt, an Option Award that is made under Section 4.

2.16 “**Option Election**” shall have the meaning set forth in Section 4.1.

2.17 “**Option Election Form**” means a form on which a Director may make an Option Election as provided by the Administrator.

2.18 “**Parent**” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.19 “**Participant**” means a Director who elects to participate in the Program by making an Option Election.

2.20 “**Prior Program**” means the CompoSecure, Inc. RSU Conversion and Deferral Program for Directors.

2.21 “**Program**” means the CompoSecure, Inc. Option Conversion Program for Directors, as may be amended from time to time, as set forth in this document.

2.22 “**Share**” means each share of the Company’s Class A common stock.

2.23 “**Subsidiary**” means any Entity (other than the Company) in an unbroken chain of Entities beginning with the Company if each of the Entities other than the last Entity in the unbroken chain owns equity possessing fifty percent (50%) or more of the total combined voting power of all classes of equity in one of the other Entities in such chain.

3. Eligibility

Directors are eligible to participate in the Program. Any individual who ceases to be eligible to participate in the Program shall continue to be a Participant with respect to Compensation previously converted into any Option Awards hereunder until all Shares subject to such Option Awards are completely issued to the Participant in accordance with the Program or the Option Award expires, as applicable. By making an Option Election, the Director shall for all purposes be deemed conclusively to have consented to the provisions of the Program and the Equity Plan.

4. Election to Convert Compensation Into Option Award

4.1 **Option Election.** A Director may elect to convert all or a portion of the Director's Compensation for services performed during the period from the Company's annual meeting for the year for which the Option Election is to be effective to the date of the Company's next annual meeting (the "**Option Election Period**") into an Option Award ("**Option Election**"), by properly completing and filing an Option Election Form in the manner specified by the Administrator. Each Option Election shall specify the percentage of Compensation that shall be converted into an Option Award, in the following increments: twenty-five percent (25%), fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%). Each Option Election shall become irrevocable immediately following the applicable deadline for making an Option Election under Section 4.2 and cannot be modified for any reason thereafter. Unless otherwise specified by the Administrator, an Option Election will apply with respect to Compensation payable for services performed in the Option Election Period specified in the Option Election Form and all subsequent Option Election Periods unless revoked or modified by the Director by the deadline specified in Section.

4.2 Timing of Option Election.

4.2.1 Generally, an Option Election must be made during the thirty (30)-day period immediately preceding the Company's annual meeting for the year for which the Option Election is to be effective, or at such earlier time as may be set by the Administrator in its sole discretion.

4.2.2 If an individual first becomes eligible to participate in the Program (including in connection with the adoption of the Program on the Effective Date) during an Option Election Period, the individual may make an Option Election for services performed in that Option Election Period. Such election shall be made on or before the date that is 30 days after the date on which the individual first becomes eligible to participate in the Program. The Option Election shall be irrevocable and shall apply only to Compensation earned for any calendar quarter that begins after the later of (a) the Effective Date, or (b) the date on which the Option Election Form is received by the Administrator.

4.3 **Effect of Option Election.** On the first trading day of the Option Election Period to which the Option Election relates or, with respect to an individual who first becomes eligible to participate in the Program during an Option Election Period, on the first trading day following the date on which such individual's Option Election is made, the Compensation subject to the Option Election shall be converted from cash into an Option Award by converting the Compensation subject to the Option Election into an Option Award with an equivalent Fair Market Value as determined by the Administrator, in its sole discretion, on such date, and the Option Award shall be issued as of such date. The Administrator has historically utilized the Black-Scholes option pricing model based upon information available at the time of grant to determine the "Fair Market Value" of an Option Award.

4.4 **Vesting of Option Award.** Unless otherwise specified by the Administrator in an Award Agreement, the Option Award shall be subject to the same vesting terms applicable to the Option Awards in the Company's Non-Employee Director Compensation Policy.

4.5 **Option Award Subject to Terms of Equity Plan.** Option Awards made under this Section 4 shall be issued under the Equity Plan. As such, Option Awards and any Award Agreements governing them are subject to the Equity Plan's terms, including, by way of example and not limitation, the Equity Plan's terms regarding tax withholding, restrictions on awards and Shares (including clawback/recovery), and corporate events.

5. Exercise of Option Awards Following Certain Events

5.1 **Exercise Following Termination of Service.** A Participant's Option Awards shall remain exercisable by the Participant until the earlier of (x) six (6) months following the date of the Participant's termination of service and (y) the expiration date set forth in the applicable Award Agreement. The Administrator, in its sole discretion, shall determine whether a Participant has terminated from service and the effective date of such termination.

5.2 **Exercise Following Disability or Death.** Notwithstanding Section 5.1, upon the Participant's termination of service due to Disability or death, all Option Awards shall remain exercisable by the Participant (or the Participant's beneficiary under Section 5.4, as applicable) until the earlier of (x) twelve (12) months following the date of such Participant's termination of service and (y) the expiration date set forth in the applicable Award Agreement.

5.3 **Exercise Following a Change of Control.** Notwithstanding Section 5.1, upon the occurrence of a Change of Control (as defined in the Equity Plan), unless otherwise determined by the Administrator prior to or in connection with such Change of Control, all Option Awards shall remain exercisable by the Participant (or the Participant's beneficiary under Section 5.4, as applicable) until the expiration date set forth in the applicable Award Agreement.

5.4 **Beneficiary.** A Participant may designate a beneficiary and a contingent beneficiary in the form and manner specified by the Administrator. Any beneficiary designation hereunder shall remain effective until properly changed or revoked. A beneficiary designation may be changed by the Participant at any time before the Participant's death by filing a new designation in writing with the Administrator. If the Participant dies without having designated a beneficiary in accordance with this Section 5.4, or if the Participant dies and the beneficiary so designated by the Participant has predeceased the Participant or otherwise ceased to exist, then the Participant's surviving spouse, or if none, the Participant's estate shall be deemed to be the beneficiary.

5.5 **Modification of Exercise Periods.** The periods set forth in Sections 5.1, 5.2 and 5.3 above may be [extended][modified] by the Executive Chairman of the Company.

6. Nature of Participant's Interest Under the Program

6.1 **No Right to Assets.** Participation in the Program does not create, in favor of any Participant, any right or lien in or against any asset of the Company. Nothing contained in the Program, and no action taken under its provisions, will create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and a Participant or any other person. The Company's promise to pay benefits under the Program will at all times remain unfunded as to each Participant, whose rights under the Program are limited to those of a general and unsecured creditor of the Company.

6.2 **No Right to Transfer Interest.** Rights to benefits payable under the Program are not subject in any manner to alienation, sale, transfer, assignment, pledge, or encumbrance. However, the Administrator may recognize the right of an alternate payee named in a domestic relations order to receive all or part of a Participant's benefits under the Program, but only if (a) the domestic relations order would be a "qualified domestic relations order" within the meaning of Section 414(p) of the Code (if Section 414(p) applied to the Program), (b) the domestic relations order does not attempt to give the alternate payee any right to any asset of the Company, (c) the domestic relations order does not attempt to give the alternate payee any right to receive payments under the Program at a time or in an amount that the Participant could not receive under the Program, and (d) the amount of the Participant's benefits under the Program are reduced to reflect any payments made or due to the alternate payee.

6.3 **No Service Rights.** No provisions of the Program and no action taken by the Company or the Administrator will give any person any right to be retained in the service of the Company, and the Company specifically reserves the right and power to terminate the service of any Participant for any reason or no reason and at any time.

7. Administration, Interpretation, and Modification of Program

7.1 **Program Administrator.** The Administrator will administer all aspects of the Program. The Administrator's powers include, but are not limited to, the power to adopt rules consistent with the Program, the power to decide all questions relating to the interpretation of the terms and provisions of the Program, and the power to resolve all other questions arising under the Program (including, without limitation, the power to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision). The Administrator has full discretionary authority to exercise each of the foregoing powers. Notwithstanding the foregoing, with respect to an Option Award, the authority to interpret and apply the terms of the Equity Plan and any applicable Award Agreement (including the determination of the extent to which the foregoing provisions are applicable) reside in the person(s) so authorized under the Equity Plan's terms.

7.2 **Incapacity.** If the Administrator determines that any Participant entitled to benefits under the Program is unable to care for his or her affairs because of illness or accident, any payment due (unless a duly qualified guardian or other legal representative has been appointed) may be paid for the benefit of such Participant to his or her spouse, parent, brother, sister, or other party deemed by the Administrator to have incurred expenses for such Participant.

7.3 **Amendment, Suspension, and Termination.** The Administrator has the right by written resolution to amend, suspend, or terminate the Program at any time, provided, that no amendment, suspension, or termination that reduces the benefits to which a Participant is entitled under the Program will apply to a Director who, at the time the amendment is adopted, already is a Participant without his or her express written consent. Notwithstanding the foregoing, the Administrator may amend the Program at any time to the extent necessary to comply with Section 409A of the Code, provided that, to the extent possible, such amendment does not reduce the benefits of a Participant.

7.4 **Power to Delegate Authority.** The Administrator may, in its sole discretion, delegate to any person or persons all or part of its authority and responsibility under the Program.

7.5 **Headings.** The headings used in this document are for convenience of reference only and may not be given any weight in interpreting any provision of the Program.

7.6 **Severability.** If an arbitrator or court of competent jurisdiction determines that any term, provision, or portion of the Program is void, illegal, or unenforceable, the other terms,

provisions, and portions of the Program will remain in full force and effect, and the terms, provisions, and portions that are determined to be void, illegal, or unenforceable will either be limited so that they will remain in effect to the extent permissible by law, or such arbitrator or court will substitute, to the extent enforceable, provisions similar thereto or other provisions, so as to provide to the Company, to the fullest extent permitted by applicable law, the benefits intended by the Program.

7.7 Governing Law. The Program will be construed, administered, and regulated in accordance with the laws of Delaware (excluding any conflicts or choice of law rule or principle), except to the extent that those laws are preempted by federal law.

7.8 Complete Statement of Program. The Program contains a complete statement of its terms. A Participant's right to any benefit of a type provided under the Program will be determined solely in accordance with the terms of the Program. No other evidence, whether written or oral, will be taken into account in interpreting the provisions of the Program. Notwithstanding the preceding provisions of this Section 7.8, for purposes of determining the Option Award due to a Participant, the Program will be deemed to include the applicable terms of the Equity Plan and any applicable Award Agreement.

7.9 Compliance with Section 409A of the Code. The Program will be interpreted to the greatest extent possible in a manner that makes the Program and the benefits hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. To the extent Section 409A of the Code is applicable, (a) distributions shall only be made in a manner and upon an event permitted under Section 409A of the Code, (b) payments to be made upon a termination of service shall only be made upon a "separation from service" under Section 409A of the Code, and (c) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A of the Code. In no event will any Participant have a right to payment or reimbursement or otherwise from the Company or its Affiliates, or their successors or assigns, for any taxes imposed or other costs incurred as a result of Section 409A of the Code.

February 28, 2025

Mr. David M. Cote
By email

Dear David:

In connection with the spin-off (the “Spin-Off”) of Resolute Holdings Management, Inc. (“Resolute Holdings”) to shareholders of CompoSecure, Inc. (“CompoSecure”), I am pleased to confirm our offer to you to become the Executive Chairman of Resolute Holdings and assume the roles and positions described below. Following the Spin-Off, your employment will transfer to Resolute Holdings, while you continue to provide services and dedicate time to CompoSecure in your current role as Executive Chairman and Co-Chief Investment Officer. The effective date of your employment with Resolute Holdings will be the effective date of the Spin-Off (the “Effective Date”), subject to the terms and conditions of this amended and restated letter agreement (this “letter”). You will also serve as a director on the board of directors of Resolute Holdings (the “Resolute Board”) and will remain a director on the board of directors of CompoSecure (the “CompoSecure Board”). “Company,” as used in this letter, refers to CompoSecure, with respect to any services provided to CompoSecure and its subsidiaries, and Resolute Holdings, with respect to any services provided to Resolute Holdings and its subsidiaries, as applicable.

ROLES, DUTIES & RESPONSIBILITIES

You will have duties, responsibilities and obligations customarily assigned to similarly situated executives at comparable businesses, as reasonably and mutually determined by you and the CompoSecure Board or the Resolute Board, as applicable. You will report to the CompoSecure Board or the Resolute Board, as applicable.

During the Term (as defined in Exhibit A), your principal office will be based in Anna Maria, FL.

You will continue to be entitled to the following compensation and benefits package, as approved by the Compensation Committee of the Resolute Board.

COMPENSATION

Base Salary. As of the Effective Date, your annual base salary will be \$750,000, which will be paid by Resolute Holdings.

Annual Bonus. You will be eligible, in the discretion of the Resolute Board, to receive an annual performance-based bonus with a target of 125% of base salary, which will be paid by Resolute Holdings; eligibility for the annual performance-based bonus started when you initially commenced employment with CompoSecure.

Annual Equity Awards. The equity grant in the form of options to purchase common stock of CompoSecure (the “Options”) that you received in connection with your offer of employment with CompoSecure will continue to vest under the terms of the CompoSecure, Inc. 2021 Incentive Equity Plan (as amended) and the applicable option award agreement in connection with your consultant and advisor services to CompoSecure, Inc. The vesting of the Options will accelerate upon a termination of service without Cause, a termination due to death or disability or resignation for Good Reason (each, as defined in Exhibit A hereto); provided, however, that the transfer of your employment to Resolute Holdings pursuant to this letter shall not be deemed a

termination of service for purposes of the accelerated vesting or forfeiture under the applicable option award agreement and shall be adjusted as further described in the Separation and Distribution Agreement by and between CompoSecure and Resolute Holdings. You will remain eligible for annual grants of Options or other equity incentive awards as determined by CompoSecure or Resolute Holdings, as applicable.

You will not be entitled to any additional compensation with respect to your service as a director on the CompoSecure Board or the Resolute Board.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits:

- *Benefits:* You will be eligible to participate in substantially the same plans and programs made available by CompoSecure prior to the Spin-Off, and Resolute Holdings following the Spin-Off, to its employees generally from time to time in accordance with their terms.
- *Vacation:* You will be entitled to four weeks of paid vacation per calendar year.
- *Severance:* You will not be entitled to any severance cash payments or benefits following termination of your employment for any reason.
- *Expenses:* You will be reimbursed for your validly incurred reasonable business expenses upon the proper completion and timely submission of requisite forms and receipts to the Company in accordance with the Company's business expense reimbursement policy.

CONFIDENTIALITY & INTELLECTUAL PROPERTY

Disclosure of Confidential Information. You agree that you will, and will direct your attorneys, accountants, auditors, trustees, consultants, trustees, affiliates, advisors and family members (collectively, "Representatives"), as applicable, who have access to Confidential Information (as defined in Exhibit A hereto) to keep strictly confidential and not disclose any Confidential Information without the express consent of the Company, unless one or more of the following circumstances applies, in which case, you will, and will direct your Representatives to, disclose only the amount of Confidential Information required to be disclosed in order to satisfy such circumstance(s):

- (i) such disclosure will be required by applicable law, governmental rule or regulation, court order, administrative or arbitral proceeding or by any bank or insurance regulatory authority having jurisdiction over such party;
- (ii) such disclosure is requested by a governmental authority;
- (iii) such disclosure is reasonably required in connection with any tax audit involving the Company or any of its affiliates; or
- (iv) such disclosure is reasonably required in connection with any litigation against or involving the Company or any of its affiliates.

You acknowledge and agree that Confidential Information may be used by you and your Representatives only in connection with matters of the Company.

Notwithstanding anything to the contrary herein, nothing in this letter will prohibit you from (i) making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the

provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, (ii) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination, and (iii) disclosing any trade secret (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law or (B) in a complaint or other document that is filed under seal in a lawsuit or other proceeding; nothing herein will require notification to, or prior approval by, the Company of any reporting described in the preceding clauses (i), (ii) and (iii).

Works. You acknowledge that your work on and contributions to documents, programs, methodologies, protocols and other expressions in any tangible medium (including, without limitation, all business ideas and methods, inventions, innovations, developments, procedures or processes, market research, databases and other works of authorship) which have been or will be prepared by you, or to which you have contributed or will contribute, in connection with your services to CompoSecure or Resolute Holdings (collectively, "Works"), are and will be within the scope of your employment and part of your duties and responsibilities. You agree that you hereby assign, grant and deliver exclusively and throughout the world to Resolute Holdings all rights, titles and interests in and to any such Works.

RESTRICTIVE COVENANTS

Investment Opportunities. You hereby agree that if an investment opportunity is presented to you and you believe in good faith such investment opportunity may be appropriate for the Company and/or its affiliates, then you will first offer such investment opportunity to the Company and/or its affiliates, and not pursue such investment opportunity unless the Company affirmatively declines to pursue such investment opportunity. You hereby agree that following your permanent disability, voluntary retirement or departure from the Company, you will not pursue any such transaction or investment opportunity or any other transaction or investment opportunity that you became aware of or that was otherwise discussed prior to the effective date of such departure.

ADDITIONAL PROVISIONS

Section 409A. The intent of the parties is that the payments and benefits under this letter comply with or be exempt from Section 409A of the Internal Revenue Code of 1986 (the "Code") and the regulations and guidance promulgated thereunder (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this letter will be interpreted to be in compliance therewith. You agree that you will be solely responsible and liable for the satisfaction of all taxes, interest and penalties that may be imposed on you or for your account in connection with any payment or benefit under this letter (including any taxes, interest and penalties under Section 409A), and the Company will not have an obligation to indemnify or otherwise hold you (or any beneficiary successor or assign) harmless from any or all such taxes, interest or penalties.

Section 280G. If a change in control of the Company occurs and any payment or benefit made under this letter or any other agreements providing you rights to compensation or equity would constitute a "parachute payment" within the meaning of Section 280G of the Code, each payment or benefit will be reduced to the maximum amount that does not trigger the excise tax under Section 4999 of the Code unless you would be better off (on an after-tax basis) receiving all payments and benefits and paying all excise and income taxes.

Withholding Taxes. Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this letter such federal, state and local income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

Cooperation. You agree that upon termination of employment for any reason, you will reasonably cooperate in assuring an orderly transition of all matters being handled by you and will assist in any litigation proceedings if reasonably requested by the Company.

Representations. In accepting this letter, you represent as follows: (i) you are not subject to any employment agreement or non-compete obligation that would preclude the Company from employing or engaging you in your position; (ii) you will not disclose to the Company or otherwise use any trade secrets or proprietary information from your prior places of employment, other than those trade secrets transferred from CompoSecure to Resolute Holdings in connection with the Spin-Off; and (iii) you will not refer to or otherwise solicit for employment at the Company any former coworkers or others in contravention of any non-solicitation obligations still in effect.

Counterparts. This letter may be executed in any number of counterparts, each of which will be deemed an original as against any party whose signature appears thereon, and all of which together will constitute one and the same instrument.

Modification. This letter may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this letter, which agreement is executed by both of the parties hereto.

Governing Law. This letter will be governed by and construed in accordance with the laws of the United States and the State of Delaware applicable to contracts made and to be performed wholly therein, and without regard to the conflicts of laws principles that would result in the application of the laws of another jurisdiction.

Entire Agreement. This letter supersedes all prior and contemporaneous oral or written, express or implied understandings or agreements regarding your employment or engagement with the Company or any of its affiliates, and contains the entire agreement between you and the Company regarding your employment or engagement with the Company.

[Remainder of this page is intentionally left blank.]

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by signing this letter in the space provided and returning it via Adobe.

RESOLUTE HOLDINGS MANAGEMENT, INC.

/s/ Thomas R. Knott
Thomas R. Knott
Chief Executive Officer

COMPOSECURE, L.L.C.

/s/ Jonathan Wilk
Jonathan Wilk
Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ David M. Cote
David M. Cote

February 28, 2025

Date

Signature Page to Offer Letter

EXHIBIT A
DEFINITIONS

“Cause” will mean:

- (i) your conviction (after all appeals have been exhausted), guilty plea, or plea of *nolo contendere* of or to, a felony charge;
- (ii) your conviction (after all appeals have been exhausted), guilty plea, or plea of *nolo contendere* of or to, a crime involving fraud or embezzlement that causes material harm to Resolute Holdings or its stockholders; or
- (iii) willful and continued abuse or neglect of your position that exists for thirty (30) days after a majority of the Resolute Board delivers to you written demand that such abuse or neglect by you of your position cease and desist, where such written demand specifically identifies the manner in which such majority of the Resolute Board believes that you have so abused or neglected your position.

For purposes hereof, no act or failure to act on your part will be considered “willful abuse or neglect” unless done or omitted to be done by you in bad faith or without a reasonable belief that such act or omission was consistent with your responsibilities and in the best interest of Resolute Holdings.

“Confidential Information” will mean all non-public information concerning the Company, its subsidiaries and affiliates and their respective investment advisors and/or consultants, or any past and present officers, directors, partners, members, shareholders, employees, business partners, attorneys, representatives, agents, predecessors, successors and assigns of the foregoing, in each case, in whatever form such information is received, which includes, without limiting the generality of the foregoing, information that is stored in documents, text, text messages, pictures, videos or voice recordings. Confidential Information includes, but is not limited to, the following:

- (i) performance of the businesses managed by the Company and its subsidiaries and/or affiliates, the strategies or techniques utilized by the foregoing, and the substance of any conversations concerning the analysis undertaken, actions taken or opinions expressed by personnel of the foregoing;
- (ii) compensation of personnel of the Company and its subsidiaries and/or affiliates and financial information with respect to any of the foregoing;
- (iii) proprietary technology, uses and techniques utilized within the Company and its subsidiaries and/or affiliates, including source code, related algorithms, the form and format of output and their use and application within the Company and its subsidiaries and/or affiliates;
- (iv) training materials developed by and/or provided to the Company and its subsidiaries and/or affiliates;
- (v) the financial performance of the Company and its subsidiaries and/or affiliates, including their respective revenues, expenses and earnings (to the extent not publicly disclosed);
- (vi) any “trade secret” (as defined by applicable state law); and
- (vii) any other information that you acquire as a result of your employment and that you have a reasonable basis to believe the Company would not want disclosed to a competitor, the general public or any person that is not an employee of the Company and its subsidiaries and/or affiliates.

Confidential Information will not include information that (x) is already available through publicly available sources of information (other than as a result of disclosure by you in violation of this letter); (y) was available to

you on a non-confidential basis prior to its disclosure; or (z) becomes available to you on a non-confidential basis from a third-party.

“Good Reason” means any of the following actions taken by Resolute Holdings without your express written consent:

- (i) any material reduction in your annual base salary, annual bonus opportunity or total compensation opportunity;
- (ii) any material diminution of your duties, responsibilities, authority, positions or titles;
- (iii) Resolute Holdings requiring you to be based at any location more than a 30 mile radius from your primary office for Resolute Holdings; or
- (iv) any material breach by Resolute Holdings of any material term or provision of this letter;

provided, however, that none of the events described in the foregoing clauses will constitute Good Reason unless you have notified Resolute Holdings in writing describing the events that constitute Good Reason within 30 calendar days following the first occurrence of such events and then only if Resolute Holdings fails to cure such events within 30 calendar days after the receipt of such written notice, and you will have terminated your employment with Resolute Holdings promptly following the expiration of such cure period.

“Term” will mean the period starting on the Effective Date and ending upon termination of your employment by you or by Resolute Holdings for any reason.

February 28, 2025

Mr. Thomas R. Knott

By email

Dear Thomas:

In connection with the spin-off (the “Spin-Off”) of Resolute Holdings Management, Inc. (“Resolute Holdings”) to shareholders of CompoSecure, Inc. (“CompoSecure”), I am pleased to confirm our offer to you to become the Chief Executive Officer of Resolute Holdings and assume the roles and positions described below. Following the Spin-Off, your employment will transfer to Resolute Holdings, while you continue to provide services and dedicate time to CompoSecure in your current role as Chief Investment Officer. The effective date of your employment with Resolute Holdings will be the effective date of the Spin-Off (the “Effective Date”), subject to the terms and conditions of this amended and restated letter agreement (this “letter”). You will also serve as a director on the board of directors of Resolute Holdings (the “Resolute Board”) and will remain a director on the board of directors of CompoSecure (the “CompoSecure Board”). “Company,” as used in this letter, refers to CompoSecure, with respect to any services provided to CompoSecure and its subsidiaries, and Resolute Holdings, with respect to any services provided to Resolute Holdings and its subsidiaries, as applicable.

ROLES, DUTIES & RESPONSIBILITIES

You will have duties, responsibilities and obligations customarily assigned to similarly situated executives at comparable businesses, as reasonably and mutually determined by you and the CompoSecure Board or the Resolute Board, as applicable. You will report to the Executive Chairman of Resolute Holdings and the Executive Chairman and Co-Chief Investment Officer of CompoSecure, as applicable.

During the Term (as defined in Exhibit A), your principal office will be based in New York, New York.

You will continue to be entitled to the following compensation and benefits package, as approved by the Compensation Committee of the Resolute Board.

COMPENSATION

Base Salary. As of the Effective Date, your annual base salary will be \$750,000, which will be paid by Resolute Holdings.

Annual Bonus. You will be eligible, in the discretion of the Resolute Board, to receive an annual performance-based bonus with a target of 100% of base salary, which will be paid by Resolute Holdings; eligibility for the annual performance-based bonus started when you initially commenced employment with CompoSecure.

Annual Equity Awards. The equity grant in the form of options to purchase common stock of CompoSecure (the “Options”) that you received in connection with your offer of employment with CompoSecure will continue to vest under the terms of the CompoSecure, Inc. 2021 Incentive Equity Plan (as amended) and the applicable option award agreement in connection with your consultant and advisor services to CompoSecure, Inc. The vesting of the Options will accelerate upon a termination of service without Cause, a termination due to death or disability or resignation for Good Reason (each, as defined in Exhibit A hereto); provided, however,

that the transfer of your employment to Resolute Holdings pursuant to this letter, shall not be deemed a termination of service for purposes of the accelerated vesting or forfeiture under the applicable option award agreement and shall be adjusted as further described in the Separation and Distribution Agreement by and between CompoSecure and Resolute Holdings. You will remain eligible for annual grants of Options or other equity incentive awards as determined by Resolute Holdings.

You will not be entitled to any additional compensation with respect to your service as a director on the CompoSecure Board or the Resolute Board.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits:

- *Benefits:* You will be eligible to participate in substantially the same plans and programs made available by CompoSecure prior to the Spin-Off, and Resolute Holdings following the Spin-Off, to its employees generally from time to time in accordance with their terms.
- *Vacation:* You will be entitled to four weeks of paid vacation per calendar year.
- *Severance:* You will not be entitled to any severance cash payments or benefits following termination of your employment for any reason.
- *Expenses:* You will be reimbursed for your validly incurred reasonable business expenses upon the proper completion and timely submission of requisite forms and receipts to the Company in accordance with the Company's business expense reimbursement policy.

CONFIDENTIALITY & INTELLECTUAL PROPERTY

Disclosure of Confidential Information. You agree that you will, and will direct your attorneys, accountants, auditors, trustees, consultants, trustees, affiliates, advisors and family members (collectively, "Representatives"), as applicable, who have access to Confidential Information (as defined in Exhibit A hereto) to keep strictly confidential and not disclose any Confidential Information without the express consent of the Company, unless one or more of the following circumstances applies, in which case, you will, and will direct your Representatives to, disclose only the amount of Confidential Information required to be disclosed in order to satisfy such circumstance(s):

- (i) such disclosure will be required by applicable law, governmental rule or regulation, court order, administrative or arbitral proceeding or by any bank or insurance regulatory authority having jurisdiction over such party;
- (ii) such disclosure is requested by a governmental authority;
- (iii) such disclosure is reasonably required in connection with any tax audit involving the Company or any of its affiliates; or
- (iv) such disclosure is reasonably required in connection with any litigation against or involving the Company or any of its affiliates.

You acknowledge and agree that Confidential Information may be used by you and your Representatives only in connection with matters of the Company.

Notwithstanding anything to the contrary herein, nothing in this letter will prohibit you from (i) making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, (ii) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination, and (iii) disclosing any trade secret (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law or (B) in a complaint or other document that is filed under seal in a lawsuit or other proceeding; nothing herein will require notification to, or prior approval by, the Company of any reporting described in the preceding clauses (i), (ii) and (iii).

Works. You acknowledge that your work on and contributions to documents, programs, methodologies, protocols and other expressions in any tangible medium (including, without limitation, all business ideas and methods, inventions, innovations, developments, procedures or processes, market research, databases and other works of authorship) which have been or will be prepared by you, or to which you have contributed or will contribute, in connection with your services to CompoSecure or Resolute Holdings (collectively, “Works”), are and will be within the scope of your employment and part of your duties and responsibilities. You agree that you hereby assign, grant and deliver exclusively and throughout the world to Resolute Holdings all rights, titles and interests in and to any such Works.

RESTRICTIVE COVENANTS

You acknowledge and agree that you will be subject to the restrictive covenants attached hereto as Exhibit B.

ADDITIONAL PROVISIONS

Section 409A. The intent of the parties is that the payments and benefits under this letter comply with or be exempt from Section 409A of the Internal Revenue Code of 1986 (the “Code”) and the regulations and guidance promulgated thereunder (collectively, “Section 409A”) and, accordingly, to the maximum extent permitted, this letter will be interpreted to be in compliance therewith. You agree that you will be solely responsible and liable for the satisfaction of all taxes, interest and penalties that may be imposed on you or for your account in connection with any payment or benefit under this letter (including any taxes, interest and penalties under Section 409A), and the Company will not have an obligation to indemnify or otherwise hold you (or any beneficiary successor or assign) harmless from any or all such taxes, interest or penalties.

Section 280G. If a change in control of the Company occurs and any payment or benefit made under this letter or any other agreements providing you rights to compensation or equity would constitute a “parachute payment” within the meaning of Section 280G of the Code, each payment or benefit will be reduced to the maximum amount that does not trigger the excise tax under Section 4999 of the Code unless you would be better off (on an after-tax basis) receiving all payments and benefits and paying all excise and income taxes.

Withholding Taxes. Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this letter such federal, state and local income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

Cooperation. You agree that upon termination of employment for any reason, you will reasonably cooperate in assuring an orderly transition of all matters being handled by you and will assist in any litigation proceedings if reasonably requested by the Company.

Representations. In accepting this letter, you represent as follows: (i) you are not subject to any employment agreement or non-compete obligation that would preclude the Company from employing or engaging you in your position; (ii) you will not disclose to the Company or otherwise use any trade secrets or proprietary information from your prior places of employment, other than those trade secrets transferred from CompoSecure to Resolute Holdings in connection with the Spin-Off; and (iii) you will not refer to or otherwise solicit for employment at the Company any former coworkers or others in contravention of any non-solicitation obligations still in effect.

Counterparts. This letter may be executed in any number of counterparts, each of which will be deemed an original as against any party whose signature appears thereon, and all of which together will constitute one and the same instrument.

Modification. This letter may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this letter, which agreement is executed by both of the parties hereto.

Governing Law. This letter will be governed by and construed in accordance with the laws of the United States and the State of Delaware applicable to contracts made and to be performed wholly therein, and without regard to the conflicts of laws principles that would result in the application of the laws of another jurisdiction.

Entire Agreement. This letter supersedes all prior and contemporaneous oral or written, express or implied understandings or agreements regarding your employment or engagement with the Company or any of its affiliates, and contains the entire agreement between you and the Company regarding your employment or engagement with the Company.

[Remainder of this page is intentionally left blank.]

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by signing this letter in the space provided and returning it via Adobe.

RESOLUTE HOLDINGS MANAGEMENT, INC.

/s/ David M. Cote
David M. Cote
Executive Chairman

COMPOSECURE, L.L.C.

/s/ Jonathan Wilk
Jonathan Wilk
Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Thomas R. Knott
Thomas R. Knott

February 28, 2025

Date

Signature Page to Offer Letter

Signature Page to Offer Letter

EXHIBIT A
DEFINITIONS

“Cause” will mean:

- (i) your conviction (after all appeals have been exhausted), guilty plea, or plea of *nolo contendere* of or to, a felony charge;
- (ii) your conviction (after all appeals have been exhausted), guilty plea, or plea of *nolo contendere* of or to, a crime involving fraud or embezzlement that causes material harm to Resolute Holdings or its stockholders; or
- (iii) willful and continued abuse or neglect of your position that exists for thirty (30) days after a majority of the Resolute Board delivers to you written demand that such abuse or neglect by you of your position cease and desist, where such written demand specifically identifies the manner in which such majority of the Resolute Board believes that you have so abused or neglected your position.

For purposes hereof, no act or failure to act on your part will be considered “willful abuse or neglect” unless done or omitted to be done by you in bad faith or without a reasonable belief that such act or omission was consistent with your responsibilities and in the best interest of Resolute Holdings.

“Confidential Information” will mean all non-public information concerning the Company, its subsidiaries and affiliates and their respective investment advisors and/or consultants, or any past and present officers, directors, partners, members, shareholders, employees, business partners, attorneys, representatives, agents, predecessors, successors and assigns of the foregoing, in each case, in whatever form such information is received, which includes, without limiting the generality of the foregoing, information that is stored in documents, text, text messages, pictures, videos or voice recordings. Confidential Information includes, but is not limited to, the following:

- (i) performance of the businesses managed by the Company and its subsidiaries and/or affiliates, the strategies or techniques utilized by the foregoing, and the substance of any conversations concerning the analysis undertaken, actions taken or opinions expressed by personnel of the foregoing;
- (ii) compensation of personnel of the Company and its subsidiaries and/or affiliates and financial information with respect to any of the foregoing;
- (iii) proprietary technology, uses and techniques utilized within the Company and its subsidiaries and/or affiliates, including source code, related algorithms, the form and format of output and their use and application within the Company and its subsidiaries and/or affiliates;
- (iv) training materials developed by and/or provided to the Company and its subsidiaries and/or affiliates;
- (v) the financial performance of the Company and its subsidiaries and/or affiliates, including their respective revenues, expenses and earnings (to the extent not publicly disclosed);
- (vi) any “trade secret” (as defined by applicable state law); and
- (vii) any other information that you acquire as a result of your employment and that you have a reasonable basis to believe the Company would not want disclosed to a competitor, the general public or any person that is not an employee of the Company or its subsidiaries and/or affiliates.

Confidential Information will not include information that (x) is already available through publicly available sources of information (other than as a result of disclosure by you in violation of this letter); (y) was available to you on a non-confidential basis prior to its disclosure; or (z) becomes available to you on a non-confidential basis from a third-party.

“Good Reason” means any of the following actions taken by Resolute Holdings without your express written consent:

- (i) any material reduction in your annual base salary, annual bonus opportunity or total compensation opportunity;
- (ii) any material diminution of your duties, responsibilities, authority, positions or titles;
- (iii) Resolute Holdings requiring you to be based at any location more than a 30 mile radius from your primary office for Resolute Holdings; or
- (iv) any material breach by Resolute Holdings of any material term or provision of this letter;

provided, however, that none of the events described in the foregoing clauses will constitute Good Reason unless you have notified Resolute Holdings in writing describing the events that constitute Good Reason within 30 calendar days following the first occurrence of such events and then only if Resolute Holdings fails to cure such events within 30 calendar days after the receipt of such written notice, and you will have terminated your employment with Resolute Holdings promptly following the expiration of such cure period.

“Term” will mean the period starting on the Effective Date and ending upon termination of your employment by you or by Resolute Holdings for any reason.

EXHIBIT B**RESTRICTIVE COVENANTS**

1. **Non-Competition.** You hereby acknowledge and agree that you will not, at any time from the date hereof until the date that is twelve (12) months after the date on which you cease to be an employee or service provider of the Company (the “Non-Compete Period”), without the prior express written permission of the Company, directly or indirectly (either alone or jointly with or on behalf of any third party and whether on such entity’s own account or as a principal, partner, member, shareholder, director, employee, consultant, agent or independent contractor for another person): (i) engage in any manner in any business, venture or activity that competes, directly or indirectly, with any business of the Company, any of its affiliates or any of its affiliated investments (a “Competing Business”), either in the United States or in any other place in the world; (ii) render any material services unrelated to investments or investment management to a Competing Business if such services would be materially injurious to the financial condition or business reputation of the Company or its affiliates; or (iii) acquire a financial interest in any Competing Business; provided, however, that nothing in this Section 1 will prevent you from acquiring, solely as a passive investment and through market purchases, less than 2% of the outstanding equity securities of any corporation that is registered under Section 12(b) of Section 12(g) of the Securities Exchange Act of 1934, as amended, or other entity that is registered under similar applicable law in any non-U.S. jurisdiction and that is publicly traded so long as you are not part of any control group of such corporation. So that the Company may enjoy the full benefit of the covenants contained in this Exhibit B, you further agree that the Non-Compete Period will be tolled, and will not run, during the period of any breach by you of any of the covenants contained in this Exhibit B. Notwithstanding the foregoing, restrictions under this Section 1 will not apply if you are terminated by the Company without Cause or if you resign for Good Reason.

2. **Non-Solicitation.** You hereby acknowledge and agree that you will not, during the Non-Compete Period, directly or indirectly, through any third-party (including through a fund, partnership, company or similar entity), without the prior express written permission of the Company: (i) hire, solicit, recruit or induce (or attempt to hire, solicit, recruit or induce) any person (A) while he or she is an employee, partner or member of the Company and/or any of its affiliates or (B) who was an employee, partner or member of the Company and/or any of its affiliates at any time during the twelve (12) months prior to the date of termination of your employment or engagement; or (ii) encourage any such person described in this Section 2 to terminate their employment, partnership or membership with the Company and/or any of its affiliates; provided, however, that nothing in this Section 2 will prohibit you from making a general, public solicitation for employment (including via social media), or using an employee recruiting or search firm to conduct a search that does not specifically target employees or other service providers to the Company and/or its affiliates (but you will be prohibited from hiring or employing any such employee who responds to such solicitation or recruiting).

3. **Non-Disparagement.** You hereby acknowledge and agree that you will not directly or indirectly issue or communicate any public statement, or statement likely to become public, that maligns, denigrates or disparages the Company or any directors, officers or employees of the Company; provided, that you may (i) confer in confidence with your legal representatives, (ii) make truthful responses to legal process or governmental inquiry and truthful statements required to correct any inaccurate or misleading statement made by others regarding you or your employment with or other service to the Company, (iii) make normal commercial competitive-type statements in a competitive business situation not based on your employment with the Company (to the extent such business situation does not otherwise violate the terms of Sections 1 (Non-Competition) or 2 (Non-Solicitation)) and (iv) make statements in the good faith performance of your duties to the Company; provided, further, that if you violate this Section 3 and such violation does not harm the Company’s business or reputation, such violation alone will not be a breach of this Section 3.

4. **Investment Opportunities.** You hereby acknowledge and agree that if an investment opportunity is presented to you and you believe in good faith such investment opportunity may be appropriate

for the Company and/or its affiliates, then you will first offer such investment opportunity to the Company and/or its affiliates, and not pursue such investment opportunity unless the Company affirmatively declines to pursue such investment opportunity. You further acknowledge and agree that if you cease to be an employee or service provider of the Company for any reason, you will not pursue any such transaction or investment opportunity or any other transaction that you became aware of or that was otherwise discussed while you were employed or engaged by or otherwise affiliated with the Company and/or any of its affiliates.

5. **Severability.** The covenants in this Exhibit B are severable and separate, and the unenforceability of any specific covenant will not affect the provisions of any other covenant. If any provision of this Exhibit B relating to the time period, scope, or geographic area of the restrictive covenants will be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope, or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Exhibit B will automatically be considered to have been amended and revised to reflect such determination.

6. **Independent Covenants.** All of the covenants in this Exhibit B will be construed as an agreement independent of any other provisions of this Exhibit B or of the letter to which it is attached, and the existence of any claim or cause of action that you may have against the Company or any of its affiliates, whether predicated on this Exhibit B or otherwise, will not constitute a defense to the enforcement by the Company of such covenants.

7. **Reasonableness.** By executing the letter to which this Exhibit B is attached, you acknowledge that you have carefully read and considered the provisions of this Exhibit B and, having done so, agree that these restrictive covenants impose a fair and reasonable restraint on you and are reasonably required to protect the Confidential Information, business and/or goodwill of the Company, its affiliates and their respective officers, directors, employees, and equityholders.

CompoSecure, Inc.
Insider Trading Policy
Effective September 25, 2024

1. BACKGROUND AND PURPOSE

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation & integrity of CompoSecure, Inc. (the “Company”), as well as that of all persons affiliated with the Company. Insider trading occurs when any person purchases or sells a security while in possession of inside information relating to the security. The US federal and state securities laws prohibit any member of the Company’s Board of Directors, employees, or vendors/contractors of the Company from purchasing or selling Company securities on the basis of material non-public information concerning the Company. Securities include: stocks, bonds, notes, debentures, options, warrants and other convertible securities, as well as derivative instruments. “Purchase” and “Sale” are defined broadly under the federal securities law. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the exercise of stock options, and acquisitions and exercises of warrants or puts, calls or other derivative securities. It also prevents any member of the Company’s Board of Directors or any employees of the Company from disclosing material non-public information to others who might trade on the basis of that information.

These laws impose severe sanctions on individuals who violate them. In addition, the U.S. Securities and Exchange Commission, or the SEC, may impose large fines on the Company and on the Company’s directors or executive officers if insider trading occurs and the SEC believes the Company, its executive officers or directors have failed to take appropriate steps to prevent such insider trading (so-called “controlling person” liability).

The Company has adopted this Insider Trading Policy (this “Policy”) to promote compliance with these laws.

It is your obligation to understand and comply with this Policy. It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe.

2. PERSONS SUBJECT TO THE POLICY

This Policy applies to all directors, executive officers, employees, consultants and independent contractors who are subject to the Policy by means of a contract or other agreement or who are reasonably expected to be exposed to material non-public information through their relationship with the Company, independent contractors of the Company, or its affiliates and subsidiaries. This Policy also applies to your spouse, minor children, anyone else living in your household. You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in the Company or another company’s

securities about which you might have material non-public information. This Policy also applies to all entities that you, your spouse, minor children or anyone else living in your household own or beneficially control such as corporations, partnerships, trusts or other entities and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account. All persons (or, if applicable, entities) subject to this Policy as described in this paragraph are referred to herein as "Covered Persons."

The Company has also designated certain persons listed on Exhibit A hereto as "**Access Persons**." Because of such persons' likelihood to have access to material non-public information through their relationship with the Company, these Access Persons shall be subject to certain additional restrictions as described elsewhere in this Policy. The Company's General Counsel shall maintain and update the list of Access Persons from time to time as appropriate.

Covered Persons may also be liable for communicating or tipping material or non-public information to a third party ("**Tippee**"), as Covered Persons become liable for the insider trading of their Tippees.

Further, insider trading violations are not limited to trading or tipping by Covered Persons. Specifically, persons other than Covered Persons also can be liable for insider trading, including Tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information that has been misappropriated. This extension of liability is the result of the fact that Tippees inherit a Covered Person's duties and are liable for trading on material non-public information illegally tipped to them by a Covered Person. Additionally, Tippees can be liable for insider trading if they pass the information along to others who then illegally trade. In other words, a Tippee's liability for insider trading is no different from that of a Covered Person. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

3. TRADING RESTRICTIONS AND GUIDELINES

In the course of your relationship with the Company, you may have access to or become aware of material non-public information regarding the Company or other companies, including our clients, vendors, partners, or possible acquisition or merger targets. You may not:

- purchase or sell any securities of the Company while you are aware of any material non-public information concerning the Company;
- disclose to any other person any material non-public information concerning the Company if it is reasonably foreseeable that such person may use that information in purchasing or selling Company securities (This is known as "tipping");
- purchase or sell any securities of another company while you are aware of any material non-public information concerning such other company which you learned in the course of your service as a director, executive officer, employee of, or consultant or independent contractor to, the Company; or
- disclose to any other person any material non-public information concerning another company which you learned in the course of your service as a director, executive officer, employee of, or consultant or independent contractor to, the Company if it is

reasonably foreseeable that such person may use that information in purchasing or selling securities of such other company.

Trading is never permitted while you are in possession of material non-public information. There are no exceptions, even for transactions that are very small or seemingly insignificant or in the event of a personal financial emergency. The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers and dealers are required by law to inform the SEC of any possible violations by people who may have material or non-public information. The SEC aggressively investigates even small insider trading violations.

4. MATERIAL NON-PUBLIC INFORMATION

“Material non-public information” subject to this Policy has two elements: it is both “material” and “non-public.”

MATERIAL INFORMATION:

Information is “material” if a reasonable investor could consider it important in a decision to buy, sell or hold securities. Any information that could be expected to affect a company’s stock price, whether it is positive or negative, should be considered material. It is your responsibility to seek guidance where necessary to determine if the information you possess is material. Material information often arises in, but is not limited to, the circumstances listed below:

- financial results;
- projections of future earnings or losses, or forecasts or guidance;
- a change in dividend policy, the declaration of a stock split or an offering of additional securities;
- pending or proposed mergers or acquisitions;
- pending or proposed divestitures of significant subsidiaries or business units;
- pending or threatened major litigation;
- Company borrowings or financings;
- defaults on borrowings;
- a change in control;
- bankruptcies or the existence of severe liquidity problems;
- development of a significant new product, process or service;
- changes in senior management;
- quarterly bonus payout updates; and
- information related to the Company supply chain.

You should keep in mind that whether information is material depends on the specific circumstances existing at a particular point in time. Always remember that trading that receives scrutiny will be evaluated after the fact and with the benefit of hindsight.

NON-PUBLIC INFORMATION:

Information is “non-public” if it has not been disclosed to the general public. To be considered public, information must be widely disseminated in a manner making it generally available to investors and you should be able to point to some evidence that the information is widely disseminated. Information would likely not be considered widely disseminated if it is available

only to a company's employees. You should not discuss material non-public information within the hearing range of any person who is not authorized to receive that information. It is particularly important to exercise care and refrain from discussing non-public information in public places, such as elevators, trains, taxis, airplanes, lavatories, restaurants, and other places where the discussions might be overheard, as well as internet "chat rooms" or similar internet-based forums or social media platforms, and should carefully guard all material non-public information (and all devices through which such information is accessible) while in public or shared spaces. Once information is generally made available to investors, a reasonable period of time must elapse in order for the market to react to the information. Generally, two full trading days should be allowed following the public announcement of information before that information is deemed to be public and fully absorbed by the marketplace.

5. BLACKOUT PERIODS

Access Persons may not trade in Company securities during a quarterly blackout period, regardless of whether they are then actually aware of material non-public information. A quarterly blackout period is in effect with respect to each quarterly earnings announcement, beginning two weeks prior to the end of each fiscal quarter and ending upon the completion of the second full trading day after the public announcement of earnings for such quarter. A blackout period may be also established from time to time by the Board, the CEO, the CFO, or the General Counsel in light of particular events or developments affecting the Company. In addition, Access Person are prohibited from informing others who are not subject to this Section 5 that a blackout period has been imposed as a result of particular events or developments in effect.

The prohibition on purchases and sales of Company securities during blackout periods does not apply to:

1. purchases made under an employee stock purchase plan operated by the Company; provided however, that the securities so acquired may not be sold during a blackout period;
2. exercises of stock options or the surrender of shares to the Company in satisfaction of any tax withholding obligations in a manner permitted by the applicable stock option; provided however, that the securities so acquired may not be sold (either outright or in connection with a "cashless" exercise transaction) during a blackout period;
3. acquisitions or dispositions of Company common stock under the Company's 401(k) plan which are made pursuant to standing instructions not entered into or modified during a blackout period;
4. purchases of securities from the Company or sales of securities to the Company;
5. deemed dispositions or acquisitions of Company common stock resulting from organizational changes to entities through which Access Persons indirectly own such Company common stock;
6. transfers of Company common stock from transfer agent accounts to brokerage accounts without any change in beneficial ownership; and

7. purchases or sales made pursuant to a binding contract, written plan or specific instruction (a “Trading Plan”) which is adopted and operated in compliance with Rule 10b5-1; provided such Trading Plan satisfies all conditions of Rule 10b5-1, was submitted to the Company’s Compliance Officer for review and approval by the Company prior to its adoption, and was not adopted during a blackout period.

The Company will endeavor to provide training on Rule 10b5-1 Trading Plans and may engage a broker to assist in the facilitation and administration of Rule 10b5-1 Trading Plans and corresponding transactions under such Trading Plans.

6. TRADING WINDOW FOR ACCESS PERSONS SUBJECT TO BLACKOUT PERIODS

Subject to the pre-clearance procedures set forth in Section 7 below, Access Persons are permitted to trade in the Company's securities when no blackout period is in effect. Generally, this means that Access Persons can trade during the period beginning on completion of the second full trading day after the public announcement of earnings for each quarter and ending on beginning two weeks prior to the end of the next fiscal quarter. However, even during this trading window, an Access Person who is in possession of any material non-public information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Section 5 above is imposed and will re-open the trading window once the special blackout period has ended.

7. PRE-CLEARANCE OF SECURITIES TRANSACTIONS FOR ACCESS PERSONS

- a) Because Access Persons are likely to obtain material non-public information on a regular basis, the Company requires all such Access Persons to refrain from trading, even during a trading window under Section 6 above, without first pre-clearing all transactions in the Company's securities.
- b) Subject to the exemption in subsection (d) below, no Access Persons may, directly or indirectly, purchase, sell or gift any Company security at any time without first obtaining prior approval from the Compliance Officer (as designated in Section 13 below).
- c) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked or another time period is specified, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted. If the transaction does not occur during the two-day period, pre-clearance of the transaction must be re-requested.
- d) Pre-clearance is not required for purchases and sales of securities under an approved Trading Plan. With respect to any purchase or sale under an approved Trading Plan, the third party effecting transactions on behalf of the Company insider should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

8. POST-EMPLOYMENT TRANSACTIONS MAY BE PROHIBITED

The portions of this Policy relating to trading while in possession of material non-public information and the use or disclosure of that information continue to apply to transactions in Company securities even after termination of employment or association with the Company. If you are aware of material non-public information about the Company when your employment or other business relationship with the Company ends, you may not trade in Company securities or disclose the material non-public information to anyone else until that information is made public or becomes no longer material.

9. OTHER PROHIBITED TRANSACTIONS

1. Short Sales. Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy. In addition, Section 16 of the Securities and Exchange Act of 1934 (the "Exchange Act") expressly prohibits executive officers and directors from engaging in short sales.
2. Publicly Traded Options. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director or employee is trading based on material non-public information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities involving the Company's stock, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")
3. Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the employee may no longer have the same objectives as the Company's other shareholders. Therefore, such transactions involving the Company's securities are prohibited by this Policy.

10. ADDITIONAL INFORMATION FOR SECTION 16 DIRECTORS AND OFFICERS

Directors and officers of the Company (as such term is defined pursuant to Section 16 of the Exchange Act) (such persons, "Section 16 Persons") must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Exchange Act. The practical effect of these provisions is that Section 16 Persons who purchase and sell the Company's securities in certain matching transactions within a six-month period must disgorge all profits to the Company, whether or not they had knowledge of any material non-public information. Under these provisions, and so long as certain other criteria are met, neither the receipt of an option under the Company's option plans, nor the exercise of that option nor the

receipt of stock under the Company's employee stock purchase plan is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16 and the purchase and sale must be reported on Form 4. Moreover, no Section 16 Person may ever make a short sale of the Company's stock.

11. PENALTIES FOR VIOLATIONS

Violation of any of the foregoing rules is grounds for disciplinary action by the Company, including employment termination. Penalties for trading on or tipping material/non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator of up to the greater of \$1,425,000 or three times the amount of profit gained or loss avoided by the violator; and
- criminal fines for individual violators of up to \$5,000,000 (\$25,000,000 for an entity); and jail sentences of up to 20 years.

12. COMPANY ASSISTANCE AND EDUCATION

The Company shall take reasonable steps designed to ensure that all Covered Persons are informed of, and periodically reminded of, the federal securities law restrictions and company policies regarding insider trading. All directors, executive officers, employees, and consultants and independent contractors who are subject this Policy shall be required to certify their understanding of, and intent to comply with, the Policy.

13. COMPANY COMPLIANCE OFFICER

The Company has appointed **Steven J. Feder, the Company's General Counsel**, as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

- assisting with implementation and enforcement of this Policy;
 - circulating this Policy to all Covered Persons and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;
 - pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Section 7 above; and
 - providing approval of any Trading Plans and any prohibited transactions under Sections 5 and 9 above, respectively.
- providing a reporting system with an effective whistleblower protection mechanism.

ACKNOWLEDGMENT CONCERNING INSIDER TRADING POLICY

I, _____, acknowledge that I have read and understand the Insider Trading Policy of CompoSecure, Inc. and that I agree to abide by the provisions stated therein. I further certify that I understand that failure to adhere to these rules will result in serious consequences and may result in termination of my employment with CompoSecure, Inc.

Employee's Name Printed Date

Employee Signature Date

**List of Subsidiaries
of
CompoSecure, Inc.**

- 1. CompoSecure Holdings, L.L.C., a Delaware limited liability company
- 2. CompoSecure, L.L.C., a Delaware limited liability company
- 3. Arculus Holdings, L.L.C., a Delaware limited liability company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 5, 2025 with respect to the consolidated financial statements included in the Annual Report of CompoSecure, Inc. on Form 10-K for the year ended December 31, 2024. We consent to the incorporation by reference of said report in the Registration Statements of CompoSecure, Inc. on Forms S-3 (File No. 333-262341 and File No. 333-282228) and on Forms S-8 (File No. 333-281483, File No. 333-273982 and File No. 333-263617).

/s/ GRANT THORNTON LLP

New York, New York

March 5, 2025

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

I, Jonathan Wilk, certify that:

1. I have reviewed this Annual Report on Form 10-K of CompoSecure, Inc. for the year ended December 31, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 5, 2025

/s/ Jonathan Wilk
 Name: Jonathan Wilk
 Title: President and Chief Executive Officer

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

I, Timothy Fitzsimmons, certify that:

1. I have reviewed this Annual Report on Form 10-K of CompoSecure, Inc. for the year ended December 31, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 5, 2025

/s/ Timothy Fitzsimmons

Name: Timothy Fitzsimmons

Title: Chief Financial Officer

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of CompoSecure, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Wilk, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

March 5, 2025

/s/ Jonathan Wilk
Name: Jonathan Wilk
Title: President and Chief Executive Officer

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of CompoSecure, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy Fitzsimmons, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

March 5, 2025

/s/ Timothy Fitzsimmons
Name: Timothy Fitzsimmons
Title: Chief Financial Officer