

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 10, 2022

CompoSecure, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-39687
(Commission File Number)

85-2749902
(IRS Employer Identification No.)

309 Pierce Street
Somerset, New Jersey
(Address of Principal Executive Offices)

08873
(Zip Code)

Registrant's telephone number, including area code: (908) 518-0500

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	CMPO	Nasdaq Global Market
Redeemable warrants, each whole warrant exercisable for one share of Class A Common Stock	CMPOW	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

Item 2.02 Results of Operation and Financial Condition

On March 10, 2022, CompoSecure, Inc. (the “Company”) issued a press release announcing its financial results for the quarter and twelve-months ended December 31, 2021 and provided an investor presentation to accompany the press release. Copies of the press release and the investor presentation are furnished herewith as Exhibits 99.1 and 99.2, respectively.*

Item 7.01 Regulation FD Disclosure

The information included under Item 2.02 of this Current Report on Form 8-K is incorporated into this Item 7.01 by reference.*

Item 9.01 Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of the Company, dated March 10, 2022
99.2	Investor Presentation, dated March 2022
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

* The information in Item 2.02 and Item 7.01 of this Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMPOSECURE, INC.

Date: March 10, 2022

By: /s/ Timothy Fitzsimmons
Timothy Fitzsimmons
Chief Financial Officer

FINAL – For Release March 10, 4:05 PM EST.

CompoSecure, Inc. Announces Fourth Quarter and Full Year 2021 Financial Results

- Fourth quarter net sales of \$75.3 million, up 40.2% year-over-year
- Full year net sales of \$267.9 million, in line with guidance
- Full year Adjusted EBITDA of \$102.4 million, at high end of guidance range
- Launched Arculus—The next generation cold storage wallet for digital assets

Somerset, NJ – March 10, 2022 – CompoSecure, Inc. (NASDAQ:CMPO), a leading provider of premium financial payment cards and cryptocurrency storage and security solutions, today announced financial results for the fourth quarter and full year ended December 31, 2021.

“2021 was an exciting year for CompoSecure in which we became a newly listed public company, achieved record net sales, and launched a best-in-class three-factor authentication cold storage product for securing digital assets called Arculus,” said Jon Wilk, CEO of CompoSecure.

“The Company’s fourth-quarter performance was highlighted by net sales growth of 40.2% versus the prior year, providing substantial momentum for the business as we enter 2022. Our premium card business is being driven by strong sales execution as well as our deep customer relationships. As we move forward, we expect to benefit from the trends of increased solicitation by card issuers and growing consumer demand for premium cards as the economy emerges from the challenges of the pandemic. And with the launch of Arculus, we are in position to support a large and growing need for security and authentication solutions in the digital asset marketplace including Crypto, NFTs, and step-up authentication for log in for critical accounts.”

Fourth Quarter 2021 Financial Highlights

- **Net sales:** Net sales for the fourth quarter of 2021 were \$75.3 million, up 40.2% compared to \$53.7 million in the fourth quarter of 2020, and grew 13.8% sequentially from the third quarter in 2021.
 - **Gross Profit/Margin:** Gross profit for the fourth quarter of 2021 was \$39.3 compared to \$25.8 million for the fourth quarter of 2020. Gross margin for the fourth quarter of 2021 was 52.2%, compared to 48.0% for the fourth quarter of 2020.
 - **Adjusted EBITDA:** Adjusted EBITDA for the quarter was \$21.2 million, compared to \$20.1 million for the fourth quarter of 2020 and reflects significant investment in Arculus marketing, product development, and sales.
 - **Net Income:** Net Income for the fourth quarter of 2021 was \$20.0 million compared to a net income of \$2.9 million in the fourth quarter of 2020.
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Full Year 2021 Financial Highlights

- **Net Sales:** Net sales for the full year 2021 were \$267.9 million, compared to the full year 2020 at \$260.6 million.
- **Gross Profit/Margin:** Gross profit for the full year 2021 was \$144.8 million, compared to \$132.6 million from 2020. Gross margin for the year was 54.1%, compared to 50.9% for 2020.
- **Adjusted EBITDA:** Adjusted EBITDA for 2021 was \$102.3 million, compared to \$115.4 million for 2020 and reflects significant investment in Arculus marketing, product development, and sales.
- **Net Income:** Net Income for the full year 2021 was \$83.4 million, compared to a net income of \$77.8 million in 2020.

Fourth Quarter 2021 Highlights

- Officially announced the launch of Arculus, the first three-factor authentication cold storage product for securing digital assets.
- Established a business partnership to provide a co-branded Arculus Key™ Card crypto security solution to the first 25,000 registered attendees at Bitcoin 2022, one of the largest Bitcoin conferences in the world.
- Enhanced organizational strength with key leadership appointments: Amanda Gourbault, Chief Revenue Officer; Esra Alev, Global Head of Marketing; Thomas D'Eletto, Head of Product for Arculus; and Joe Fahy, Head of Development for Arculus.

Financial Outlook

- **Full Year 2022 Guidance:** The Company reaffirmed its guidance for expected full year 2022 operating results with net sales expected to be in the range of \$336 million to \$376 million. Adjusted EBITDA is expected to be in the range of \$100 million to \$110 million.

Conference Call and Webcast

CompoSecure will hold its quarterly earnings call on March 10, 2022 at 5:00 p.m. ET. Conference call details for participation on the call are listed below. Promptly following the call, a transcript will be posted to the Investor Relations section of our website at <https://ir.composecure.com/>.

Investors and participants can register for the call via live webcast here. The archived webcast will be available shortly after the call on the company website, <https://ir.composecure.com/>.

About CompoSecure

Founded in 2000, CompoSecure is a pioneer and category leader in premium payment cards and a provider of cryptocurrency and digital asset storage and security solutions. The company focuses on serving the affluent customers of payment card issuers worldwide using proprietary production methods that meet the highest standards of quality and security. The company offers secure, innovative, and durable proprietary products that implement leading-edge engineering capabilities and security. CompoSecure's mission is to increase clients' brand equity in the marketplace by offering products and solutions which differentiate the brands they represent, thus elevating cardholder experience. For more information, please visit www.composecure.com.

CompoSecure created ArculusTM with the mission to promote cryptocurrency adoption by making it safe, simple and secure for the average person to buy, swap and store cryptocurrency. With a strong background in security hardware and financial payments, the ArculusTM solution was developed to allow people to use a familiar payment card form factor to manage their cryptocurrency. For more information, please visit www.getarculus.com.

Forward-Looking Statements

This press release contains 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: the outcome of any legal proceedings that may be instituted against the Company or others; the impacts of the ongoing COVID-19 pandemic; the ability of the Company to grow and manage growth profitably, maintain relationships with customers, compete within its industry and retain its key employees; the possibility that the Company may be adversely impacted by other economic conditions (including the rapidly evolving conflict between Russian and the Ukraine), business, and/or competitive factors; future exchange and interest rates; and other risks and uncertainties included under "Risk Factors" in other Company filings that have been made or will be made with the Securities and Exchange Commission. 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.

Use of Non-GAAP Financial Measures

This press release 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 and Adjusted EBITDA 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 and Adjusted EBITDA should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA and Adjusted EBITDA 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. Please refer to the tables below for the reconciliation of net income to EBITDA and Adjusted EBITDA for the quarters and years ended December 31, 2021 and December 31, 2020.

Contacts:

CompoSecure Investor:

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ICR for CompoSecure

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CompoSecure Media:

Wes Robinson

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wrobinson@olmsteadwilliams.com

Statement of Operations
Three Months Ended Dec 31,
(unaudited)

(\$mm)	Q4 2020	Q4 2021
Revenue		
Net Sales	\$ 53.7	\$ 75.3
Cost of Sales	27.9	36.0
Gross Profit	\$ 25.8	\$ 39.3
Operating Expenses		
Selling, general and administrative	20.4	30.2
Income from operations	\$ 5.4	\$ 9.1
Other expense		
Mark to market adjustments	0.0	13.1
Interest expense	(2.0)	(2.6)
Amortization of deferred financing costs	(0.5)	(0.5)
Income taxes	0.0	0.9
Net Income	\$ 2.9	\$ 20.0

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2020 and 2021 respectively.

Statement of Operations
Years Ended Dec 31,
(unaudited)

(\$mm)	2020A	2021A
Revenue		
Net Sales	\$ 260.6	\$ 267.9
Cost of Sales	127.9	\$ 123.1
Gross Profit	\$ 132.7	\$ 144.8
Operating Expenses		
Selling, general and administrative	48.7	\$ 63.4
Income from operations	\$ 84.0	\$ 81.4
Other expense		
Mark to market adjustments	0.0	\$ 13.0
Interest expense net of interest income	(5.3)	(10.2)
Amortization of deferred financing costs	(0.9)	(1.7)
Income taxes	0.0	\$ 0.9
Net Income	\$ 77.8	\$ 83.4

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2020 and 2021 respectively.

Balance Sheets
Years Ended Dec 31,
(unaudited)

(\$mm)	2020A	2021A
Assets		
Current Assets		
Cash & cash equivalents	\$ 13.4	\$ 21.9
Accounts receivable, net	8.8	28.0
Inventories	30.2	25.8
Prepaid expenses and other Current assets	1.0	2.6
Total Current Assets	53.4	78.3
Property and equipment, net	27.9	22.2
Deferred tax assets	0.0	25.6
Other assets	0.1	5.3
Total assets	\$ 81.4	\$ 131.4
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	2.4	7.1
Accrued expenses	15.2	39.9
Other current liabilities	0.00	1.0
Current portion of long-term debt	24.0	12.5
Total current liabilities	41.6	60.5
Long-term debt, net of deferred finance costs	211.9	233.1
Line of credit	20.0	15.0
Convertible Debt, net of debt discount	0.0	127.0
Other liabilities	0.4	103.5
Total liabilities	\$ 273.9	\$ 539.1
Members' Equity	(192.5)	(407.7)
Total liabilities and members' equity	\$ 81.4	\$ 131.4

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2020 and 2021 respectively.

Statement of Cash Flows
Years Ended Dec 31,
(unaudited)

(\$mm)	2020A	2021A
Cash flows from operating activities		
Net income	\$ 77.8	\$ 83.4
Depreciation	9.9	10.4
Equity compensation expense	1.8	6.1
Inventory reserve	1.0	0.0
Amortization of deferred finance costs	1.0	1.7
Mark to market adjustments	0.0	(13.1)
Change in assets and liabilities		
Accounts receivable	10.2	(19.1)
Inventories	(12.9)	3.7
Prepaid expenses and other assets	(0.0)	(1.5)
Other liabilities	(1.7)	4.2
Accrued expenses	0.0	2.0
Net cash provided by operating activities	\$ 87.1	\$ 77.8
Cash flows from investing activities		
Acquisition of property and equipment	(7.5)	(4.8)
Net cash used in investing activities	\$ (7.5)	\$ (4.8)
Cash flows from financing activities		
Business combination and PIPE financing	0.0	188.0
Proceeds from line of credit	20.0	0.0
Payment of line of credit	0.0	(5.0)
Proceeds from term loan and line of credit	117.5	265.0
Payment of term loan and line of credit	(10.5)	(255.0)
Distributions	0.0	(218.0)
Deferred finance costs related to debt origination	(3.2)	(1.9)
Issuance cost related to business combination	0.0	(15.3)
Tax Distribution to members	(216.7)	(22.3)
Net cash used in financing activities	\$ (92.9)	\$ (64.5)
Net increase (decrease) cash, cash equivalents and restricted cash	(13.3)	8.5
Cash, cash equivalents and restricted cash, beginning of year	\$ 26.7	\$ 13.4
Cash, cash equivalents and restricted cash, end of year	\$ 13.4	\$ 21.9
Supplementary disclosure of cash flow information		
Cash paid during the year for interest	5.0	10.0

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2020 and 2021 respectively.

Non-GAAP Adjusted EBITDA Reconciliation
Three Months Ended Dec 31,
(unaudited)

\$mm	Q4 2020	Q4 2021
Net Income	\$ 2.9	\$ 20.0
Interest Expense	2.4	3.1
Depreciation and Amortization	2.6	2.6
Taxes	0.0	(0.9)
Unadjusted EBITDA	7.9	24.8
Non-Cash Stock Option Expense	1.0	5.1
Special Distribution	11.1	4.4
Non-Cash Warrant and Earnouts Adjustments	0.0	(13.1)
Total EBITDA Adjustments	\$ 12.1	\$ (3.6)
Adjusted EBITDA	\$ 20.0	\$ 21.2

Non-Cash Stock Option Expense: Non-cash stock option expenses related to the executive incentive plan

Special Distribution: Adjustment to add back special distributions to Class C unit holders that was expensed. The distributions are akin to equity distributions

Non-Cash Warrants and Earnouts Adjustments: Related to changes in fair value of liabilities at December 31, 2021 for warrants and earnouts.

Source: Company financials

Non-GAAP Adjusted EBITDA Reconciliation
Years Ended Dec 31,
(unaudited)

\$mm	2020A	2021A
Net Income	\$ 77.8	\$ 83.4
Interest Expense	6.1	11.9
Depreciation and Amortization	10.0	10.4
Taxes	0.0	(0.9)
Unadjusted EBITDA	\$ 93.9	\$ 104.8
Non-Cash Stock Option Expense	1.9	6.1
Non-Recurring Transaction Costs	4.0	0.0
Special Distribution	15.7	4.4
Non-Cash Warrant and Earnouts Adjustments	0.0	(13.1)
Miscellaneous Adjustments	0.0	0.2
Total EBITDA Adjustments	\$ 21.6	\$ (2.4)
Adjusted EBITDA	\$ 115.5	\$ 102.4

Non-Cash Stock Option Expense: Non-cash stock option expenses related to the executive incentive plan

Nonrecurring Transaction Costs: Transaction related costs associated with prior transaction processes and paid to Merrill Communications, BDO USA, Edgar Dunn and Battelle

Special Distribution: Adjustment to add back special distributions to Class C unit holders that was expensed. The distributions are akin to equity distributions

Non-Cash Warrants and Earnouts Adjustments: Related to changes in fair value of liabilities at December 31, 2021 for warrants and earnouts.

Miscellaneous Adjustments: Related to Board of Directors fees and related expenses, exclusion of deferred compensation expense as Management does not expect the plan to continue in its current form and miscellaneous other expense accrual adjustments.

Source: Company financials

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**Q4 2021 and Year-End
EARNINGS PRESENTATION**

March 10, 2022



Disclaimers

Forward Looking Statements: This presentation contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are the responsibility 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 does not guarantee that it will achieve or realize these plans, intentions, or expectations. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements including statements concerning the Company's possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. In so doing, 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 other similar 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. 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 from those expressed or implied in the Company's forward-looking statements: the outcome of any legal proceedings that may be instituted against the Company or others; the impact of the global economic environment on the ability of the Company to grow and manage growth profitably, maintain relationships with customers, compete within its industry and retain its key employees; the possibility that the Company's business may be adversely impacted by other economic conditions (including the rapidly evolving conflict between Russia and the Ukraine), business, and/or competitive factors; future exchange rate fluctuations; and other risks and uncertainties included under "Risk Factors" in other Company filings that have been made or will be made with the Securities and Exchange Commission. The Company may update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") or other non-GAAP financial measures used by other companies. The Company believes EBITDA and Adjusted EBITDA 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 to evaluate its underlying historical performance and to compare its performance to that of other companies. 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 manage its business 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. Investors should have access to the same set of tools that its management uses in analyzing operating results. EBITDA and Adjusted EBITDA should not be considered as measures of performance under U.S. GAAP, and the items excluded from EBITDA and Adjusted EBITDA are significant components in understanding and assessing the Company's financial performance. These 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. 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. Please refer to the notes to the financial statements for reconciliation of net income to EBITDA and Adjusted EBITDA for the quarters and years ended December 31, 2021 and December 31, 2020.

Industry and Market Information

Statements in this presentation concerning our industry and the markets in which we operate, including our general expectations and competitive position, business opportunities, and market share, are based on information from independent industry organizations and other third-party sources, data from our internal research and management estimates. Management's estimates are based on publicly available information and the information and data referred to above and are based on assumptions and calculations made by us based upon our interpretation of such information and data referred to above are imprecise and may prove to be inaccurate because the information cannot always be verified with complete certainty due to the limited reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, please be aware that the data and statistical information may differ from information provided by our competitors or from information found in current or future studies conducted by market research institutes, consultancy firms or independent analysts.

Key Highlights

Q4 2021 net sales of \$75M, 40% higher than PY and 14% above Q3 resulting in over \$2 EBITDA, 5% higher than prior year after significant investment in Arculus launch

Delivered full year 2021 net sales of \$268M and Adjusted EBITDA of \$102M, in line with guidance of \$267M to \$269M on net sales and \$97M to \$102M on Adjusted EBITDA

Reaffirming 2022 guidance of \$336M to \$376M of net sales and \$100M to \$110M of Adjusted EBITDA

Premium card business is driving growth by strong sales execution, deep customer relationships, and benefit from credit card issuer industry showing clear signs of recovery from pandemic

Arculus launch (three factor authentication ecosystem) – positive reception by early users, new features in first half of the year, and ramping up sales and marketing efforts

Continued digital authentication need and cryptocurrency market growth creating multiple and enterprise use cases across gaming, crypto exchange, fintech, and traditional banking

CompoSecure 2021 Performance Highlights



¹ Revenue-weighted average client tenure

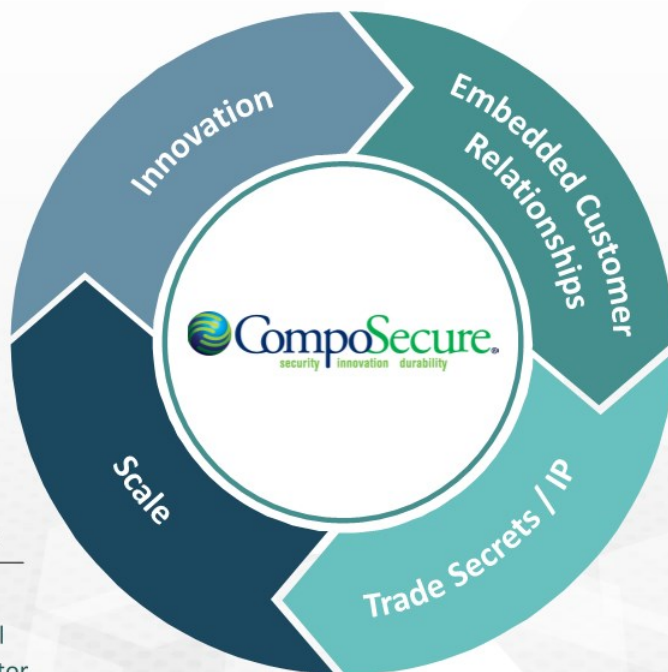
² Adjusted EBITDA is a non-GAAP financial metric. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

CompoSecure Competitive Strengths

We Enable Clients to Grow Customer Acquisition, Spending, and Improve Retention



- First metal credit card (2003)
- First metal “tap-to-pay” credit card (2016)
- Arculus launch in 2021
- Pipeline of new tech including biometric security, dynamic CVV, keychain cards, LED



100+ Cards



716
Employees



22mm
Metal Cards
Annually¹



20
Direct &
Support
Salespeople



7
Global
Distributor
Partners



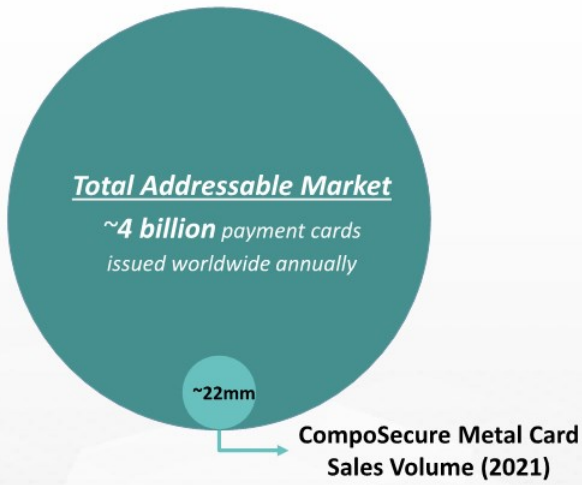
45 Patents
Issued

- Deep engineering
- Proprietary materials

¹2021

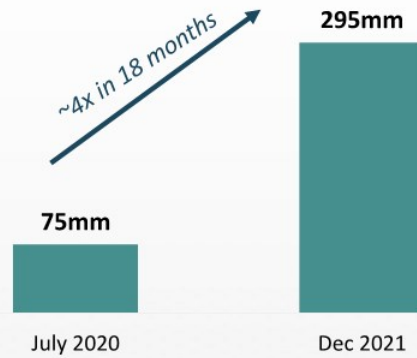
Convergence of Three Massive Market Opportunities

Payment Card Market Opportunity¹



Metal cards are rapidly growing in popularity, but still only represent ~0.5% of the global addressable card market

Explosive Growth in Global Crypto Users²



In December 2021, avg daily trading volume of cryptocurrency was nearly \$290 billion across 300 exchanges

Authenticat

Hacking Incidents ca
Stolen & Reused I
Information

Company Data Bre
caused by Poor Pas

Hackers who ha
Successfully Guesse
People's Passw

Hackers who have
Guess other Peo
Passwords

555 million p

Blockchain ha
\$10B in

Industry Trends Create Strong Tailwinds:



Contactless / Tap-to-Pay



Crypto / Blockchain



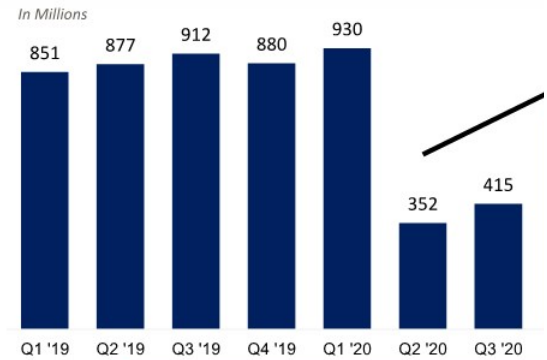
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¹ Edgar, Dunn & Company. 2019 Metal Cards Market Sizing and Consumer Research Report. "Total Addressable Market" is defined here as the estimated subset of payment cards issued globally in 2021 for which there is demand and viability for metal payment cards. T cycle to estimate annual issuance volumes
² Crypto.com
³ Finances Online: 55 Important Password Statistics You Should Know: 2021 Breaches & Reuse Data
⁴ SlowMist Hacked

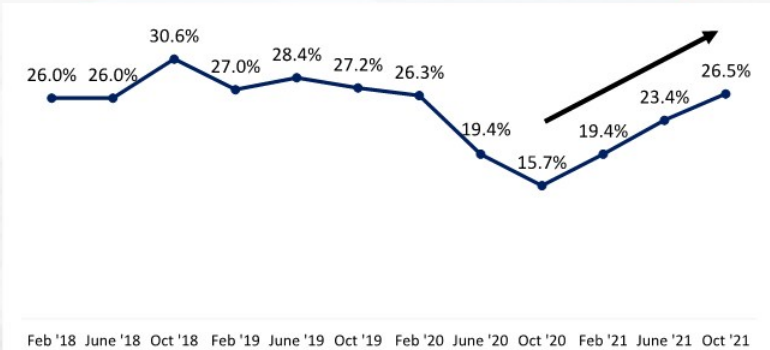
The Payment Card business is benefiting as the Credit Card Industry Shows Strong Signs of Recovery from Pandemic Levels

- US credit card solicitations are up over 150% from their Q2 '20 trough and eclipsed pre-COVID levels in Q3 '21
- The percent of US consumers applying for credit cards have ramped back up to 2018/2019 levels
- American Express has also publicly reported strong card acquisition numbers exceeding pre-pandemic results the last two quarters

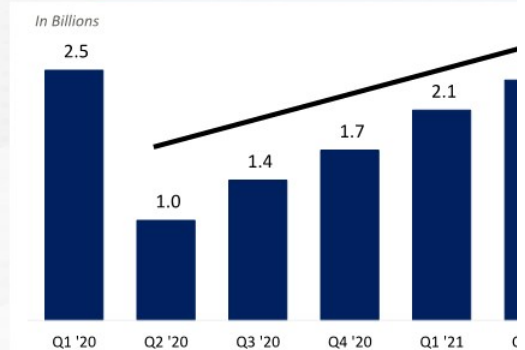
US Credit Card Solicitations



Percent of US Consumers Applying for a Credit Card¹



American Express Proprietary Card Acquisitions



¹Federal Reserve Bank of New York via <https://www.wsj.com/articles/credit-card-applications-hit-pandemic-high-11638354781>
²Mintel Comperemedia via <https://www.wsj.com/articles/its-not-just-you-banks-really-are-sending-out-more-credit-card-offers-11637231402>
³American Express Quarterly Earnings Releases

Arculus Product Portfolio

Variety of Key Capabilities are Available to Meet Customer Demand

Payment Card



CREDIT CARD
0000 0000 0000 0000
NAME 00/00

Crypto Cold Storage



ARCULUS

Available Now

Payment Card + Digital Authentication¹



CREDIT CARD
0000 0000 0000 0000
NAME 00/00

Crypto Cold Storage + Digital Authentication¹



ARCULUS

Available in 2022
Client Pilots in Q2/Q3

Payment Card + Digital Authentication¹



CREDIT CARD
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NAME 00/00

ARCULUS



Available in 2022
Client Pilots in Q2/Q3

¹ FIDO2 Certified

Arculus First Half 2022 Priorities

Customer/Market Need

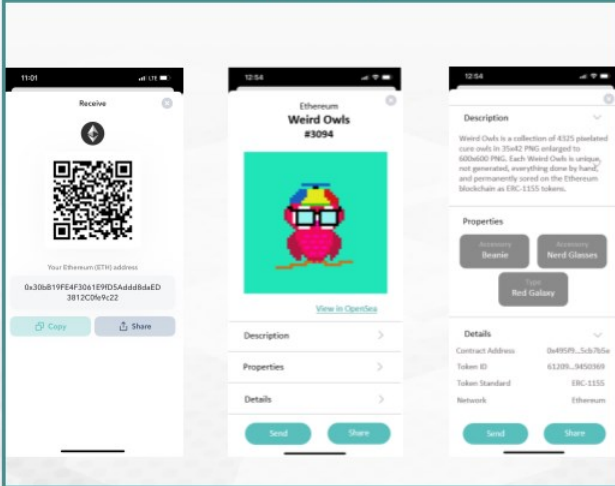
1 Non-Fungible Tokens (NFTs)

2 Cryptocurrency/
Digital Asset Support

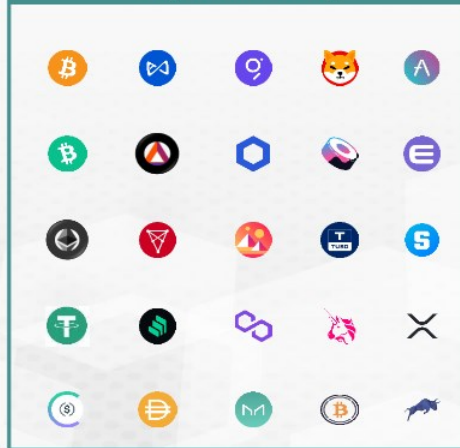
3 Access
Eco

Arculus Solution

Wallet Integration w/Send, Receive, Store, & View Functionality



Continue Expansion: Added 10 in Jan '22 (Currently Supports Nearly 75% of Crypto Market Cap)



Wallet Integration





FINANCIAL OVERVIEW

Q4 2021 Results

	Q4 '21	Q4 '20	% Change	
Net Sales	\$75mm	\$54mm	40%	Strong : recover
Gross Margin	52%	48%	420 bps	Process cost im mix
Adjusted EBITDA¹	\$21mm	\$20mm	5%	} Including launch
Adjusted EBITDA Margin¹	28%	37%	(935 bps)	

¹ Adjusted EBITDA is a non-GAAP financial metric. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

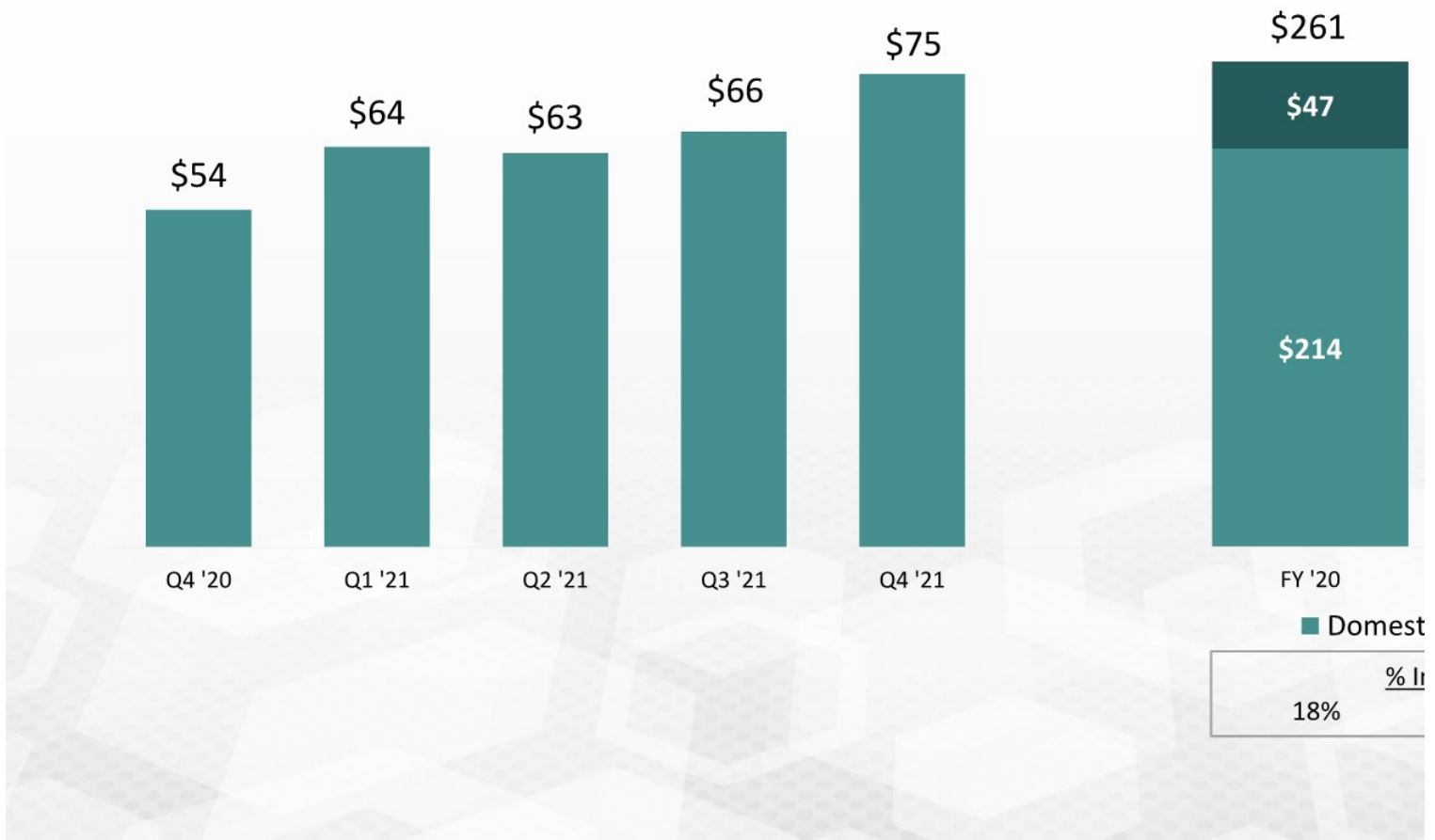
Full Year 2021 Results

	2021	2020	% Change	
Net Sales	\$268mm	\$261mm	3%	Growth custom
Gross Margin	54%	51%	316 bps	Process cost im mix
Adjusted EBITDA ¹	\$102mm	\$115mm	(11%)	Includi launch
Adjusted EBITDA Margin ¹	38%	44%	(610 bps)	

¹ Adjusted EBITDA is a non-GAAP financial metric. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

Net Sales Trend

In millions



2022 Guidance

2022E

2021

Net Sales

\$336mm - \$376mm

\$268mm

Adjusted EBITDA¹

\$100mm - \$110mm

\$102mm

¹ Adjusted EBITDA is a non-GAAP financial metric. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

Strategic Priorities

A Category Leader of Next-Gen Payment Technology, Security, and Cryptocurrency Solutions

Drive premium payment card sales through continued domestic growth, international expansion, and partnerships with FinTechs

Deliver innovative new card constructs and leverage our scale and existing relationships

Continue to enhance Arculus capabilities (NFTs, WalletConnect, Coin Expansion, etc...) to meet demand across key B2B verticals and consumers demanding three factor authentication security

Optimize investment in product lines across advertising initiatives, talent, software development, and strategic partnerships to accelerate growth

Focus on process efficiencies, materials procurement, and upsell opportunities to maintain and improve margins



Investor Relations Contact

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APPENDIX



CompoSecure, Inc. (Nasdaq: CMPO)

Summary Equity Capitalization Table (with net exercise model)

As of December 31, 2021

Enterprise Value at de-SPAC was \$1,179M¹ and the current Enterprise Value is \$975M²

<u>Holders</u>	<u># of Shares Issued & Outstanding</u>	<u># of Shares Issued & O</u>
Public Shareholders	4.6M	4.6M
PIPE Investors	4.5M	4.5M
Roman Sponsor	5.8M	5.8M
Historic CompoSecure Owners (Class B)	61.1M	61.1M
Subtotal	76.1M	76.1M
<u>Holders</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options</u>	<u># of Shares Reserved for Exercisable In-The-Money Options (assuming net exercise)</u>
Merger Rollover Options	4.9M	4.5M
Total	81.0M	80.6M
<u>Convertible Instruments</u>	<u># of Shares Reserved for Conversion</u>	<u># of Shares Reserved for Conversion (assuming net exercise)</u>
Public Warrantheholders ⁴	11.6M	4.2M
Roman Sponsor Warrantheholders ⁵	10.8M	3.9M
Exchangeable Noteholders	11.3M	11.3M
Grand Total	114.7M	100.0M

Notes: The table above excludes shares which may be issued in the future for contingent "earnout", equity incentive plan, employee stock purchase plan, and 401K plan

¹ Includes Net Debt of \$243M + Convertible of \$130M. Equity of 80.6M shares @ \$10.00 price/share

² Includes Net Debt of \$258M + Convertible of \$130M. Equity of 80.6M shares @ \$7.28 price/share as of market close 3/7/22

³ Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

⁴ Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

⁵ Assumes treasury stock method, valuation at assumed FMV of \$18.00

Statements of Operations (Unaudited)

(\$mm)	2019A	2020A	2021A
Revenue			
Net Sales	\$243	\$261	\$268
Cost of Sales	115	128	123
Gross Profit	\$128	\$133	\$145
Operating Expenses			
Selling, general and administrative	41	49	64
Income from operations	\$87	\$84	\$81
Other expense			
Mark to market adjustments	0	0	13
Interest expense net of interest income	(5)	(5)	(10)
Amortization of deferred financing costs	(1)	(1)	(2)
Income taxes	0	0	1
Net Income	\$81	\$78	\$83

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2019, 2020 and 2021 respectively.

Balance Sheets

(Unaudited)

(\$mm)	2019A	2020A	2021A
Assets			
Current Assets			
Cash & cash equivalents	\$27	\$13	\$1
Accounts receivable, net	19	9	1
Inventories	18	30	1
Prepaid expenses and other Current assets	1	1	1
Total Current Assets	65	53	4
Property and equipment, net	30	28	1
Deferred tax assets	0	0	1
Other assets	0	0	1
Total assets	\$96	\$81	\$10
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	3	2	1
Accrued expenses	15	15	4
Other current liabilities	0	0	1
Current portion of long-term debt	14	24	1
Total current liabilities	32	42	8
Long-term debt, net of deferred finance costs	117	212	2
Line of credit	0	0	1
Convertible Debt, net of debt discount	0	20	1
Other liabilities	2	0	1
Total liabilities	\$151	\$274	\$13
Members' Equity	(56)	(193)	(4)
Total liabilities and members' equity	\$96	\$81	\$10

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2019, 2020 and 2021 respectively.

Statements of Cash Flows (Unaudited)

(\$mm)	2019A	2020A	2021A
Cash flows from operating activities			
Net income	\$81	\$78	\$83
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	9	10	10
Equity compensation expense	2	2	6
Inventories reserve	(0)	1	0
Amortization of deferred finance costs	1	1	2
Mark to market adjustments	0	0	(14)
Change in assets and liabilities:			
Accounts receivable	6	10	(20)
Inventories	(6)	(13)	4
Prepaid expenses and other assets	1	(0)	(2)
Other liabilities	0	(2)	6
Accrued expenses	(13)	0	2
Net cash provided by operating activities	\$81	\$87	\$78
Cash flows from investing activities			
Acquisition of property and equipment	(10)	(8)	(5)
Net cash used in investing activities	(\$10)	(\$8)	(\$5)
Cash flows from financing activities			
Business combination and PIPE financing	0	0	188
Proceeds from line of credit	0	20	0
Payment of line of credit	(18)	0	(5)
Proceeds from term loan and line of credit	76	118	265
Payment of term loan and line of credit	(11)	(11)	(255)
Distributions	0	0	(218)
Deferred finance costs related to debt origination	(1)	(3)	(2)
Issuance cost related to business combination	0	0	(15)
Tax Distribution to members	(104)	(217)	(22)
Net cash used in financing activities	(\$58)	(\$93)	(\$64)
Net increase (decrease) cash, cash equivalents and restricted cash	14	(13)	9
Cash, cash equivalents and restricted cash, beginning of year	\$13	\$27	\$13
Cash, cash equivalents and restricted cash, end of year	\$27	\$13	\$22
Supplementary disclosure of cash flow information			
Cash paid during the year for interest	5	5	10

Source: Company financials

Note: Audits performed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the years ended December 31, 2019, 2020 and 2021 respectively.

Non-GAAP Adjusted EBITDA Reconciliation

\$mm	2019A	2020A	2021A
Net Income	\$81	\$78	\$83
Interest Expense	5	6	12
Depreciation and Amortization	9	10	10
Taxes	-	-	1
Unadjusted EBITDA	\$96	\$94	\$106
1 ISO Litigation Costs	3	-	-
2 Non-Cash Stock Option Expense	1	2	6
3 Non-Recurring Transaction Costs	0	4	0
4 Special Distribution	7	16	4
5 Non-Cash Warrant and Earnouts Adjustments	-	-	(13)
6 Miscellaneous Adjustments	(1)	-	(1)
Total EBITDA Adjustments	\$12	\$22	(\$4)
Adjusted EBITDA	\$107	\$116	\$102

1 ISO Litigation Costs: Adds back non litigation

2 Non-Cash Stock Option Expense: No executive incentive plan

3 Nonrecurring Transaction Costs: Tra transaction processes and paid to Dunn and Battelle

4 Special Distribution: Adjustment to unit holders that was expensed. distributions

5 Non-Cash Warrants and Earnouts A of liabilities at December 31, 2021 for

6 Miscellaneous Adjustments: Related expenses, exclusion of deferred comp expect the plan to continue in its cur accrual adjustments.

Non-GAAP Adjusted EBITDA Reconciliation

Smm	Q4 2020	Q4 2021
Net Income	\$3	\$20
Interest Expense	2	3
Depreciation and Amortization	3	3
Taxes	0	(1)
Unadjusted EBITDA	8	25
1 Non-Cash Stock Option Expense	1	5
2 Special Distribution	11	4
3 Non-Cash Warrant and Earnouts Adjustments	0	(13)
Total EBITDA Adjustments	\$12	(\$4)
Adjusted EBITDA	\$20	\$21

1 Non-Cash Stock Option Expense: No executive incentive plan

2 Special Distribution: Adjustment to unit holders that was expensed. distributions

3 Non-Cash Warrants and Earnouts Ad of liabilities at December 31, 2021 for v