

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): November 8, 2024

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:

- 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 Operations and Financial Condition

On November 8, 2024, CompoSecure, Inc. (the “Company”) issued a press release announcing its financial results for the three months ended September 30, 2024, and provided an investor presentation to accompany the press release. The press release and investor presentation provide business updates.

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 November 8, 2024
99.2	Investor Presentation, dated November 8, 2024
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

* The information in Items 2.02 and 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, as amended, 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: November 8, 2024

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



CompoSecure Reports Strong Third Quarter 2024 Financial Results

- Q3 Net Sales up 11% to \$107.1 million
- GAAP Net Income/(Loss) of \$(85.5) million due to significant stock price improvement negatively impacting the fair value of non-cash items
- Q3 Adjusted Net Income up 18% to \$25.6 million
- Q3 Adjusted EBITDA up 13% to \$40.0 million
- Completed Resolute Holdings transaction; appointed new Executive Chairman and Board members
- Revises 2024 outlook: Net Sales guidance to range between \$418-\$424 million; Adjusted EBITDA guidance to range between \$148-\$151 million to reflect investments for future growth

SOMERSET, N.J., November 8, 2024 -- CompoSecure, Inc. (Nasdaq: CMPO), a leader in metal payment cards, security, and authentication solutions, today announced its operating results for the third quarter ended September 30, 2024.

Jon Wilk, President and CEO of CompoSecure, commented: "We are very pleased with our third quarter performance which included double-digit growth for both Net Sales and Adjusted EBITDA. The quarter was driven by strong international execution, continued growth of new programs, and the growing adoption of our innovative payment cards. I am also happy to announce that we signed a two-year contract extension with Capital One."

"Although we are reporting a GAAP Net Loss for the quarter, this was entirely driven by the significant improvement in our stock price this quarter, which impacts the valuation of non-cash items. Importantly, our Adjusted Net Income was up 18% compared to the year-ago period, which we believe more accurately reflects our operating performance."

Mr. Wilk continued: "We are also enhancing our capabilities to drive accretive M&A and remain focused on strategic investments in our business. To support this growth, we are revising our Adjusted EBITDA guidance for the year to account for additional investments aimed at accelerating our momentum."

Dave Cote, CompoSecure's Executive Chairman, added: "As we embark on this next chapter, I want to express how excited I am about our long-term opportunities as well as our challenges ahead. We were attracted to the business because it hit the six hot buttons we used to evaluate acquisitions at Honeywell: Great position, good industry, technology differentiator, organic and inorganic sales growth, and margin expansion. That being said, this is a pivotal time for the company, and we are committed to building a culture centered on high performance, improving efficiency through the CompoSecure Operating System, reinvigorating organic growth, and driving accretive M&A. That work will require investment and you will see that reflected in our full year estimate."

Financial Highlights (Q3 2024 vs. Q3 2023)

- **Net Sales:** Net Sales increased 11% to \$107.1 million compared to \$96.9 million. The increase was primarily driven by strong international demand and product innovation.
- **Gross Profit:** Gross Profit increased to \$55.4 million or 52% of Net Sales, compared to \$48.9 million or 50%. The increase was driven by favorable product mix and improved production efficiencies.
- **Net Income/EPS:** Net Income/(Loss) of \$(85.5) million compared to \$38.0 million. The decrease was driven by an improvement to the Company's stock price during the quarter, which led to a change in the fair value of warrant liabilities, earnout consideration liability and derivative liability. Net Income/(Loss) per share attributable to Class A common shareholders was \$(1.10) (Basic) and \$(1.10) (Diluted), compared to \$0.39 (Basic) and \$0.34 (Diluted) in the year-ago period.
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) increased 18% to \$25.6 million compared to \$21.7 million in the year-ago period. Adjusted EPS (a non-GAAP measure), which includes both Class A and Class B shares, was \$0.31 (Basic) and \$0.27 (Diluted) compared to \$0.27 (Basic) and \$0.24 (Diluted) in the year-ago period (see reconciliation of non-GAAP measures shown in table below).
- **Adjusted EBITDA:** Adjusted EBITDA (a non-GAAP measure) increased 13% to \$40.0 million compared to \$35.5 million, with the increase driven by net sales growth and gross margin expansion.

Liquidity and Capital Structure

Balance Sheet: At September 30, 2024, CompoSecure had \$52.7 million of cash and cash equivalents and \$330.0 million of total debt, which included \$200.0 million of term loan and \$130.0 million of exchangeable notes. This compares to cash and cash equivalents of \$41.2 million and total debt of \$340.3 million at December 31, 2023, and cash and cash equivalents of \$23.8 million and total debt of \$345.0 million at September 30, 2023. CompoSecure's secured debt leverage ratio was 1.06x at September 30, 2024 compared to 1.39x at December 31, 2023 and 1.48x at September 30, 2023.

Shares Outstanding: On September 17, 2024, Resolute Holdings and its affiliated vehicles (“Resolute”) completed the acquisition of a majority interest in CompoSecure through stock purchase agreements among Resolute and certain selling shareholders. In the transaction, the selling shareholders exchanged all of their Class B units for Class A shares and Resolute acquired 49.3 million Class A shares, representing approximately 60% of CompoSecure’s outstanding shares. At September 30, 2024, CompoSecure had 82.7 million shares outstanding all of which were Class A shares, with the increase resulting from the Resolute Holdings transaction.

Exchangeable Notes

- Effective September 19, 2024, Resolute’s acquisition of a majority of the Company’s common stock caused a Fundamental Change, as defined in the Indenture pursuant to which \$130 million of 7% Exchangeable Senior Notes, due 2026 (“Notes”) were issued by a subsidiary of the Company. This Fundamental Change provides holders of the Notes a choice to:
 - Exchange the Notes for shares of Class A Common Stock at a temporarily increased exchange rate of 104.5199 shares per \$1,000 principal amount of Notes until November 27, 2024 (with the exchange rate then reverting to the existing 91.0972 shares per \$1,000 principal amount of Notes)
 - Have the Company repurchase for cash of all of such holder’s Notes on November 29, 2024 at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest
 - Continue to hold the Notes
- Through November 6, 2024, an aggregate of \$51.4 million of the Notes have been surrendered and exchanged for an aggregate of 5.4 million newly-issued shares of Class A Common Stock.

Additional Highlights

- Announced a two-year contract extension with Capital One
 - New customer programs included US Bank Smartly, Goldman Sachs Debit, IDFC India, HSBC Global Singapore, BTG Brazil, Qonto France, Military Bank Vietnam
 - Tom Knott, Joseph DeAngelo, Roger Fradin, Mark James, John Cote, and Dr. Krishna Mikkilineni also appointed to the Board of Directors
 - Achieved ISO 27001 Certification for Premium Card Manufacturing (ISO 27001 is the globally recognized information security management system (ISMS) standard)
-

2024 Financial Outlook

CompoSecure is revising its full year Net Sales guidance to \$418-\$424 million (previously \$418-\$428 million) and its Adjusted EBITDA guidance to \$148-\$151 million (previously \$150-\$157 million) to reflect investments for future growth.

Conference Call

CompoSecure will host a conference call and live audio webcast today at 8:30 a.m. Eastern Time to discuss its financial and operational results, followed by a question-and-answer period.

Date: Friday, November 8, 2024

Time: 8:30 a.m. Eastern Time

Dial-in registration link

Live webcast registration link

If you have any difficulty registering or connecting with the conference call, please contact Elevate IR at (720) 330-2829.

A live webcast and replay of the conference call will be available on the investor relations section of CompoSecure's website at <https://ir.composecure.com/news-events/events>.

About CompoSecure

Founded in 2000, CompoSecure (Nasdaq: CMPO) is a technology partner to market leaders, fintech's 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. CompoSecure's innovative payment card technology and metal cards with Arculus security and authentication 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. For more information, please visit www.CompoSecure.com and 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 CompoSecure believes that its plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, CompoSecure 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 CompoSecure'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 CompoSecure's future results and could cause those results or other outcomes to differ materially from those expressed or implied in CompoSecure's forward-looking statements: the ability of CompoSecure to diversify its business and customer base and to achieve enhancements in organic growth and operational efficiency, including for any future acquired companies; the ability of CompoSecure to create value for its shareholders and generate robust free cash flow; the ability of CompoSecure to grow and manage growth profitably, maintain relationships with customers, compete within its industry and retain its key employees; the possibility that CompoSecure may be adversely impacted by other global economic, business, competitive and/or other factors; the outcome of any legal proceedings that may be instituted against CompoSecure or others; future exchange and interest rates; and other risks and uncertainties, including those under "Risk Factors" in filings that have been made or will be made with the Securities and Exchange Commission. CompoSecure 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 may include 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. CompoSecure believes EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow are useful to investors in evaluating CompoSecure’s financial performance. CompoSecure 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/or 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 CompoSecure to evaluate and plan more effectively for the future. Due to the forward-looking nature of the financial guidance included above, specific quantification of the charges excluded from the non-GAAP financial measures included in such financial guidance, including with respect to depreciation, amortization, interest, and taxes, that would be required to reconcile the non GAAP financial measures included in such financial guidance to GAAP measures are not available, so it is not feasible to provide accurate forecasted non-GAAP reconciliations without unreasonable effort. Consequently, no disclosure of estimated comparable GAAP measures is included, and no reconciliation of the forward-looking non-GAAP financial measures is included. In addition, CompoSecure’s debt agreements contain covenants that use a variation of these measures for purposes of determining debt covenant compliance. CompoSecure believes that investors should have access to the same set of tools that its management uses in analyzing operating results. EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow are significant components in understanding and assessing CompoSecure’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 CompoSecure’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 GAAP measures to these non-GAAP measures.

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Investor Relations Contact
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Condensed Consolidated Balance Sheet Data
(in thousands)

	September 30, 2024 Unaudited	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 52,674	\$ 41,216
Accounts receivable, net	43,799	40,488
Inventories	55,090	52,540
Prepaid expenses and other current assets	5,248	5,133
Total current assets	<u>156,811</u>	<u>139,377</u>
Property and equipment, net	23,062	25,212
Right of use assets, net	5,929	7,473
Deferred tax asset	245,102	23,697
Derivative asset - interest rate swap	2,775	5,258
Deposits and other assets	1,762	24
Total assets	<u>\$ 435,441</u>	<u>\$ 201,041</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	9,692	5,193
Accrued expenses	13,473	11,986
Commission payable	2,967	4,429
Bonus payable	7,732	5,616
Current portion of long-term debt	10,000	10,313
Current portion of lease liabilities	2,070	1,948
Current portion of earnout liability	18,527	60
Current portion of tax receivable agreement liability	122	1,425
Total current liabilities	<u>64,583</u>	<u>40,970</u>
Long-term debt, net of deferred finance costs	188,149	198,331
Convertible notes	128,220	127,832
Derivative liability - convertible notes redemption make-whole provision	—	425
Warrant liability	84,505	8,294
Lease liabilities, operating	4,490	6,220
Tax receivable agreement liability	234,117	23,949
Earnout consideration liability	16,386	793
Total liabilities	<u>720,450</u>	<u>406,814</u>
Commitments and contingencies (Note 13)		
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, 82,677,354 and 19,415,123 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	8	2
Class B common stock, \$0.0001 par value; 75,000,000 shares authorized, no shares and 59,958,422 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	—	6
Additional paid-in capital	180,356	39,466
Accumulated other comprehensive income	2,569	4,991
Accumulated deficit	(467,942)	(846,825)
Total stockholders' deficit	<u>(285,009)</u>	<u>(802,360)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 435,441</u>	<u>\$ 201,041</u>

Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 107,135	\$ 96,886	\$ 319,712	\$ 290,729
Operating expenses:				
Cost of sales	51,727	47,990	153,019	134,542
Selling, general and administrative expenses	26,316	20,095	74,673	67,627
Total operating expenses	78,043	68,085	227,692	202,169
Income from operations	29,092	28,801	92,020	88,560
Total other income (expense), net	(113,937)	10,197	(126,773)	(6,408)
(Loss) income before income taxes	(84,845)	38,998	(34,753)	82,152
Income tax (expense)	(629)	(949)	(51)	(656)
Net (loss) income	\$ (85,474)	\$ 38,049	\$ (34,804)	\$ 81,496
Net (loss) income attributable to redeemable non-controlling interests	\$ (43,414)	\$ 30,574	\$ (18,414)	\$ 65,653
Net (loss) income attributable to CompoSecure, Inc.	\$ (42,060)	\$ 7,475	\$ (16,390)	\$ 15,843
Net (loss) income per share attributable to Class A common stockholders - basic	\$ (1.10)	\$ 0.39	\$ (0.58)	\$ 0.86
Net (loss) income per share attributable to Class A common stockholders - diluted	\$ (1.10)	\$ 0.34	\$ (0.58)	\$ 0.75
Weighted average shares used to compute net (loss) income per share attributable to Class A common stockholders - basic (in thousands)	38,212	19,075	28,110	18,420
Weighted average shares used to compute net (loss) income per share attributable to Class A common stockholders - diluted (in thousands)	38,212	35,765	28,110	35,362

Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net (loss) Income	\$ (34,804)	\$ 81,496
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,932	6,249
Stock-based compensation expense	15,269	13,052
Amortization of deferred finance costs	958	1,262
Loss on extinguishment of debt	148	—
Change in fair value of earnout consideration liability	34,060	(10,540)
Revaluation of warrant liability	76,211	(1,771)
Change in fair value of derivative liability	(425)	364
Deferred tax (benefit)	(4,813)	(1,485)
Changes in assets and liabilities		
Accounts receivable	(3,311)	(11,261)
Inventories	(2,550)	(9,614)
Prepaid expenses and other assets	(115)	(87)
Accounts payable	4,499	6,938
Accrued expenses	1,487	4,065
Other liabilities	590	(789)
Net cash provided by operating activities	<u>94,136</u>	<u>77,879</u>
Cash flows from investing activities:		
Purchase of property and equipment	(4,782)	(6,669)
Capitalized software expenditures	(729)	—
Net cash used in investing activities	<u>(5,511)</u>	<u>(6,669)</u>
Cash flows from financing activities:		
Proceeds from employee stock purchase plan, warrants and exercises of equity awards	2,895	1,024
Payments for taxes related to net share settlement of equity awards	(8,482)	(3,126)
Payment of tax receivable agreement liability	—	(2,193)
Payment of term loan	(10,333)	(18,122)
Deferred finance costs related to debt modification	(1,889)	(256)
Tax distributions to non-controlling members	(34,863)	(38,362)
Special distribution to non-controlling members	(15,573)	—
Dividend to Class A shareholders	(8,922)	—
Net cash used in financing activities	<u>(77,167)</u>	<u>(61,035)</u>
Net increase in cash and cash equivalents	11,458	10,175
Cash and cash equivalents, beginning of period	41,216	13,642
Cash and cash equivalents, end of period	<u>\$ 52,674</u>	<u>\$ 23,817</u>
Supplementary disclosure of cash flow information:		
Cash paid for interest expense	\$ 16,987	\$ 18,296
Supplemental disclosure of non-cash financing activities:		
Derivative asset - interest rate swap	\$ (2,422)	\$ (637)

Non-GAAP Adjusted EBITDA Reconciliation
(in thousands)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Net (loss) income	\$ (85,474)	\$ 38,049	\$ (34,804)	\$ 81,496
Add:				
Depreciation and amortization	2,331	2,078	6,932	6,249
Interest expense, net (1)	5,533	6,010	16,927	18,355
Income tax expense	629	949	51	656
EBITDA	\$ (76,981)	\$ 47,086	\$ (10,894)	\$ 106,756
Stock-based compensation expense	5,634	4,637	15,269	13,052
Mark-to-market adjustments, net (2)	108,404	(16,207)	109,846	(11,947)
Secondary offering transaction costs	—	—	586	—
Debt refinance costs	225	—	225	—
Resolute transaction costs	2,726	—	2,726	—
Adjusted EBITDA	<u>\$ 40,008</u>	<u>\$ 35,516</u>	<u>\$ 117,758</u>	<u>\$ 107,861</u>

(1) Includes amortization of deferred financing cost for the three and nine months ended September 30, 2024 and 2023, respectively.

(2) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability for the three and nine months ended September 30, 2024 and 2023, respectively.

Non-GAAP Adjusted EPS Reconciliation
(in thousands)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands) except per share amounts			
Basic and Diluted:				
Net (loss) income	\$ (85,474)	\$ 38,049	\$ (34,804)	\$ 81,496
Add: provision for income taxes	629	949	51	656
(Loss) income before income taxes	(84,845)	38,998	(34,753)	82,152
Income tax expense (1)	(7,100)	(5,868)	(20,487)	(17,639)
Adjusted net (loss) income before adjustments	(91,945)	33,130	(55,240)	64,513
(Less) add: mark-to-market adjustments (2)	108,948	(16,058)	110,271	(12,311)
Add: Secondary offering transaction costs	\$ —	—	586	—
Add: stock-based compensation	5,634	4,637	15,269	13,052
Adjusted net income	\$ 25,588	\$ 21,709	\$ 73,837	\$ 65,254
Common shares outstanding used in computing net income per share, basic: Class A and Class B common shares (3)	82,222	79,033	81,303	78,378
Common shares outstanding used in computing net income per share, diluted: Warrants (Public and Private) (4)	8,094	8,094	8,094	8,094
Equity awards	3,544	3,690	2,915	3,942
Total Shares outstanding used in computing net income per share - diluted	93,860	90,817	92,312	90,414
Adjusted net income per share - basic	\$ 0.31	\$ 0.27	\$ 0.91	\$ 0.83
Adjusted net income per share - diluted	\$ 0.27	\$ 0.24	\$ 0.80	\$ 0.72

1) Calculated using the Company's blended tax rate.

2) Includes the changes in fair value of warrant liability and earnout consideration liability.

3) Assumes both Class A shares and Class B shares participate in earnings and are outstanding at the end of the period.

4) Assumes treasury stock method, valuation at assumed fair market value of \$18.00.

5) The Company did not include the effect of Exchangeable Notes in its total shares outstanding used in diluted adjusted net income per share.

Q3 2024 Earnings Presentation

November 8, 2024



Disclaimers

Forward Looking Statements

This presentation 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 CompoSecure believes that its plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, CompoSecure 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 CompoSecure'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 CompoSecure's future results and could cause those results or other outcomes to differ materially from those expressed or implied in these forward-looking statements: the ability of CompoSecure to diversify its business and customer base and to achieve enhancements in organic growth and operational efficiency, including for any future acquired companies; the ability of CompoSecure to create value for its shareholders and generate robust free cash flow; the ability of CompoSecure to grow and manage growth profitably, maintain relationships with customers, compete within its industry and retain its key employees; the possibility that CompoSecure may be adversely impacted by other global economic, business, competitive and/or other factors; the outcome of any legal proceedings that may be instituted against CompoSecure or others; future exchange and interest rates; and other risks and uncertainties including those under "Risk Factors" in filings that have been made or will be made with the Securities and Exchange Commission. CompoSecure 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.

Non-GAAP Financial Measures

This presentation may include 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, Adjusted Net Income, Adjusted EPS, and Free Cash Flow 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/or 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. Due to the forward-looking nature of the financial guidance included below, specific quantification of the charges excluded from the non-GAAP financial measures included in such financial guidance, including with respect to depreciation, amortization, interest, and taxes, that would be required to reconcile the non-GAAP financial measures included in such financial guidance to GAAP measures are not available, so it is not feasible to provide accurate forecasted non-GAAP reconciliations without unreasonable effort. Consequently, no disclosure of estimated comparable GAAP measures is included, and no reconciliation of the forward-looking non-GAAP financial measures is included. 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 metrics that its management uses in analyzing operating results. EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow 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, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow.

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 opportunity and market size, growth and share, are based on information from independent industry organizations and other third-party sources, data from our internal research and management estimates. Management estimates are derived from 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. The 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 limitations on the availability and 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 in this presentation 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 sources.



Executive Summary

Net Sales: Q3 '24 vs. Q3 '23 increased 11% to \$107mm compared to \$97mm driven by strong international demand and product innovation

Adjusted EBITDA¹: Q3 '24 vs. Q3 '23 increased 13% to \$40mm compared to \$36mm driven by higher net sales and lower SG&A

Dave Cote's Resolute Holdings acquired majority interest; Dave appointed executive chairman and we added new board members; impact eliminated dual-class stock & simplified tax structure, improving free cash flow

High-profile customer card programs launched this quarter including US Bank Smartly, Goldman Sachs Debit, BTG in Brazil, and variety of fintechs and international banks

Capital One contract extended for another two years

Revised guidance for full year 2024 Net Sales expected to be in the range of \$418mm to \$424mm and Adjusted EBITDA of \$148mm to \$151mm



¹Adjusted EBITDA is a non-GAAP financial measure. For reconciliation of Adjusted EBITDA to the most directly comparable measure prepared in accordance with GAAP, please see the Appendix

2024 Company Objectives

1 Grow Metal Payment Cards



Grow and diversify metal payment cards while delivering exceptional quality to our customers

2 Innovate Across Functions



Innovate across products, processes and platforms to differentiate from competition and continue emphasis on environmental impact

3 Demonstrate Arculus Success



Drive Arculus Authenticate and Cold Storage by demonstrating to our customers the value proposition of both hardware and software solutions

4 Enhance Efficiency



Maintain margins through improved quality, production efficiency, sourcing optimization, and automation

5 Focus On Our People



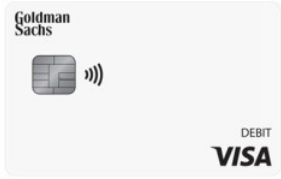
Continue to evolve as a world-class organization, innovator, and employer of choice to deliver unparalleled customer and shareholder value



Key Highlights – New Metal Card Programs



US Bank Smartly - US



Goldman Sachs Debit - US



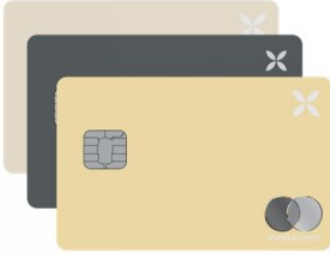
IDFC - India



HSBC - Singapore



BTG - Brazil



Qonto - France



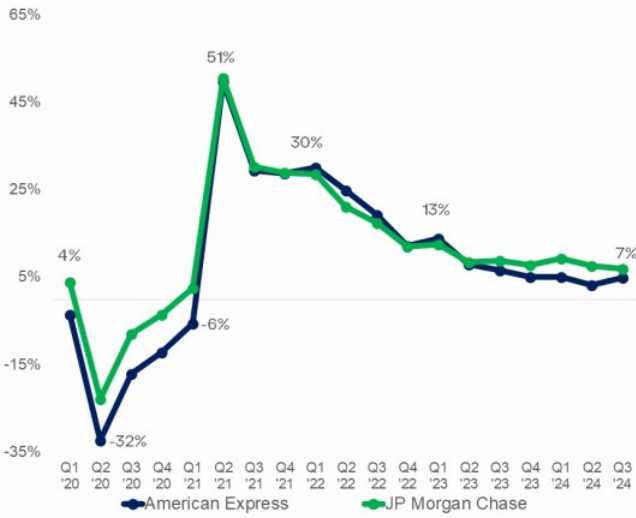
Military Bank - Vietnam

Several high-profile metal payment card launches across the globe including both traditional banks and fintechs



Recent Trends across Payment Cards

Year over Year Purchase Volume Growth¹



American Express New Card Acquisitions and Investment²



CompoSecure's largest customers reported purchase volume growth vs. prior year while American Express acquired 3.3mm new cards behind robust investments



¹ American Express & JP Morgan Chase Earnings Presentations
² American Express Earnings Presentations

Card Issuer and Payment Network Sentiment



"And we continue to see strong demand for our products as we bring new customers into the franchise with new cards acquired of 3.3 million in the quarter. Our strong acquisition and retention levels, along with our ongoing cycle of refreshing products continue to drive sustainable growth in card fee revenue. This strong growth represents a real proof point of the success of our strategy and the continued engagement of our customers." – *Christophe Le Caillec (CFO)*¹

JPMORGAN CHASE & CO.

"So overall, we see the spending patterns as being sort of solid and consistent with the narrative that the consumer is on solid footing and consistent with the strong labor market and the current central case of a kind of new landing scenario economically." – *Jeremy Barnum (CFO)*¹



"We continue to see compelling growth opportunities in our Domestic Card business. Our marketing continues to deliver strong new account growth across the Domestic Card business compared to the third quarter of 2023. Domestic Card marketing in the quarter included increased marketing to grow originations at the top of the market, higher media spend, and increased investment in differentiated customer experiences like our travel airport lounges and Capital One shopping." – *Richard Fairbank (Chairman & CEO)*¹



"The macroeconomic environment remained supportive and continues to underpin the strength in consumer spending. The labor market remained strong, even if slightly below historically tight levels. And inflation has moderated, albeit at varied levels across categories and countries. Overall, we remain positive about our growth outlook, but we will continue to monitor the environment." – *Michael Miebach (CEO)*¹

The payment card industry is performing well and remains optimistic about future growth



Metal Payment Card's Value Proposition

Cardholders

Elevated, Premium Experience

- Metal cards instill feelings of quality, durability, exclusivity, and status

Consumers Prefer Metal Cards Over Plastic

- Superior tactile experience
- Global surveys indicate consumer preference for metal

Entrenched Preference for Physical Payment Cards Over Mobile

- Perception of increased security with physical payment cards vs. mobile
- Metal further elevates the tangible physical payment experience

Environmental Sustainability

- 65% post-consumer recycled stainless steel
- Most new metal cards include a postage-paid envelope to return and recycle expired metal cards

Issuers

Highly Compelling Economics

- Low, predictable cost of metal cards relative to ongoing marketing/rewards costs drives ROI for issuers

Innovative Product Differentiation

- Elevated user experience and branding encourages consumers to keep issuer cards top of wallet amidst highly competitive payment card market

Quality Offering for Mass Affluent

- Pioneering technology and manufacturing capabilities have reduced production costs, enabling issuers to target a wider variety of consumers

Superior Metal Construct

- Metal construction enables issuers to increase durability to support new technological capabilities

Metal payment cards offer an unmatched value proposition to both cardholders and issuers



Differentiated Capabilities

Expertise

- Extensive trade secrets in metal card printing, proprietary coatings, and specialized etching and engraving
- Key manufacturing equipment heavily customized to enable proprietary processes
- Vast industry experience across the leadership team and entire organization to collaborate closely with clients and drive innovation

TRADE SECRETS

Patents

- Intense focus on intellectual property
- Broad protection on metal card manufacturing
- 60+ patents issued, 35+ pending, and with a constant focus on new technological innovations

INTELLECTUAL PROPERTY

Expansive Operations

- Ability to provide volume and quality at scale larger than any competitor's existing metal card output
- Strong operating leverage; produced 31mm+ metal cards in 2023
- Available space to expand capacity within existing footprint

SCALE

Comprehensive product portfolio, extensive business partnerships, advanced technology and innovation, and strong sustainability strategy



Arculus Capabilities

Arculus Authenticate



Hardware-bound PassKey authenticator

- Secure login on any iPhone, Android phone, or platform enabled with FIDO2 technology
- New device authentication (on-boarding new phone)
- Customer support authentication to call center
- Step-up authentication for high-risk transactions

- Secure account and prevent hackers from gaining access to banking or social media app

- White-labeled or co-branded solution sold through businesses for usage by their customer base

Arculus Cold Storage



Crypto and NFT hardware cold storage wallet

- Advanced three-factor authentication (biometric, PIN, and tapping card)
- Securely store, send, and receive digital assets via user-friendly mobile application
- Secure element with NFC connectivity (no battery or charging required)

- Generate, store, and secure keys for digital assets such as Bitcoin, Ethereum, Cardano, Solano, and many more

- White-labeled or co-branded solution sold through businesses for usage by their customer base
- Direct to consumer

Capability

Use Cases

Example

Distribution Channels

Created capability for Arculus to enable Web3 payments - using digital assets for everyday purchases at point of sale



Financial Overview



Q3 2024

\$ Millions



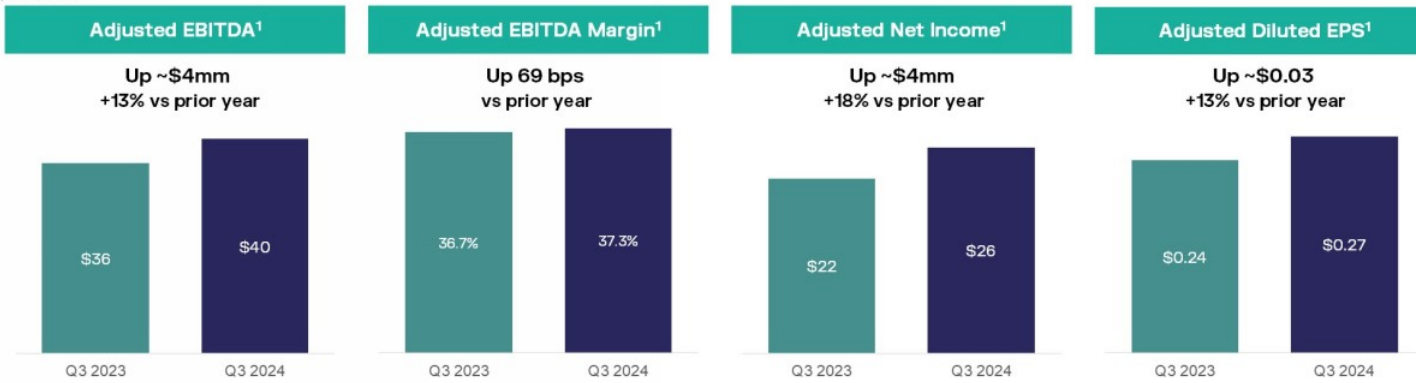
- Strong performance from both traditional financial institutions and fintech
- Lower in quarter but expected to rebound in Q4
- Momentum from new product innovation (Trade Republic's new program launch with our Echo Mirror card)
- Driven by net sales growth and improved production efficiencies
- Improved production efficiencies and favorable product mix

Strong third quarter results driven by international sales and improved production efficiencies



Q3 2024

\$ Millions



- Includes net impact from Arculus investment in Q3 '24 of (\$2.4mm) vs. Q3 '23 of (\$3.1mm)
- Improved efficiencies and spend management
- Adjusts out \$108mm of non-cash charges from stock price
- Number of diluted shares up 90.8mm to 93.9mm

Operating leverage increased in the quarter as Adjusted EBITDA grew at faster rate than Net Sales

¹ Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS are non-GAAP financial measure. For reconciliation of these non-GAAP measures to the most directly comparable measure prepared in accordance with GAAP, please see the Appendix



YTD Sept 2024

\$ Millions



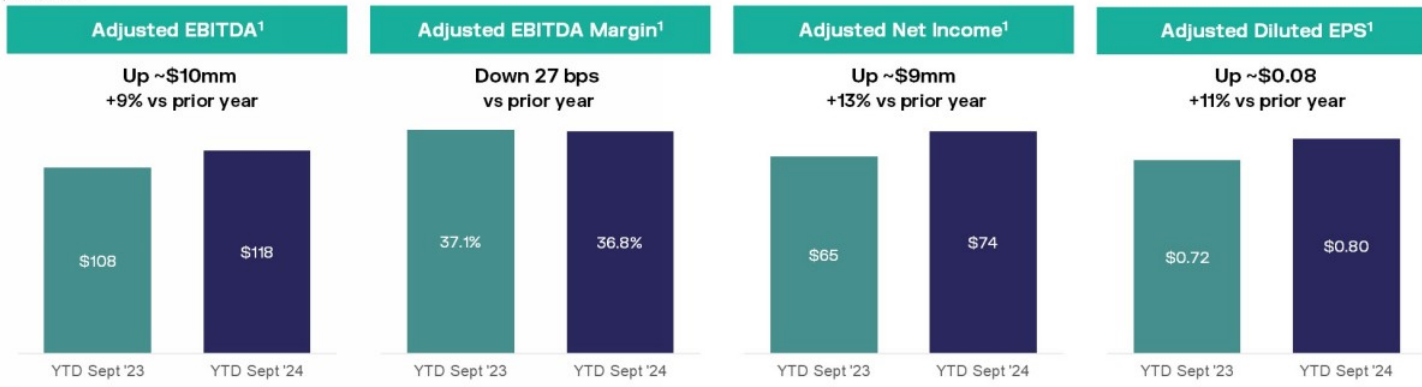
- Expansion of existing client business as well as growth from new clients
- Strong performance from large traditional bank issuers
- Acceleration from both direct and indirect distribution channels
- Driven by net sales growth
- Primarily due to higher headcount and wage cost, inflationary costs of materials, and product mix

Strong year to date results driven by global sales growth across new and existing customers



YTD Sept 2024

\$ Millions



- Includes net impact from Arculus investment YTD Q3 '24 of (\$6.5mm) vs. YTD Q3 '23 of (\$11.8mm)
- Impact from lower production efficiencies
- Benefitting from higher revenue growth
- Number of diluted shares up 90.4mm to 92.3mm

Net investment from Arculus continues to trend favorably vs. prior year and remains on track to turn profitable in 2025

¹ Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS are non-GAAP financial measure. For reconciliation of these non-GAAP measures to the most directly comparable measure prepared in accordance with GAAP, please see the Appendix



2024 Guidance

Revised full year Net Sales and Adjusted EBITDA guidance¹

	2024F	Q4F
Net Sales	\$418mm - \$424mm	\$98mm - \$104mm
<i>B/(W) vs. '23</i>	<i>+\$27mm / +\$33mm</i>	
	<i>+7% / +9%</i>	
Adjusted EBITDA²	\$148mm - \$151mm	\$30mm - \$33mm
<i>B/(W) vs. '23</i>	<i>+3mm / +\$6mm</i>	
	<i>+2% / +4%</i>	



¹Previous guidance was Net Sales of \$418mm - \$428mm and Adjusted EBITDA of \$150mm - \$157mm

²Adjusted 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

Balance Sheet

(Unaudited)

(\$mm)	Q3 2024A	Q4 2023A
Assets		
Current Assets		
Cash & cash equivalents	\$53	\$41
Accounts receivable, net	44	40
Inventories	55	53
Prepaid expenses and other Current assets	5	5
Total Current Assets	157	139
Property and equipment, net	23	25
Deferred tax assets	245	24
Other assets	10	12
Total assets	\$435	\$201
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	\$10	\$5
Accrued expenses	13	12
Other current liabilities	31	13
Current portion of long-term debt	10	10
Total current liabilities	65	41
Long-term debt, net of deferred finance costs	188	198
Line of credit	0	0
Convertible Debt, net of debt discount	128	128
Other liabilities	339	39
Total liabilities	\$720	\$407
Members' Equity	(285)	(206)
Total liabilities and members' equity	\$435	\$201

Finished the quarter with \$53mm in cash, up \$12mm vs. end of year 2023

Source: Company financials

Note: Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended September 30, 2024 and December 31, 2023 respectively



Statement of Cash Flows

(Unaudited)

(\$mm)	YTD Q3 '24A	YTD Q3 '23A
Cash flows from operating activities		
Net income	(\$35)	\$81
Depreciation	7	6
Equity-based compensation expense	15	13
Amortization of deferred finance costs	1	1
Change in fair value of earnout, warrant and derivative	110	(12)
Accounts receivable	(3)	(11)
Accounts payable	4	7
Inventories	(3)	(10)
Deferred tax expense (benefit)	(5)	(1)
Other liabilities	0	(1)
Accrued expenses	1	4
Net cash provided by operating activities	\$94	\$78
Cash flows from investing activities		
Acquisition of property and equipment	(5)	(7)
Net cash used in investing activities	(\$5)	(\$7)
Cash flows from financing activities		
Proceeds from employee stock purchase plan and exercise of equity awards	3	1
Dividend to Class A shareholders	(9)	0
Payment of Tax receivable agreement liability	0	(2)
Payments for taxes related to net share settlement of equity awards	(8)	(3)
Payment of term loan	(10)	(18)
Distributions	(16)	0
Deferred finance costs related to debt origination	(2)	(0)
Tax Distribution to members	(35)	(38)
Net cash used in financing activities	(\$77)	(\$61)
Net increase (decrease) cash, cash equivalents and restricted cash	11	10
Cash, cash equivalents and restricted cash, beginning of year	\$41	\$14
Cash, cash equivalents and restricted cash, end of year	\$53	\$24

Net cash from operating activities YTD Sept '24 is \$94mm, up \$16mm vs. prior year



Source: Company financials

Note: Cash flows have been derived from CompoSecure's consolidated financial statements for the nine months ended September 30, 2024 and 2023 respectively

Early Expectations for 2025

Tailwinds

Positive sentiment of payment card industry, long-term contracts with largest customers, strong backlog, and visibility into sales pipeline provide confidence into metal card organic growth

Growing focus on fraud reduction provides Arculus Authenticate opportunities

Strong pipeline for new product innovation and interest from new and existing customers

Stable supply chain conditions with typical variability in material pricing and continued diversification of sources

Improvement of operational efficiencies through the development of the CompoSecure Operating System

Generation of strong free cash flow to invest in production and process innovation and diversify the business and customer base through M&A activity

Headwinds

Continued competition across the metal card industry

Gradual adoption of digital wallets for point-of-sale transactions

Rising labor costs and competition for top talent

Global political and economic uncertainty

Will provide specific 2025 Net Sales and Adjusted EBITDA guidance at next reporting cycle, consistent with prior years



Key Takeaways

Delivered strong results on both the top and bottom line driven by international performance and consistent sales execution

Customers reporting sustained growth and commitment to ongoing marketing investment reaffirming our belief in strong growing market for metal payment cards

Arculus net investment trending favorably and remains on track to turn profitable in 2025

With addition of Dave Cote as Executive Chairman and new board members, we are well-equipped to continue driving organic growth, maximize operating efficiencies, and pursue growth opportunities through M&A



Investor Relations Contact

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Appendix



CompoSecure, Inc. (Nasdaq: CMPO)

Summary Equity Capitalization Table (with net exercise model)

As of September 30, 2024

<u>Holders</u>	<u># of Shares Issued & Outstanding</u>	<u># of Shares Issued & Outstanding</u>
Public Shareholders: Class A	82.7mm	82.7mm
<u>Holders</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options (assuming net exercise)¹</u>
Merger Rollover Options	0.8mm	0.4mm
Subtotal	83.5mm	83.1mm
<u>Convertible Instruments</u>	<u># of Shares Reserved for Conversion</u>	<u># of Shares Reserved for Conversion (assuming net exercise)</u>
Public Warrants ²	22.4mm	8.1mm
Exchangeable Notes ³	13.6mm	13.6mm
Grand Total	119.5mm	104.8mm

Notes: The table above excludes shares which may be issued in the future for equity incentive plan, employee stock purchase plan, 401K plan and contingent "earnout". Contingent "earnout" from 2021 merger gives certain equity holders the right to receive up to 7,500,000 additional shares of the Company's Class A common stock based on the achievement of certain stock price thresholds. See Note 9 to the Q3 2024 financial statements for more detail.

¹ Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

² Assumes treasury stock method, \$11.50 strike price, & valuation at assumed FMV of \$18.00

³ The conversion price has been temporarily adjusted to \$9.57 from September 19, 2024 to November 29, 2024 and will revert to \$10.98 after that period. See Note 5 to the Q3 2024 financial statements for more detail. Assumes \$10.98 conversion price with redemption (at company's discretion) on or after December 15, 2024 if stock price exceeds \$14.27.



Statement of Operations

(Unaudited)

(\$mm)	Q3 2024A	Q3 2023A	YTD Q3 '24A	YTD Q3 '23A
Revenue				
Net Sales	\$107	\$97	\$320	\$291
Cost of Sales	(52)	(48)	(153)	(135)
Gross Profit	\$55	\$49	\$167	\$156
Operating Expenses				
Selling, general and administrative	(26)	(20)	(75)	(68)
Income from operations	\$29	\$29	\$92	\$89
Other expense				
Other income (expense), net	(115)	9	(127)	(7)
Net Income (Loss)	(\$85)	\$38	(\$35)	\$81



Source: Company financials

Note: Operating results have been derived from CompoSecure's consolidated financial statements for the three and nine months ended September 30, 2024 and 2023 respectively

Note: Totals may not sum due to rounding

¹ Includes other income (expense) and income tax (expense) benefit as presented in annual and interim financial statements

Non-GAAP Adjusted EBITDA Reconciliation

(Unaudited)

\$mm	Q3 '24A	Q3 '23A	YTD Q3 '24A	YTD Q3 '23A
Net Income	(\$85)	\$38	(\$35)	\$81
Interest Expense	6	6	17	18
Depreciation and Amortization	2	2	7	6
Taxes	1	1	0	1
Unadjusted EBITDA	(\$77)	\$47	(\$11)	\$107
1 Non-Cash Stock Comp Expense	6	5	15	13
2 Mark-to-market Adjustments	108	-16	110	-12
Other	3	0	4	0
Total EBITDA Adjustments	\$117	(\$12)	\$129	\$1
Adjusted EBITDA	\$40	\$36	\$118	\$108
Adjusted EBITDA %	37.3%	36.7%	36.8%	37.1%

1 Non-Cash Equity Awards:
Equity based expenses related to the equity incentive plan

2 Non-Cash Adjustments: **Mark-to-Mark**
Related to changes in fair value liabilities for warrants, earnouts and derivatives assets



Source: Company financials

Q3 Earnings per Share: GAAP

	Three Months Ended Sep 30, 2024		Three Months Ended Sep 30, 2023	
	Basic	Diluted	Basic	Diluted
GAAP Net Income (Loss)	(\$85.5mm)	(\$85.5mm)	\$38.1mm	\$38.1mm
Net Income (Loss) used in EPS	(\$42.1mm) ¹	(\$42.1mm) ²	\$7.5mm	\$12.3mm
Total Shares used in EPS	38.2mm ³	38.2mm ⁴	19.1mm	35.8mm
Earnings per Share	(\$1.10)	(\$1.10)	\$0.39	\$0.34

Source: Company Financials

¹ 46.47% of Net Income (Loss) of (\$81.1mm) of operating entities plus 100% of C-Corp net loss of \$4.4mm.

² 46.47% of Net Income (Loss) of (\$81.1mm) of operating entities plus 100% of C-Corp net loss of \$4.4mm.

³ Weighted-average outstanding Class A Shares.

⁴ Weighted-average outstanding Class A Shares.



Q3 Adjusted Earnings per Share

	Three Months Ended Sep 30, 2024		Three Months Ended Sep 30, 2023	
	Basic	Diluted	Basic	Diluted
GAAP Net Income (Loss)	(\$85.5mm)	(\$85.5mm)	\$38.1mm	\$38.1mm
Adjusted Net Income	\$25.6mm ¹	\$25.6mm ¹	\$21.7mm ²	\$21.7mm ²
Total Shares used in EPS	82.2mm ³	93.9mm ⁴	79.0mm ³	90.8mm ⁵
Adjusted EPS ⁶	\$0.31	\$0.27	\$0.27	\$0.24

Source: Company Financials

¹ GAAP Net Income (Loss) of (\$85.5mm) less Additional Tax Provision of \$6.5mm plus Fair Value/Mark to Market Changes for Warrants and Earnouts, Equity Awards Adjustment and secondary offer transaction cost of \$117.5mm.

² GAAP Net Income of \$38.1mm less Additional Tax Provision of \$4.9mm less Fair Value/Mark to Market Changes for Warrants and Earnouts, Equity Awards Adjustment and secondary offer transaction cost of \$111.4mm.

³ Outstanding Class A plus Class B Shares.

⁴ Outstanding Class A plus Class B Shares plus \$8.1mm Public Warrants (Converted Using Treasury Stock Method) and \$3.5mm Equity Awards.

⁵ Outstanding Class A plus Class B Shares plus \$8.1mm Public Warrants (Converted Using Treasury Stock Method) and \$3.7mm Equity Awards.

⁶ Adjusted Net Income and Adjusted EPS are non-GAAP financial measures. For reconciliation of these non-GAAP measures to the most directly comparable measures prepared in accordance with GAAP, please see the Appendix.



YTD Earnings per Share: GAAP

	Nine Months Ended Sep 30, 2024		Nine Months Ended Sep 30, 2023	
	Basic	Diluted	Basic	Diluted
GAAP Net Income (Loss)	(\$34.8mm)	(\$34.8mm)	\$81.5mm	\$81.5mm
Net Income (Loss) used in EPS	(\$16.4mm) ¹	(\$16.4mm) ²	\$15.8mm	\$26.5mm
Total Shares used in EPS	28.1mm ³	28.1mm ⁴	18.4mm	35.4mm
Earnings per Share	(\$0.58)	(\$0.58)	\$0.86	\$0.75

Source: Company Financials

¹ 34.57% of net income of \$28.1mm of operating entities plus 100% of C-Corp net loss of \$6.7mm.

² 34.57% of net income of \$28.1mm of operating entities plus 100% of C-Corp net loss of \$6.7mm.

³ Weighted-average outstanding Class A Shares.

⁴ Weighted-average outstanding Class A Shares.



YTD Adjusted Earnings per Share

	Nine Months Ended Sep 30, 2024		Nine Months Ended Sep 30, 2023	
	Basic	Diluted	Basic	Diluted
GAAP Net Income (Loss)	(\$34.8mm)	(\$34.8mm)	\$81.5mm	\$81.5mm
Adjusted Net Income	\$73.8mm ¹	\$73.8mm ¹	\$65.3mm ²	\$65.3mm ²
Total Shares used in EPS	81.3mm ³	92.3mm ⁴	78.4mm ³	90.4mm ⁵
Adjusted EPS⁶	\$0.91	\$0.80	\$0.83	\$0.72

Source: Company Financials

¹ GAAP Net Income (Loss) of (\$34.8mm) less Additional Tax Provision of \$20.4mm plus Fair Value/Mark to Market Changes for Warrants and Earnouts, Equity Awards Adjustment and secondary offer transaction cost of \$129.1mm.

² GAAP Net Income of \$81.5mm less Additional Tax Provision of \$17.0mm less Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$0.7mm.

³ Outstanding Class A plus Class B Shares.

⁴ Outstanding Class A plus Class B Shares plus 8.1mm Public Warrants (Converted Using Treasury Stock Method) and 2.9mm Equity Awards.

⁵ Outstanding Class A plus Class B Shares plus 8.1mm Public Warrants (Converted Using Treasury Stock Method) and 3.9mm Equity Awards.

⁶ Adjusted Net Income and Adjusted EPS are non-GAAP financial measures. For reconciliation of these non-GAAP measures to the most directly comparable measures prepared in accordance with GAAP, please see the Appendix.



Q3 Non-GAAP EPS Reconciliation

(Unaudited)

<i>in millions</i>	Three months ended September 30, 2024		Three months ended September 30, 2023	
	BASIC	DILUTED	BASIC	DILUTED
GAAP Net Income	\$ (85.5)	\$ (85.5)	\$ 38.0	\$ 38.0
Adjust for tax (benefit) expense	0.6	0.6	0.9	0.9
Tax Provision	(7.1)	(7.1)	(5.9)	(5.9)
Tax Adjusted Net Income	\$ (92.0)	\$ (92.0)	\$ 33.0	\$ 33.0
Stock Based Compensation and Fair Value Adjustment	117.5	117.5	(11.4)	(11.4)
Adjusted Net Income	\$ 25.5	\$ 25.5	\$ 21.6	\$ 21.6
Class A + Class B Shares	82.2	82.2	79.0	78.5
Public Warrants ¹	—	8.1	—	8.1
Equity Awards ²	—	3.5	—	4.0
Total Shares	82.2	93.8	79.0	90.6
EPS	\$ 0.31	\$ 0.27	\$ 0.27	\$ 0.24

Source: Company financials

¹ Assumes treasury stock method, valuation at assumed FMV of \$18.00

² Includes options, RSUs, and ESPP shares



YTD Sept Non-GAAP EPS Reconciliation

(Unaudited)

<i>in millions</i>	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	BASIC	DILUTED	BASIC	DILUTED
GAAP Net Income	\$ (34.8)	\$ (34.8)	\$ 81.5	\$ 81.5
Adjust for tax (benefit) expense	0.1	0.1	0.7	0.7
Tax Provision	(20.5)	(20.5)	(17.6)	(17.6)
Tax Adjusted Net Income	\$ (55.2)	\$ (55.2)	\$ 64.6	\$ 64.6
Stock Based Compensation and Fair Value Adjustment	129.1	129.1	0.7	0.7
Adjusted Net Income	\$ 73.9	\$ 73.9	\$ 65.3	\$ 65.3
Class A + Class B Shares	81.3	81.3	78.4	78.4
Public Warrants ¹		8.1	—	8.1
Equity Awards ²		2.9	—	3.9
Total Shares	81.3	92.3	78.4	90.4
EPS	\$ 0.91	\$ 0.80	\$ 0.83	\$ 0.72

Source: Company financials

¹ Assumes treasury stock method, valuation at assumed FMV of \$18.00

² Includes options, RSUs, and ESPP shares

