
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025

OR

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

For transition period from to

Commission File Number 001-39687

CompoSecure, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

85-2749902

(I.R.S. Employer
Identification Number)

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

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

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

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

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

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

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

Large accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of October 30, 2025, there were approximately 125,195,366 shares of the registrant's Class A common stock outstanding .

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EXPLANATORY NOTE REGARDING CHANGE TO EQUITY METHOD ACCOUNTING

Effective as of February 28, 2025, as a result of the spin-off (the "Spin-Off") of Resolute Holdings Management, Inc. ("Resolute Holdings") and the related Management Agreement (the "Management Agreement") between the Company's wholly-owned subsidiary, CompoSecure Holdings, L.L.C. ("Holdings") and Resolute Holdings, the results of operations of Holdings, and its operating company subsidiaries, are not consolidated in the Company's financial statements included in this Quarterly Report on Form 10-Q and, instead, are accounted for under the equity method of accounting. Under the equity method of accounting, Holdings' accounts are not reflected within the Company's consolidated balance sheets and statements of operations. The Company's share of the earnings of Holdings is reported in the Company's consolidated statements of operations as earnings from equity method investment. The Company's carrying value in Holdings is reported on the Company's consolidated balance sheets as equity method investment.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, and the documents incorporated by reference herein, may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although the Company believes that its plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot assure you that it will achieve or realize these plans, intentions, or expectations. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning the Company's possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. In some instances, these statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates" or "intends" or the negatives of these terms or variations of them or similar terminology.

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

- Risks of rapidly evolving domestic and global economic conditions, which are beyond our control;
- We may fail to retain existing customers or identify and attract new customers;
- Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage and increase risks of litigation;
- System outages, data loss or other interruptions could affect our operations;
- We may not be able to recruit, retain and develop qualified personnel, including for areas of newer specialized technology;
- Our future growth may depend upon our ability to develop and commercialize new products, and we may be unable to introduce new products and services in a timely manner;
- Disruptions in our supply chain or the performance of our suppliers and/or development partners could occur;
- We have limited experience in the digital assets industry and may not succeed in fully commercializing the products and solutions derived from the Arculus technology;
- Risks related to the rapid evolution of the security markets, including that our Arculus Authenticate solutions may not achieve widespread market acceptance or may not provide sufficient protection;
- Our dependence on certain distribution partners and the risk of their loss;

- Risks to market share and profitability due to competition;
- Risks relating to the management of our business by Resolute Holdings, including our reliance on Resolute Holdings for management services under the Management Agreement, which gives Resolute Holdings substantial influence over our business, operations, and strategy;
- We may fail to successfully manage and integrate acquisitions or strategic transactions, which could negatively impact our financial performance and growth prospects;
- The outcome of any legal proceedings that may be instituted against the Company or others;
- Escalating U.S. tariffs or other trade restrictions on imported raw materials, and any retaliatory measures by other countries, could increase our costs which could have a material adverse impact on our margins;
- Future exchange and interest rates; and
- other risks and uncertainties indicated in this report, including those under “Risk Factors” herein, and other filings that have been made or will be made with the SEC.

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

Item 1. Financial Statements

COMPOSECURE, INC.**Consolidated Balance Sheets**

(\$ in thousands, except par value and share amounts)

	September 30, 2025	December 31, 2024
	Unaudited	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 127,362	\$ 77,461
Accounts receivable	—	47,449
Inventories, net	—	44,833
Prepaid expenses and other current assets	4,665	4,159
Total current assets	132,027	173,902
Property and equipment, net	—	23,448
Right-of-use asset - operating leases	—	5,404
Deferred tax asset	289,152	264,815
Derivative asset - interest rate swap	—	2,749
Equity method investment	84,296	—
Deposits and other assets	—	3,600
Total assets	505,475	473,918
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	1,518	11,544
Accrued expenses	40,841	14,682
Bonus payable	—	8,466
Commission payable	—	2,563
Current portion of long-term debt	—	11,250
Current portion of lease liabilities - operating leases	—	2,113
Current portion of earnout consideration liability	—	20,533
Current portion of tax receivable agreement liability	16,103	5,171
Total current liabilities	58,462	76,322
Long-term debt, net of deferred financing costs	—	184,389
Warrant liability	41,427	104,231
Lease liabilities - operating leases	—	3,888
Tax receivable agreement liability	253,117	248,534
Total liabilities	353,006	617,364
Commitments and contingencies (Note 14)		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 1,000,000,000 and 250,000,000 shares were authorized as of September 30, 2025 and December 31, 2024, respectively; 124,961,235 and 100,462,844 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	12	10
Treasury shares	(12,247)	—
Additional paid-in-capital	659,319	361,379
Accumulated other comprehensive (loss) income	(206)	2,543
Accumulated deficit	(494,409)	(507,378)
Total stockholders' equity (deficit)	152,469	(143,446)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 505,475	\$ 473,918

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

COMPOSECURE, INC.**Consolidated Statements of Operations (Unaudited)**

(\$ in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net sales	\$ —	\$ 107,135	\$ 59,824	\$ 319,712
Cost of sales	—	51,727	31,075	153,019
Gross profit	—	55,408	28,749	166,693
Operating expenses:				
Selling, general and administrative expenses	9,939	26,316	35,300	74,673
(Loss) income from operations	(9,939)	29,092	(6,551)	92,020
Other (expense) income				
Revaluation of warrant liability	(117,267)	(74,418)	(152,782)	(76,211)
Revaluation of earnout consideration liability	(57,610)	(34,530)	(57,101)	(34,060)
Change in fair value of derivative liability - convertible notes redemption make-whole provision	—	544	—	425
Interest expense	—	(6,303)	(1,688)	(19,257)
Interest income	287	1,167	523	3,386
Loss on extinguishment of debt	—	(148)	—	(148)
Amortization of deferred financing costs	—	(249)	(74)	(908)
Total other expense, net	(174,590)	(113,937)	(211,122)	(126,773)
Loss before income taxes	(184,529)	(84,845)	(217,673)	(34,753)
Income tax expense	(29,804)	(629)	(55,046)	(51)
Loss before earnings in equity method investment	(214,333)	(85,474)	(272,719)	(34,804)
Earnings in equity method investment	39,637	—	93,390	—
Net loss	\$ (174,696)	\$ (85,474)	\$ (179,329)	\$ (34,804)
Net loss attributable to redeemable non-controlling interests	\$ —	\$ (43,414)	\$ —	\$ (18,414)
Net loss attributable to CompoSecure, Inc.	\$ (174,696)	\$ (42,060)	\$ (179,329)	\$ (16,390)
Net loss per share attributable to CompoSecure, Inc. - basic	\$ (1.58)	\$ (1.10)	\$ (1.70)	\$ (0.58)
Net loss per share attributable to CompoSecure, Inc. - diluted	\$ (1.58)	\$ (1.10)	\$ (1.70)	\$ (0.58)
Weighted average shares used to compute net loss per share attributable to Class A common stockholders - basic	110,265	38,212	105,280	28,110
Weighted average shares used to compute net loss per share attributable to Class A common stockholders - diluted	110,265	38,212	105,280	28,110

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

COMPOSECURE, INC.

Consolidated Statements of Comprehensive Loss (Unaudited)

(\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	\$ (174,696)	\$ (85,474)	\$ (179,329)	\$ (34,804)
Other comprehensive loss				
Unrealized loss on derivative - interest rate swap (net of tax)	—	(2,279)	(502)	(2,422)
Total other comprehensive loss	—	(2,279)	(502)	(2,422)
Comprehensive loss	\$ (174,696)	\$ (87,753)	\$ (179,831)	\$ (37,226)

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

	Class A Common Stock		Class B Common Stock		Treasury Stock	Additional Paid-in	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Redeemable Non-Controlling Interest
	Shares	Amount	Shares	Amount		Capital				
Balance as of December 31, 2024	100,462,844	\$ 10	—	\$ —	\$ —	\$ 361,379	\$ 2,543	\$ (507,378)	\$ (143,446)	\$ —
Exercise of warrants	425,100	—	—	—	—	7,194	—	—	7,194	—
Stock-based compensation	—	—	—	—	—	5,720	—	—	5,720	—
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	—	121	—	—	121	—
Net income	—	—	—	—	—	—	—	21,492	21,492	—
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes.	1,418,449	—	—	—	—	—	—	—	—	—
Class A common stock withheld related to net share settlement of equity awards	11,459	—	—	—	—	(15,285)	—	—	(15,285)	—
Unrealized loss on derivative - interest rate swap	—	—	—	—	—	—	(502)	—	(502)	—
Deemed dividend for issuance of share-based compensation to Resolute Holdings employees	—	—	—	—	—	(26,020)	—	—	(26,020)	—
Share-based compensation granted to Resolute Holdings employees	—	—	—	—	—	26,020	—	—	26,020	—
Spin-Off of Resolute Holdings	—	—	—	—	—	(14,209)	—	3,400	(10,809)	—
Deconsolidation of CompoSecure Holdings, L.L.C.	—	—	—	—	—	(138,443)	(2,247)	188,898	48,208	—
Balance as of March 31, 2025	102,317,852	\$ 10	—	\$ —	\$ —	\$ 206,477	\$ (206)	\$ (293,588)	\$ (87,307)	\$ —
Exercise of warrants	1,000	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	137	—	—	137	—
Net loss	—	—	—	—	—	—	—	(26,125)	(26,125)	—
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes and warrants	38,880	—	—	—	—	—	—	—	—	—
Adjustment to Spin-Off of Resolute Holdings	—	—	—	—	—	1,870	—	—	1,870	—
Share-based compensation granted at Holdings	—	—	—	—	—	5,049	—	—	5,049	—
Balance as of June 30, 2025	102,357,732	\$ 10	—	\$ —	\$ —	\$ 213,533	\$ (206)	\$ (319,713)	\$ (106,376)	\$ —

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

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

Exercise of warrants	18,752,570	2	—	—	—	362,746	—	—	362,748	—
Stock-based compensation	—	—	—	—	—	236	—	—	236	—
Proceeds from exercise of options	—	—	—	—	—	—	—	—	—	—
Purchase of Treasury shares	(647,782)	—	—	—	(12,247)	—	—	—	(12,247)	—
Net loss	—	—	—	—	—	—	—	(174,696)	(174,696)	—
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes	253,118	—	—	—	—	—	—	—	—	—
Tax receivable agreement liability	—	—	—	—	—	2,250	—	—	2,250	—
Exercise of Earnouts	4,245,597	—	—	—	—	74,908	—	—	74,908	—
Share-based compensation granted at Holdings	—	—	—	—	—	5,646	—	—	5,646	—
Balance as of September 30, 2025	124,961,235	\$ 12	—	\$ —	\$ (12,247)	\$ 659,319	\$ (206)	\$ (494,409)	\$ 152,469	\$ —

	Class A Common Stock		Class B Common Stock		Treasury Stock	Additional Paid-in	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Redeemable Non-Controlling Interest
	Shares	Amount	Shares	Amount		Capital				
Balance as of December 31, 2023	19,415,123	2	59,958,422	6	—	39,466	4,991	(846,825)	(802,360)	596,587
Distributions to non-controlling interests	—	—	—	—	—	—	—	(10,151)	(10,151)	—
Stock-based compensation	—	—	—	—	—	4,397	—	—	4,397	—
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	—	107	—	—	107	—
Net income	—	—	—	—	—	—	—	4,025	4,025	13,048
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes and employee stock purchase plan transactions	1,183,123	—	—	—	—	—	—	—	—	—
Class A common stock withheld related to net share settlement of equity awards	—	—	—	—	—	(3,476)	—	—	(3,476)	—
Unrealized gain on derivative - interest rate swap	—	—	—	—	—	—	452	—	452	—
Adjustment of redeemable non-controlling interests to redemption value	—	—	—	—	—	—	—	13,048	13,048	(13,048)
Balance as of March 31, 2024	20,598,246	\$ 2	59,958,422	\$ 6	\$ —	\$ 40,494	\$ 5,443	\$ (839,903)	\$ (793,958)	\$ 596,587
Dividend to Class A shareholders	—	—	—	—	—	—	—	(8,922)	(8,922)	—

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

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

Distributions to non-controlling interests	—	—	—	—	—	—	—	(31,589)	(31,589)	—
Stock-based compensation	—	—	—	—	—	5,238	—	—	5,238	—
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	—	114	—	—	114	—
Net income	—	—	—	—	—	—	—	11,099	11,099	22,498
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes and employee stock purchase plan transactions	1,199,092	—	—	—	—	—	—	—	—	—
Class A common stock withheld related to net share settlement of equity awards	—	—	—	—	—	(5,006)	—	—	(5,006)	—
Class A common stock issued pursuant to Class B common stock exchanges	8,050,000	1	(8,050,000)	(1)	—	—	—	—	—	—
Unrealized loss on derivative - interest rate swap	—	—	—	—	—	—	(595)	—	(595)	—
Tax receivable agreement liability	—	—	—	—	—	(4,582)	—	—	(4,582)	—
Adjustment of redeemable non-controlling interests to redemption value	—	—	—	—	—	—	—	102,596	102,596	(102,596)
Balance as of June 30, 2024	<u>29,847,338</u>	<u>\$ 3</u>	<u>51,908,422</u>	<u>\$ 5</u>	<u>\$ —</u>	<u>\$ 36,258</u>	<u>\$ 4,848</u>	<u>\$ (766,719)</u>	<u>\$ (725,605)</u>	<u>\$ 516,489</u>
Distributions to non-controlling interests	—	—	—	—	—	—	—	(8,696)	(8,696)	—
Stock-based compensation	—	—	—	—	—	5,634	—	—	5,634	—
Proceeds from employee stock purchase plan and exercise of options	—	—	—	—	—	2,674	—	—	2,674	—
Net loss	—	—	—	—	—	—	—	(42,060)	(42,060)	(43,414)
Class A common stock issued pursuant to equity-based plans, net of shares withheld for taxes and employee stock purchase plan transactions	921,594	—	—	—	—	—	—	—	—	—
Class A common stock issued pursuant to Class B common stock exchanges	51,908,422	5	(51,908,422)	(5)	—	—	—	—	—	—
Unrealized loss on derivative - interest rate swap	—	—	—	—	—	—	(2,279)	—	(2,279)	—
Tax receivable agreement liability	—	—	—	—	—	12,248	—	—	12,248	—
Adjustment of redeemable non-controlling interests to redemption value	—	—	—	—	—	123,542	—	349,533	473,075	(473,075)
Balance as of September 30, 2024	<u>82,677,354</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 180,356</u>	<u>\$ 2,569</u>	<u>\$ (467,942)</u>	<u>\$ (285,009)</u>	<u>\$ —</u>

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

COMPOSECURE, INC.

Consolidated Statements of Cash Flows (Unaudited)

(\$ in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (179,329)	\$ (34,801)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	1,623	6,931
Stock-based compensation expense	4,223	15,261
Earnings in equity method investment	(93,390)	—
Cash receipts from Holdings	21,659	—
Amortization of deferred financing costs	74	95
Loss on extinguishment of debt	—	14
Revaluation of earnout consideration liability	57,101	34,061
Revaluation of warrant liability	152,782	76,211
Change in fair value of derivative liability	—	(42)
Non-cash operating lease expense	405	1,751
Deferred tax benefit	(1,837)	(3,510)
Changes in assets and liabilities:		
Accounts receivable	2,063	(3,311)
Inventories	(5,195)	(2,551)
Prepaid expenses and other assets	(3,256)	(11)
Accounts payable	(29)	4,491
Accrued expenses	38,230	1,481
Lease liabilities	(369)	(1,821)
Other liabilities	(3,648)	66
Net cash (used in) provided by operating activities	(8,893)	95,431
Cash flows from investing activities		
Purchase of property and equipment	—	(4,781)
Holdings cash deconsolidated as a result of the Management Agreement	(50,303)	—
Resolute Holdings cash deconsolidated as a result of the Spin-Off	(10,000)	—
Capitalized software expenditures	(387)	(721)
Net cash used in investing activities	(60,690)	(5,501)
Cash flows from financing activities		
Proceeds from employee stock purchase plan and exercise of options	121	2,891
Payments for taxes related to net share settlement of equity awards and earnout liability	(18,011)	(8,481)
Payment of term loan	—	(10,331)
Purchase of treasury shares	(12,247)	—
Deferred finance costs related to debt modification	—	(1,881)
Payment of tax receivable agreement liability	(4,735)	(1,301)
Distributions to non-controlling members	—	(34,861)
Special distribution to non-controlling members	—	(15,571)
Dividend to Class A shareholders	—	(8,921)
Proceeds from the exercise of warrants	154,356	—
Net cash provided by (used in) financing activities	119,484	(78,471)
Net increase in cash and cash equivalents	49,901	11,451
Cash and cash equivalents, beginning of period	77,461	41,211
Cash and cash equivalents, end of period	\$ 127,362	\$ 52,671
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,164	\$ 16,981
Cash paid for income taxes	16,770	3,421
Supplemental disclosure of non-cash operating and financing activities:		
Operating lease ROU assets exchanged for lease liabilities	\$ 4,224	\$ —
Derivative asset - interest rate swap	(502)	(2,421)
Non-cash portion of warrant exercise	(215,586)	—
Settlement of earnout phase two	(77,634)	—

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

Contribution to Holdings for share-based compensation	12,565	—
Holdings net liabilities, excluding cash and cash equivalent, deconsolidated as a result of Management Agreement	(98,508)	—
Resolute Holdings net liabilities, excluding cash and cash equivalent, deconsolidated as a result of Spin-Off	(1,542)	—

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

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

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

The Company creates newly innovated, highly differentiated and customized quality financial payment products for banks and other payment card issuers to support and increase their customer acquisition, customer retention and organic customer spend. The Company's customers consist primarily of leading international and domestic banks and other payment card issuers primarily within the United States ("U.S."), with additional direct and indirect customers in Europe, Asia, Latin America, Canada, and the Middle East. The Company is a platform for next generation payment technology, security, and authentication solutions. The Company maintains trusted, highly-embedded and long-term customer relationships with an expanding set of global issuers. The Company has established a niche position in the financial payment card market with 25 years of innovation and experience and is focused primarily on this attractive subsector of the financial technology market. The Company serves a diverse set of direct customers and indirect customers, including some of the largest issuers of credit cards in the U.S.

Prior to the transactions discussed below, the Company had operated as an umbrella partnership C corporation ("Up-C"), meaning that the sole asset of the Company was its interest in Holdings and the related deferred tax asset. Holdings had been an entity taxed as a partnership for U.S. federal income tax purposes and was owned by both the historical owners and the Company.

On August 7, 2024, all of the Company's Class B stockholders and affiliates of Resolute Compo Holdings, LLC, including Tungsten 2024 LLC, (collectively, "Tungsten"), entered into stock purchase agreements pursuant to which the selling shareholders would exchange their 51,908,422 Class B units, and corresponding Class B shares, for Class A shares (collectively, the "Tungsten Transactions"), eliminating the Company's existing dual-share class structure. The Company was not party to the stock purchase agreements related to the Tungsten Transactions. The Tungsten Transactions closed on September 17, 2024 and as a result, Tungsten became the majority owner of the Company by acquiring 49,290,409 shares of the Company's Class A Common Stock for an aggregate purchase price of approximately \$372 million, or \$7.55 per share, representing an approximately 60% voting interest in the Company at the time of the Tungsten Transactions. Subsequent to the Tungsten Transactions, the Company no longer has Class B shares outstanding nor the associated non-controlling interest. The Company's tax receivable agreement liability and future payments thereunder increased as the Company realized an increase in the tax basis of the assets of Holdings resulting from the exchange of the equity in Holdings by unitholders in connection with the Tungsten Transactions.

On September 27, 2024, Resolute Holdings Management, Inc. ("Resolute Holdings") was created as a wholly owned subsidiary of Holdings. On February 28, 2025, the Company completed the previously-announced spin-off (the "Spin-Off") of Resolute Holdings. In connection with the Spin-Off, Holdings entered into a management agreement (the "Management Agreement") pursuant to which Resolute Holdings provides management and other related services to Holdings in exchange for payment of quarterly management fees. The Spin-Off of Resolute Holdings from the Company was achieved through the distribution of all outstanding shares of common stock, par value \$0.0001 per share, of Resolute Holdings ("Resolute Holdings Common Stock"), on a pro rata basis, to holders of record of the Company's Class A Common Stock, par value \$0.0001 per share ("CompoSecure Common Stock"). Each holder of record of CompoSecure Common Stock received one share of Resolute Holdings Common Stock for every twelve shares of CompoSecure Common Stock held on February 20, 2025, the record date

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for the Spin-Off. In lieu of fractional shares of Resolute Holdings Common Stock, holders of CompoSecure Common Stock received cash.

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

By virtue of control of the board of managers of Holdings, the Company historically operated and controlled the business and affairs of Holdings and thus consolidated Holdings. As of February 28, 2025 and subsequent to the Spin-Off and the execution of the Management Agreement with Resolute Holdings, Resolute Holdings controls and is required to consolidate Holdings. As a result, the Company no longer consolidates Holdings and accounts for the investment in Holdings as an equity method investment. See Note 5 for additional discussion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

The Company's significant accounting policies are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC.

Interim Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("U.S. GAAP") and Article 10 of Regulation S-X of the SEC for interim financial information and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The financial statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, the financial statements reflect all adjustments, consisting solely of normal, recurring adjustments, necessary for the fair presentation of the financial statements for the periods presented. The results disclosed in the Consolidated Statements of Operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

The preparation of the consolidated financial statements requires management to make a number of estimates and assumptions relating to the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. The Company bases its estimates on historical experience, current business factors and various other assumptions believed to be reasonable under the circumstances, all of which are necessary in order to form a basis for determining the carrying values of assets and liabilities. Actual results may differ from those estimates and assumptions. The Company evaluates the adequacy of its reserves and the estimates used in calculations on an on-going basis. Significant areas requiring management to make estimates include the valuation of equity instruments, measurement of changes in the fair value

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of earnout consideration liability, estimates of derivative liability associated with the Exchangeable Notes (as defined below), which were marked to market each quarter based on a Lattice model approach, derivative asset for the interest rate swap, changes in the fair value of warrant liabilities, valuation allowances on deferred tax assets which are based on an assessment of recoverability of the deferred tax assets against future taxable income and estimates of the inputs used to calculate the tax receivable agreement liability, reserve for excess and obsolete inventory, estimated useful lives and impairment of property and equipment, and lease term, discount rates and other inputs used to measure right of use assets and lease liabilities.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An immaterial adjustment has been made to the consolidated statement of cash flows for the nine months ended September 30, 2024 to reclassify within cash flows from operating activities the change in other liabilities to non-cash operating lease expense and lease liabilities. In addition, \$1,303 previously presented on the consolidated statement of cash flows as deferred tax benefits within cash flows from operating activities for the nine months ended September 30, 2024 was reclassified to payments of tax receivable agreement liability within cash flows from financing activities.

Variable Interest Entities

The Company evaluates its contractual, ownership, and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE") in accordance with ASC 810, *Consolidation* ("ASC 810"). A VIE is an entity that either lacks sufficient equity to permit it to finance its activities without additional subordinated financial support or for which the equity investors do not have characteristics of a controlling financial interest. These evaluations are complex and involve judgment. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to direct activities that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.

Change to Equity Method Accounting Presentation for Holdings

The Company has a variable interest in Holdings, the Company's wholly owned operating subsidiary. Holdings is considered a VIE as the Company is the sole holder of Holdings' equity investment risk but is not able to direct the activities that most significantly impact Holdings' economic performance. Effective as of February 28, 2025, the date of the Spin-Off of Resolute Holdings, and as a result of Holdings entering into the Management Agreement with Resolute Holdings, the Company determined that Holdings is a VIE for which the Company is not the primary beneficiary, as the Company does not have the power to direct the activities of Holdings that most significantly impact its economic performance. Therefore, the results of operations and cash flows of the Company's wholly-owned subsidiary, Holdings, and the operating companies which are its subsidiaries, are not consolidated in the financial statements included in this report are instead accounted for under the equity method of accounting. Under the equity method of accounting, the financial information of Holdings is not reflected within the Company's consolidated financial statements. The Company's share of the earnings of Holdings is reported in a single line item within the Company's consolidated statements of operations and cash flows as earnings from equity method investment. The carrying value of the Company's investment in Holdings is reported in the Company's consolidated balance sheets as equity method investment. This equity method investment is increased (decreased) by the Company's share of the earnings (losses) of Holdings and is also decreased by the Company's share of dividends declared by Holdings from time to time (if any). The Company's investment in Holdings is accounted for using the equity method of accounting because the Company has the ability to exercise significant influence over Holdings, but as a result of the Management Agreement, does not have control over Holdings. No gain or loss was recognized upon conversion of Holdings as an equity method investment because Resolute Holdings and the Company were both under common control at the date of the Spin-Off.

If the Company's carrying value in Holdings is reduced to zero, losses would not be recorded in the Company's consolidated financial statements unless the Company guarantees obligations of Holdings or has committed additional funding. If Holdings subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

The Company has elected to classify distributions received from Holdings using the cumulative earnings approach. Under the cumulative earnings approach, distributions up to the amount of cumulative equity in earnings recognized are classified as cash inflows from operating activities, and those in excess of that amount are classified as cash inflows from investing activities.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 when the performance obligations under the terms of the Company's contracts with its customers have been satisfied. This occurs at the point in time when control of the specific goods or services as specified by each purchase order are transferred to customers. Specific goods refers to the products offered by the Company, including metal cards, high security documents, and pre-laminated materials. Transfer of control passes to customers upon shipment or upon receipt, depending on the agreement with the specific customers. ASC 606 requires entities to record a contract asset when a performance obligation has been satisfied or partially satisfied, but the amount of consideration has not yet been received because the receipt of the consideration is conditioned on something other than the passage of time. ASC 606 also requires an entity to present a revenue contract as a contract liability in instances when a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (e.g. receivable), before the entity transfers a good or service to the customer. The Company did not have any revenue contract assets or liabilities as of September 30, 2025 or December 31, 2024.

The Company invoices its customers at the time when control is transferred, with payment terms ranging between 15 and 60 days depending on each individual contract. As the payment is due within 90 days of the invoice, a significant financing component is not included within the contracts.

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

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

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

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

Stock Repurchases

The Company's stock repurchase program authorizes the Company to repurchase shares in open market and/or private transactions from time to time based on numerous factors, including, but not limited to, share price and other market conditions, the Company's ongoing capital allocation planning, cash and debt levels, and other demands for cash. The Company records the shares repurchased as treasury stock based on the amount paid to repurchase such shares. Direct costs incurred to acquire treasury stock are classified as financing activities in the statement of cash flows. The ultimate use of the repurchased shares has not been determined and, therefore, they are presented separately as a reduction to shareholders' equity.

See Note 7 – *Equity Structure* for further information on the repurchase of shares.

Net Loss Per Share

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

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

Recent Accounting Pronouncements

On September 29, 2025, the FASB released Accounting Standards Update No. 2025-07, *Scope Refinements for Derivatives and Share-Based Noncash Consideration* ("ASU 2025-07"), which amends ASC 815 and ASC 606. ASU 2025-07 revises the guidance in ASC 815 and ASC 606 to clarify that the update was issued to reduce complexity and diversity in practice by: (1) refining the application of derivative accounting for contracts with entity-specific reference terms; and (2) clarifying the accounting for share-based noncash consideration in revenue arrangements. For all entities, ASU 2025-07 will become effective for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. The Company is still assessing the impact that the adoption of this ASU will have on the Company's consolidated financial statements.

On September 18, 2025, the FASB released Accounting Standards Update No. 2025-06, *Accounting for Internal-Use Software Costs* ("ASU 2025-06"), which amends ASC 350-40 to modernize guidance for internal-use software. ASU 2025-06 introduces a principles-based approach to capitalization, replacing outdated stage-based guidance that did not align with modern development practices such as agile and iterative methods. The amendments apply to all entities that develop or acquire internal-use software, including website development costs. The Board issued this update to reduce complexity, improve consistency, and better reflect real-world software development processes. For all entities, ASU 2025-06 will become effective for annual reporting periods beginning after December 15, 2027, including interim reporting periods within those annual reporting periods. The Company is still assessing the impact that the adoption of this ASU will have on the Company's consolidated financial statements.

On May 12, 2025, the FASB released Accounting Standards Update No. 2025-03, *Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity* ("ASU 2025-03"), which is based on an EITF Issue. ASU 2025-03 revises the guidance in ASC 805 to clarify that, in determining the accounting acquirer in "a business combination that is effected primarily by exchanging equity interests in which a VIE is acquired," an entity would be required to consider the factors in ASC 805-10-55-12 through 55-15. Previously, the accounting acquirer in such transactions was always the primary beneficiary. For all entities, ASU 2025-03 will become effective for

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annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. The Company is still assessing the impact that the adoption of this ASU will have on the Company's consolidated financial statements.

On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosure of income statement expenses for public business entities ("PBEs"). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027 and early adoption is permitted. On January 7, 2025, the FASB released ASU 2025-01 which revises the effective date of ASU 2024-03 "to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027." The Company is still assessing the impact that the adoption of this ASU will have on the Company's consolidated financial statements.

On December 14, 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which applies to all entities subject to income taxes. For PBEs, the new requirements became effective for annual periods beginning after December 15, 2024. For entities other than public business entities ("non-PBEs"), the requirements will be effective for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The amendments in this update require that public business entities on an annual basis disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate. The new guidance focuses on two specific disclosure areas: rate reconciliation and income taxes paid. The rate reconciliation disclosure requirements differ for PBEs as compared to non-PBEs. The income taxes paid disclosures are the same for all entities. The Company adopted this ASU 2023-09 on January 1, 2025. The adoption of ASU 2023-09 did not have a material impact on the Company's consolidated financial statements.

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

3. INVENTORIES

Reflecting the change to equity method accounting, the major classes of inventories were as follows:

	September 30, 2025	December 31, 2024
Raw materials	\$ —	\$ 46,109
Work in process	—	1,024
Finished goods	—	505
Inventory reserve	—	(2,805)
Total	\$ —	\$ 44,833

COMPOSECURE, INC.**Notes to Consolidated Financial Statements (Unaudited)**

(\$ amounts in thousands, except share data)

4. PROPERTY AND EQUIPMENT

Reflecting the change to equity method accounting, property and equipment consist of the following:

	Useful Life	September 30, 2025	December 31, 2024
Machinery and equipment	5- 10 years	\$ —	\$ 38,012
Furniture and fixtures	3 - 5 years	—	33
Computer equipment	3 - 5 years	—	46
Leasehold improvements	Shorter of lease term or estimated useful life	—	11,711
Vehicles	5 years	—	88
Software	1- 3 years	—	1,718
Construction in progress		—	2,664
Total gross property and equipment		—	54,272
Less: Accumulated depreciation and amortization		—	(30,824)
Property and equipment, net		\$ —	\$ 23,448

5. EQUITY METHOD INVESTMENT

The Company's ownership percentage in the equity method investment in Holdings was 100% and had a carrying value of \$84,296 as of September 30, 2025. Prior to the execution of the Management Agreement and the Company's deconsolidation of Holdings on February 28, 2025, Holdings had net liabilities of \$48,208, primarily arising from advances made by Holdings to the Company. Holdings waived the collection of these advances, effectively treating them as distributions to the Company as its sole member prior to the date of deconsolidation, which resulted in an initial carrying value of \$0 with respect to the Company's equity method investment in Holdings. See discussion of liquidity in Note 16 for the treatment of distributions from Holdings to the Company.

The following table provides a reconciliation of the equity method investment in Holdings:

Recognition of equity method investment in CompoSecure Holdings, L.L.C., subsequent to the Spin-Off	\$ —
Earnings in equity method investment	14,844
Share-based compensation granted at Holdings	1,870
Equity method investment in CompoSecure Holdings, L.L.C. at March 31, 2025	16,714
Earnings in equity method investment	38,909
Share-based compensation granted at Holdings	5,049
Distribution to CompoSecure, Inc.	(15,933)
Equity method investment in CompoSecure Holdings, L.L.C at June 30, 2025	44,739
Earnings in equity method investment	39,637
Share-based compensation granted at Holdings	5,646
Distributions to CompoSecure, Inc.	(5,726)
Equity method investment in CompoSecure Holdings, LLC. at September 30, 2025	\$ 84,296

The financial position of Holdings is summarized in the following table:

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(\$ amounts in thousands, except share data)

	September 30, 2025
Current assets	\$ 248,691
Noncurrent assets	32,911
Total assets	281,602
Current liabilities	70,721
Noncurrent liabilities	180,065
Total liabilities	250,786
Total members' equity	30,816
Total liabilities and members' equity	\$ 281,602

The results of operations of Holdings subsequent to the Spin-Off and deconsolidation are summarized in the following table:

	Three Months Ended September 30, 2025	Period from February 28, 2025 through September 30, 2025
Net sales	\$ 120,865	\$ 284,522
Cost of sales	49,538	118,596
Gross profit	71,327	165,926
Operating expenses:		
Selling, general and administrative expenses	29,610	67,469
Income from operations	41,717	98,457
Other income (expense):		
Interest expense	(3,371)	(8,438)
Interest income	1,458	3,761
Amortization of deferred financing costs	(167)	(390)
Total other expense, net	(2,080)	(5,067)
Income before income taxes	39,637	93,390
Income tax expense	—	—
Net income	\$ 39,637	\$ 93,390

The Company's maximum exposure to loss as a result of its involvement with Holdings is limited to its equity method investment in Holdings.

6. DEBT**Credit Facility**

On August 7, 2024, Holdings, together with its operating subsidiaries, entered into a Fourth Amended and Restated Credit Agreement with JPMC (the “Holdings Credit Facility”). The Holdings Credit Facility had an initial maximum borrowing capacity of \$330,000 comprised of a term loan of \$200,000 (the “Holdings Term Loan”) and a revolving credit facility of \$130,000 (the “Holdings Revolver”). The Holdings Credit Facility has a maturity date of August 7, 2029.

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On December 30, 2024, Holdings, together with its operating subsidiaries, executed Amendment No. 1 to the Holdings Credit Facility (the "December 2024 Amendment") to allow the Company to facilitate the Spin-Off. There were no changes to the lenders as a result of the December 2024 Amendment which was accounted for as a debt modification. In connection with the December 2024 Amendment, Holdings incurred \$215 in lenders fees which were capitalized and are being amortized to interest expense through the maturity of the Holdings Credit Facility.

The Holdings Credit Facility requires Holdings to make quarterly principal payments until maturity, at which point a balloon principal payment is due for the outstanding principal. The Holdings Credit Facility also requires Holdings to make monthly interest payments as well as pay a quarterly unused commitment fee of 0.35% for any unused portion of the Holdings Revolver. The Holdings Credit Facility provides for Holdings to prepay the Holdings Term Loan without penalty or premium. The Holdings Credit Facility is secured by substantially all of the assets of Holdings. The Company has pledged its ownership interests in Holdings (representing 100% ownership) as collateral pursuant to a pledge and security agreement with the lenders under the Holdings Credit Facility.

Interest on the Holdings Revolver and the Holdings Term Loan are based on outstanding principal amount during the interest period multiplied by the quoted Secured Overnight Financing Rate ("SOFR") plus an applicable margin of 1.75% to 2.75% based on Holdings' leverage ratio. As of December 31, 2024, the effective interest rate on the Holdings Revolver and Holdings Term Loan was 6.81% per year.

The Company recognized \$0 and \$3,878 of interest expense relating to the Holdings Credit Facility for the three months ended September 30, 2025 and 2024, respectively. The Company recognized \$1,688 and \$12,046 of interest expense related to the Holdings Credit Facility for the nine months ended September 30, 2025 and 2024, respectively.

The Holdings Credit Facility contains certain financial covenants including a minimum interest coverage ratio, a maximum total debt to EBITDA ratio and a minimum fixed charge coverage ratio relating to financial performance at Holdings. As of September 30, 2025 and December 31, 2024, Holdings was in compliance with all financial covenants. The fair value of the Holdings Credit Facility approximates the carrying value for all periods presented.

As of September 30, 2025 and December 31, 2024, there were no balances outstanding on the Holdings Revolver. As of September 30, 2025, there was \$130,000 of availability for borrowing at Holdings under the Holdings Revolver.

Reflecting the change to equity method accounting, the balances payable under all borrowing facilities are as follows:

	September 30, 2025		December 31, 2024	
Term loan balance	\$	—	\$	197,500
Less: current portion of term loan (scheduled payments)		—		(11,250)
Less: net deferred financing and discount costs		—		(1,861)
Total long term debt	\$	—	\$	184,389

In order to hedge Holdings' exposure to variable interest rate fluctuations related to the borrowings under the Holdings Credit Facility, Holdings entered into an interest rate swap agreement with Bank of America on January 11, 2022, with an effective date of December 5, 2023 for a notional amount of \$125,000 (the "Interest Rate Swap Agreement"). The Interest Rate Swap Agreement is set to expire in December 2025. The Interest Rate Swap is settled at the end of the month between the parties and is designated as a cash flow hedge for accounting purposes.

The derivative assets related to the Interest Rate Swap Agreement are no longer reflected in the Company's balance sheet subsequent to the deconsolidation of Holdings. The Company determined the fair value of the Interest

COMPOSECURE, INC.

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Rate Swap Agreement to be zero at its inception and \$2,749 as of December 31, 2024. Holdings reflects the realized gains and losses of the actual monthly settlement activity of the Interest Rate Swap Agreements through interest income or expense in its consolidated statements of operations. The Company had historically reflected the unrealized changes in fair value of the Interest Rate Swap Agreement at each reporting period in other comprehensive income and a derivative asset or liability is recognized at each reporting period in the Company's consolidated balance sheets for the Interest Rate Swap Agreement. Subsequent to the Spin-Off, the derivative asset or liability is no longer reflected on the Company's balance sheet due to the deconsolidation of Holdings. Interest related to the Interest Rate Swap Agreements converted from LIBOR to SOFR at the same time as the amendment of the Holdings Credit Facility in February 2023.

Exchangeable Senior Notes

On April 19, 2021, the Company and Holdings entered into subscription agreements (the "Note Subscription Agreements") with certain investors ("Notes Investors") pursuant to which such Notes Investors, severally and not jointly, purchased on December 27, 2021, the Exchangeable Notes issued by Holdings and guaranteed by its operating subsidiaries, CompoSecure, L.L.C. and Arculus Holdings, L.L.C., in an aggregate principal amount of up to \$130,000 that were exchangeable into shares of Class A common stock of the Company at an initial conversion price of \$11.50 per share, subject to the terms and conditions of an indenture (the "Indenture") entered into by the Company, Holdings, and the trustee under the Indenture ("Exchangeable Notes").

All Exchangeable Notes were exchanged prior to November 29, 2024. An aggregate of \$130,000 of the Exchangeable Notes were surrendered and exchanged for an aggregate of 13,587,565 newly-issued shares of the Company's Class A Common Stock. As a result of the exchange, all Exchangeable Notes were extinguished.

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

During the three months ended September 30, 2024, the Company recognized \$2,425 of interest expense related to the Exchangeable Notes at the effective interest rate of 7.4%. During the nine months ended September 30, 2024, the Company recognized \$7,219 respectively, of interest expense related to the Exchangeable Notes at the effective interest rate of 7.4%.

7. EQUITY STRUCTURE

Shares Authorized

In May 2025, the Company filed a Third Amended and Restated Certificate of Incorporation in the State of Delaware to (ii) increase the authorized number of shares of the Company's Class A Common Stock from 250,000,000 shares to 1,000,000,000 shares, and (ii) eliminate obsolete provisions, including those related to the Company's now-eliminated dual-class structure.

As of September 30, 2025, the Company had authorized a total of 1,000,000,000 shares for issuance designated as Class A Common Stock, no shares designated as Class B Common Stock and 10,000,000 shares designated as preferred stock. As of September 30, 2025, there were 124,961,235 shares of Class A Common Stock

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issued and outstanding, no shares of Class B Common Stock issued and outstanding and no shares of Preferred Stock issued and outstanding.

Issuance of Common Stock

During the quarter ended September 30, 2025, the Company issued 253,118 new shares of Class A Common Stock pursuant primarily to the vesting of certain restricted stock units ("RSUs") and exercises of stock options. The Class A Common Stock issued pursuant to the vesting of RSUs were issued net of shares withheld for applicable taxes.

During the nine months ended September 30, 2025, the Company issued 1,721,906 new shares of Class A Common Stock pursuant primarily to the vesting of certain RSUs, exercises of stock options, and employee stock purchase plan ("ESPP") transactions. The Class A Common Stock issued pursuant to the vesting of RSUs were issued net of shares withheld for applicable taxes.

Warrants

As of September 30, 2025 and December 31, 2024, the Company had 3,236,509 and 22,415,179 warrants outstanding, respectively. Until the expiration date of December 27, 2026, each warrant entitled the registered holder to purchase one share of the Company's Class A Common Stock at a price of \$11.50 per share, subject to adjustment. The exercise price of the warrants was adjusted to \$7.97 as the result of the spin-off of Resolute Holdings. See Note 1 for additional discussion of the Spin-Off. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares. The Company has the ability to redeem the warrants at any time prior to their expiration, at \$0.01 per warrant, provided that the last reported sales price (or the closing bid price of our Class A Common Stock in the event the shares of our Class A Common Stock are not traded on any specific trading day) of the Class A Common Stock equals or exceeds \$14.47 per share (as adjusted effective February 28, 2025) on each of 20 trading days within the 30 trading-day period ending on the third business day prior to the date on which the Company sends notice of such redemption to the holders of warrants. 18,752,570 and 19,178,670 warrants were exercised during the three and nine months ending September 30, 2025, respectively. The exercise of warrants provided \$154,356 in proceeds and resulted in the issuance of 19,178,670 shares. For the remaining outstanding warrants, if the Company calls the warrants for redemption, its board of directors will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." On and after the redemption date, the holders of warrants will have no further rights except to receive the redemption price for the warrants upon surrender of such warrant. The right to exercise will be forfeited unless the warrants are exercised prior to the date specified in the notice of redemption.

Non-Controlling Interest

Non-controlling interest represented the direct interests held in Holdings other than by the Company. The non-controlling interest in the Company was represented by Class B Units. Since the potential cash redemptions of the non-controlling interest was outside the control of the Company, the non-controlling interest was classified as temporary equity on the consolidated balance sheet in accordance with ASC 480, *Distinguishing liabilities from equity* ("ASC 480"). Income tax benefits or provisions were applied to the income attributable to the controlling interest as the income attributable to the non-controlling interest was pass-through income.

As of September 30, 2025 and December 31, 2024, the Company did not have a non-controlling interest as a result of the exchange of all Class B shares for Class A shares in connection with the Tungsten Transactions. The non-controlling interest was historically adjusted to redemption value at each balance sheet date and in accordance with ASC 480-10. This measurement adjustment resulted in a corresponding adjustment to shareholders' deficit through adjustments to additional paid-in capital and retained earnings.

Treasury Stock

On February 10, 2025, the Company announced that the Board of Directors approved an increase to an existing share repurchase program from \$40,000 up to \$100,000. During the quarter ended September 30, 2025, the

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Company repurchased 647,782 shares of Class A Common Stock through open market transactions as treasury stock at an aggregate cost of \$12,247. The ultimate use of the repurchased shares has not been determined and are therefore being presented separately as a reduction to shareholders' equity.

8. EQUITY COMPENSATION

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Restricted stock unit expense	\$ —	\$ 4,784	\$ 2,922	\$ 13,326
Performance stock unit expense	—	817	496	1,843
Stock option expense	236	—	805	3
Employee stock purchase plan	—	33	—	97
Total stock-based compensation expense	\$ 236	\$ 5,634	\$ 4,223	\$ 15,269

Employees of Holdings and Resolute Holdings were granted equity awards from the Company's plan. Prior to the Spin-Off and execution of the Management Agreement, the expense related to these awards was recognized as expense by the Company. Subsequent to the Spin-Off and execution of the Management Agreement, the expense related to the awards is presented as an expense at Holdings and Resolute Holdings due to common control. The increase in the Company's additional paid-in capital arising from equity awards expensed at Holdings amounted to \$5,646 and \$0 during the three months ended September 30, 2025 and 2024, respectively and \$12,565 and \$0 during the nine months ended September 30, 2025 and 2024, respectively.

Equity awards to Resolute Holdings employees that were made prior to the Spin-Off were reflected as a dividend of \$20,020 at the time of the Spin-Off. Subsequent to the Spin-Off, 449,775 RSUs were granted to affiliates of Resolute Holdings. The awards had a grant date fair value of \$13.34. As the awards were granted from the Company's plan, the related share information is reflected in this footnote. The awards were treated as a dividend of \$6,000.

As a result of the Spin-Off, outstanding performance and market based restricted stock units ("PSUs"), RSUs and stock options were adjusted as required by the Company's equity plan. These equity awards were adjusted to maintain equal value for award holders immediately prior to and subsequent to the Spin-Off. As the awards were considered to be an equitable adjustment, no incremental compensation cost was recognized. The incremental shares related to the Spin-Off are reflected in the below tables.

A summary of RSUs, PSUs and stock option activity under the Company's CompoSecure, Inc. 2021 Incentive Equity Plan during the nine months ended September 30, 2025 is presented below:

Restricted Stock Unit Activity

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested at January 1, 2025	6,216,661	\$ 7.67
Granted	1,355,148	14.68
Spin-Off Adjustments	783,008	13.34
Vested	(2,432,230)	6.71
Forfeited	(106,519)	6.51
Nonvested at September 30, 2025	5,816,068	\$ 10.49

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There is no unrecognized compensation expense for RSUs as of September 30, 2025. Of the nonvested RSUs outstanding at September 30, 2025, 1,270,610 were for Resolute Holdings employees and 4,545,458 were for Holdings employees.

Performance and Market Based Stock Units Activity

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested at January 1, 2025	1,755,531	\$ 6.48
Spin-Off Adjustments	297,783	13.34
Vested	(262,803)	7.89
Forfeited	—	—
Nonvested at September 30, 2025	1,790,511	\$ 8.16

There is no unrecognized compensation expense for PSUs as of September 30, 2025. All of the nonvested PSUs outstanding at September 30, 2025 were for employees of Holdings.

Stock Options

The following table sets forth the options activity for the nine months ended September 30, 2025:

	Number of Shares	Weighted Average Exercise Price Per Shares	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2025	2,275,671	\$ 12.39	8.8	\$ 6,699
Granted	295,697	13.89	9.3	1,228
Spin-Off Adjustments	377,524	10.79	8.8	348
Exercised	(197,746)	4.40	3.9	2,749
Outstanding at September 30, 2025	2,751,146	\$ 11.43	8.7	\$ 31,682
Vested and exercisable at September 30, 2025	215,000	\$ 3.69	3.7	\$ 3,683

Unrecognized compensation expense for options was \$3,305 as of September 30, 2025 and is expected to be recognized over a remaining term of 3.1 years. Of the vested and expected to vest options outstanding at September 30, 2025, 1,958,040 were related to Resolute Holdings employees and 793,106 were related to Holdings employees.

Earnout Consideration

Certain of the equity holders of Holdings (including certain employees) have the right to receive an aggregate of up to 7,500,000 additional shares of the Company's Class A Common Stock in earnout consideration based on the achievement of certain stock price thresholds (collectively, the "Earnouts"). The Earnouts were subject to two price thresholds and required half of the shares to be awarded upon the achievement of each threshold. The Earnouts expire in two phases if the achievement thresholds are not met. The earnouts under the first phase were achieved on December 13, 2024. The second phase of the Earnouts, which was achieved on September 8, 2025, was earned when shares of the Company's Class A Common Stock traded at a price that was equal to or greater than \$17.10 per share (lowered from \$20.00 per share as a result of the Spin-Off) on each of 20 trading days within any 30 consecutive trading day period.

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A total of 657,160 shares, or 328,580 shares for each phase, were issued to employees and were accounted for in accordance with ASC 718 as they were considered to be compensation. The following is a summary of the earnout activity for employees for the nine months ended September 30, 2025:

	Number of Shares
Outstanding at January 1, 2025	328,580
Spin-Off Adjustment	55,737
Vested	(384,317)
Nonvested at September 30, 2025	—

9. RETIREMENT PLAN

Defined Contribution Plan

Holdings has a 401(k) profit sharing plan for all full-time employees who have attained the age of 21 and have completed 90 days of service. Through December 31, 2024, the Company matched 100% of the first 1% and then 50% of the next 5% of employee contributions. On January 1, 2025, the Company began matching 100% of the first 3% and then 50% of the next 2% of employee contributions. Retirement plan expense for the three months ended September 30, 2025 and 2024 was \$0 and \$431, respectively. Retirement plan expense for the nine months ended September 30, 2025 and 2024 was \$563, and \$1,483, respectively.

10. FAIR VALUE MEASUREMENTS

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

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

	Level 1	Level 2	Level 3	Total
September 30, 2025				
Assets Carried at Fair Value:				
Derivative asset - interest rate swap	\$ —	\$ —	\$ —	\$ —
Liabilities Carried at Fair Value:				
Warrants	\$ 41,427	\$ —	\$ —	\$ 41,427
Earnout consideration	—	—	—	—
December 31, 2024				
Assets Carried at Fair Value:				
Derivative asset - interest rate swap	\$ —	\$ 2,749	\$ —	\$ 2,749
Liabilities Carried at Fair Value:				
Warrants	\$ 104,231	\$ —	\$ —	\$ 104,231
Earnout consideration	—	—	20,533	20,533

Derivative asset - interest rate swap

COMPOSECURE, INC.**Notes to Consolidated Financial Statements (Unaudited)**

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

Warrant Liability

As a result of a 2021 business combination, the Company had assumed a warrant liability related to previously issued warrants in connection with Roman DBDR's initial public offering. The warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on the consolidated balance sheets. The warrant liabilities were remeasured at September 30, 2025 with changes in fair value presented within revaluation of warrant liabilities in the consolidated statement of operations.

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

	Warrant Liabilities
Estimated fair value at December 31, 2024	\$ 104,231
Revaluation of warrant liability	152,782
Settlement of exercise of warrants	(215,586)
Estimated fair value at September 30, 2025	\$ 41,427

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

Earnout Consideration

Earnout consideration liabilities held by former holders of interests in Holdings (not including the holders under ASC 718) were determined to be derivative instruments in accordance with ASC 815 and were accounted as derivative liabilities. The earnout consideration liabilities were initially valued at fair value in accordance with ASC 815-40-30-1 and are subsequently remeasured at each reporting period with changes in fair value recorded in earnings in accordance with ASC 815-40-35-4. The Company established the initial fair value for the earnout consideration liabilities at the closing date on December 27, 2021 using a Monte Carlo simulation model.

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

	Earnout Consideration Liability
Estimated fair value at December 31, 2024	\$ 20,533
Change in fair value of Phase two on achievement date	57,101
Settlement of Phase two on September 08, 2025	(77,634)
Estimated fair value at September 30, 2025	\$ —

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

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11. GEOGRAPHIC INFORMATION AND CONCENTRATIONS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net sales by country				
Domestic	\$ —	\$ 80,033	\$ 54,480	\$ 258,007
International	—	27,102	5,344	61,705
Total	\$ —	\$ 107,135	\$ 59,824	\$ 319,712

The Company's principal direct customers as of September 30, 2025 consist primarily of leading international and domestic banks and other credit card issuers primarily within the U.S., Europe, Asia, Latin America, Canada, and the Middle East. The Company periodically assesses the financial strength of these customers and establishes allowances for anticipated losses, if necessary.

Four customers individually accounted for more than 10% of the Company's revenue, or 70.0% of total revenue, for the nine months ended September 30, 2025. Two customers individually accounted for more than 10% of the Company's revenue, or 65.4% of total revenue, for the nine months ended September 30, 2024. Four customers individually accounted for 10% of total accounts receivable, or approximately 61%, as of December 31, 2024.

Three individual vendors accounted for more than 10% of purchases of supplies, or approximately 31% of total purchases, for the nine months ended September 30, 2025. One vendor accounted for more than 10% of purchases of supplies, or approximately 12% of total purchases, for the nine months ended September 30, 2024.

12. INCOME TAXES

The Company recorded income tax provision of \$29,804 and \$629 for the three months ended September 30, 2025 and 2024, respectively. The Company recorded income tax provision of \$55,046 and \$51 for the nine months ended September 30, 2025 and 2024, respectively.

Federal, state and local income tax returns for years prior to 2020 are no longer subject to examination by tax authorities. During the year 2024, federal tax authorities completed their audit of fiscal 2020. There were no proposed adjustments resulting from the examination.

In calculating the provision for income taxes on an interim basis, the Company uses an estimate of the annual effective tax rate based upon currently known facts and circumstances and applies that rate to its year-to-date earnings or losses. The Company's estimated annual effective tax rate is based on expected income and statutory tax rates and takes into consideration permanent differences between financial statement and tax return income applicable to the Company in the various jurisdictions in which the Company operates. The effect of discrete items, such as changes in estimates, changes in enacted tax laws or rates or tax status, and unusual or infrequently occurring events, is recognized in the interim period in which the discrete item occurs. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as the result of new judicial interpretations or regulatory or tax law changes. The Company's estimated annual effective tax rate, before any discrete items, was (32.5)% for the nine months ended September 30, 2025. The impact of discrete items was (13.5)% for the nine months ended September 30, 2025. The Company's interim effective tax rate for September 30, 2024, was (0.2)%.

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The Company's overall effective tax rate was affected by the elimination of the Up-C structure discussed in Note 1, which resulted in the Company owning 100% of Holdings and fair value adjustments for warrants and earnouts. At September 30, 2025 and December 31, 2024, the Company had \$38,990 and \$444 of income taxes payable, respectively. Income taxes payable are a component of accrued expenses in the consolidated balance sheet.

The Spin-Off resulted in a taxable gain to the Company related to the distribution of appreciated property which resulted in an increase in income tax expense.

On July 4, 2025, the One Big, Beautiful Bill Act (the "Act") was signed into law. The Act includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We evaluated the potential effects of the new legislation on our tax positions and financial reporting and believe it may have a material impact on our consolidated financial statements.

As discussed in Note 8, On September 8, 2025, the second and final phase of the Earnouts, was achieved. Upon achievement, 4,245,597 net shares were issued with a value of approximately \$85.0 million. This resulted in an increase in amortizable tax goodwill and a related increase to the TRA liability and related deferred tax asset.

13. NET LOSS PER SHARE

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

The following table sets forth the computation of net loss used to compute basic net loss per share of Class A Common Stock for the three and nine months ended September 30, 2025 and September 30, 2024.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Basic and diluted:				
Net loss	\$ (174,696)	\$ (85,474)	\$ (179,329)	\$ (34,804)
Less: Net income attributable to non-controlling interest	—	43,414	—	18,414
Net loss attributable to Class A Common shareholders	\$ (174,696)	\$ (42,060)	\$ (179,329)	\$ (16,390)
Plus: adjustment due to net effect of equity awards, warrant revaluation, Exchangeable Notes and Class B units to net loss	—	—	—	—
Net loss attributable to Class A Common shareholders after adjustment	\$ (174,696)	\$ (42,060)	\$ (179,329)	\$ (16,390)
Weighted average common shares outstanding used in computing net loss per share - basic	110,264,531	38,212,440	105,280,363	28,109,632
Plus: net effect of dilutive equity awards, Exchangeable Notes and Class B units	—	—	—	—
Weighted average common shares outstanding used in computing net loss per share - diluted	110,264,531	38,212,440	105,280,363	28,109,632
Net loss per share—basic	\$ (1.58)	\$ (1.10)	\$ (1.70)	\$ (0.58)
Net loss per share—diluted	\$ (1.58)	\$ (1.10)	\$ (1.70)	\$ (0.58)

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Potentially dilutive securities:				
Warrants	3,236,509	22,415,200	3,236,509	22,415,200
Earnout consideration shares	—	7,500,000	—	7,500,000
Equity awards	332,750	5,978	2,479,118	80,978

14. COMMITMENTS AND CONTINGENCIES

Tax Receivable Agreement

The Company is obligated to make payments under the tax receivable agreement to the TRA Holders. Although the actual timing and amount of any payments that may be made under the agreement will vary, the Company expects the cash obligation required will be significant. Any payments made under the tax receivable

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

The Company made a \$4,735 payment related to the tax receivable agreement liability during the three and nine months ended September 30, 2025. Pursuant to the Holdings agreement, the Company makes pro rata tax distributions to the holders of interests in Holdings (i.e. non-controlling interest) in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Holdings that is allocated to them. As a result of the Tungsten Transactions, the Company became the sole member of Holdings, eliminating the requirement for further tax distributions to members other than the Company. For the three months ended September 30, 2024, Holdings distributed a total of \$13,699 of tax distributions to its members, of which \$5,003 was paid to the Company, resulting in a net tax distribution to all other members of \$8,696. For the nine months ended September 30, 2024, Holdings distributed a total of \$50,082 of tax distributions to its members, of which \$15,219 was paid to the Company, resulting in a net tax distribution to all other members of \$34,863.

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

As of September 30, 2025, the Company had the following obligations expected to be paid pursuant to the tax receivable agreement:

2025 (excluding the nine months ended September 30, 2025)	\$	821
2026		15,282
2027		15,469
2028		15,728
2029		16,002
Later years		205,918
Total Payments	\$	269,220

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

Litigation

The Company may be, from time to time, party to various disputes and claims arising from normal business activities. The Company accrues for amounts related to legal matters if it is probable that a liability has been incurred and the amount is reasonably estimable. Litigation costs are expensed as incurred.

15. SEGMENT REPORTING

Subsequent to the Spin-Off, the Company has one operating segment and one reportable segment, the equity method investment in Holdings. This is a change from the presentation as of and for the year ended December 31, 2024, where the Company had two operating segments and two reportable segments: Payment Card and Arculus. As reported below, for the three and nine months ended September 30, 2025, the Company's corporate entity is not considered an operating segment because it does not generate revenues and its activities are limited to corporate administrative activities, costs related to the board of directors, income tax expense and fair value

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adjustments for warrant liability and earnout liability. For the three and nine months ended September 30, 2024, the Company's reportable segment was represented by the consolidated balance sheet and the consolidated statement of operations.

The chief operating decision maker ("CODM") is the Chief Executive Officer of the Company. The CODM evaluates the performance of the equity method investment in Holdings primarily based on net sales, gross profit and net (loss) income and does not review discrete financial information at a level lower than consolidated Holdings. The Company does not have any intra-entity sales.

	Three Months Ended September 30, 2025			
	Corporate	Equity Method Investment in CompoSecure Holdings, LLC.	Elimination of Unconsolidated Affiliate	Consolidated Total of CompoSecure, Inc.
Net sales	\$ —	\$ 120,865	\$ (120,865)	\$ —
Cost of sales	—	49,538	(49,538)	—
Gross profit	—	71,327	(71,327)	—
Selling, general and administrative expenses	9,939	29,610	(29,610)	9,939
(Loss) income from operations	(9,939)	41,717	(41,717)	(9,939)
Other income (expense):				
Change in fair value of earnout consideration liability	(57,610)	—	—	(57,610)
Revaluation of warrant liability	(117,267)	—	—	(117,267)
Interest expense	—	(3,371)	3,371	—
Interest income	287	1,458	(1,458)	287
Amortization of deferred financing costs	—	(167)	167	—
Total other expenses, net	(174,590)	(2,080)	2,080	(174,590)
(Loss) Income before income taxes	(184,529)	39,637	(39,637)	(184,529)
Income tax expense	(29,804)	—	—	(29,804)
Net (loss) income	\$ (214,333)	\$ 39,637	\$ (39,637)	\$ (214,333)
Earnings in CompoSecure Holdings, LLC. equity method investment	39,637			39,637
Net loss of CompoSecure, Inc.	<u>\$ (174,696)</u>			<u>\$ (174,696)</u>
Capital expenditures related to segment assets	\$ —	\$ 1,388	\$ (1,388)	\$ —

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Nine Months Ended September 30, 2025					
	Corporate	Equity Method Investment in CompoSecure Holdings, LLC.	Elimination of Unconsolidated Affiliate	Consolidated Total of CompoSecure, Inc.	
Net sales	\$ 59,824	\$ 284,522	\$ (284,522)	\$	59,824
Cost of sales	31,075	118,596	(118,596)		31,075
Gross profit	28,749	165,926	(165,926)		28,749
Selling, general and administrative expenses	35,300	67,469	(67,469)		35,300
(Loss) income from operations	(6,551)	98,457	(98,457)		(6,551)
Other income (expense):					
Change in fair value of earnout consideration liability	(57,101)	—	—		(57,101)
Revaluation of warrant liability	(152,782)	—	—		(152,782)
Interest expense	(1,688)	(8,438)	8,438		(1,688)
Interest income	523	3,761	(3,761)		523
Amortization of deferred financing costs	(74)	(390)	390		(74)
Total other expenses, net	(211,122)	(5,067)	5,067		(211,122)
(Loss) income before income taxes	(217,673)	93,390	(93,390)		(217,673)
Income tax expense	(55,046)	—	—		(55,046)
Net (loss) income	\$ (272,719)	\$ 93,390	\$ (93,390)	\$	(272,719)
Earnings in CompoSecure Holdings, LLC. equity method investment	93,390				93,390
Net loss of CompoSecure, Inc.	\$ (179,329)			\$	(179,329)
Total assets	\$ 505,475	281,602	(281,602)	\$	505,475
Total liabilities	\$ (353,006)	(250,786)	250,786	\$	(353,006)
Capital expenditures related to segment assets	\$ 387	3,799	(3,799)	\$	387

16. RELATED PARTY TRANSACTIONS

In connection with the completion of the Spin-Off, the Company and Resolute Holdings entered into a Separation and Distribution Agreement (the "Separation and Distribution Agreement") pursuant to which the Company delivered 100% of the issued and outstanding shares of Resolute Holdings' Common Stock to the distribution agent for the Spin-Off to effectuate the delivery of the shares of Resolute Holdings' Common Stock to the Company's stockholders by means of a pro rata dividend. The Separation and Distribution Agreement also set out the principal actions to be taken in connection with the Spin-Off, including the transfer of assets and assumption of liabilities, and certain adjustments of existing CompoSecure awards, and establishes certain rights and obligations between Resolute Holdings and the Company following the Spin-Off, including procedures with respect to claims subject to indemnification, the exchange of information between Resolute Holdings and the Company, and tax and other matters. After the Spin-Off and execution of the Management Agreement, the Company and Resolute Holdings are under common control by Tungsten. Below is a summary of the significant agreements executed in connection with the Spin-Off.

Management Agreement

Pursuant to the CompoSecure Management Agreement, Holdings pays Resolute Holdings a quarterly management fee (the "CompoSecure Management Fee"), payable in arrears, in a cash amount equal to 2.5% of Holdings' last twelve months' Adjusted EBITDA, as defined in the Management Agreement, measured for the period ending on the fiscal quarter then ended ("Management Agreement Adjusted EBITDA"). Management Agreement Adjusted EBITDA reflects a) Holdings' earnings before interest, taxes, depreciation, depletion and amortization, extraordinary losses and expenses, one-time and non-recurring expenses, and the CompoSecure Management Fee, less b) the Company's selling, general and administrative expenses, adjusted for the same items above ("Parent Allocated Expense", as defined in the Management Agreement). Holdings is also required to reimburse Resolute Holdings and its affiliates for Resolute Holdings' documented costs and expenses incurred on behalf of Holdings other than those expenses related to Resolute Holdings' or its affiliates' personnel who provide services to Holdings under the Management Agreement. Resolute Holdings will determine, in its sole and absolute discretion, whether a cost or expense will be borne by Resolute Holdings or by Holdings.

The Management Agreement has an initial term of 10 years and shall automatically renew for successive ten-year terms unless terminated in accordance with its terms. Resolute Holdings and Holdings may each terminate the Management Agreement upon the occurrence of certain other limited events, and in connection with certain of these limited events, Resolute Holdings has the right to require Holdings to pay a termination fee, which may be paid in cash, shares of the Company's common stock or a combination of cash and stock. The Management Agreement also provides for certain indemnification rights in Resolute Holdings' favor, as well as certain additional covenants, representations and warranties. The Management Fee for the three months ended September 30, 2025 was \$3,698 and for the period from the date of the Spin-Off to September 30, 2025 was \$8,246. Management Fees of \$8,246 were paid by Holdings through November 3, 2025. Holdings incurred \$603.8 of reimbursable expenses to Resolute Holdings.

Tax Agreement

Resolute Holdings entered into a U.S. State and Local Tax Sharing Agreement (the "Tax Sharing Agreement") with the Company that governs the respective rights, responsibilities, and obligations of the Company and Resolute Holdings after the Spin-Off with respect to certain state and local tax matters in jurisdictions and for taxable periods in which Resolute Holdings is required to file tax returns on a consolidated, combined, unitary or other group basis with the Company (the "Combined Returns"). Among other things, the Tax Sharing Agreement (i) allocates responsibility for the preparation and filing of the Combined Returns and the payment of taxes due in connection therewith, (ii) determines the appropriate allocation of any such tax liability between Resolute Holdings and the Company, (iii) requires compensation to be paid by the Company to Resolute Holdings to the extent the Company uses any tax attributes properly allocable to Resolute Holdings to offset taxes otherwise allocable to the Company and vice versa, (iv) allocates responsibility for the conduct of tax contests arising with respect to the Combined Returns, and (v) ensures that the parties are aligned on cooperating and coordinating with respect to the Combined Returns.

Letter Agreement

Resolute Holdings entered into a Letter Agreement (the “Letter Agreement”) with the Company pursuant to which the Company will (i) delegate by resolution of the Company's board of directors the authority to Resolute Holdings to approve issuances of the Company's equity for mergers, acquisitions and equity awards, (ii) issue the Company's equity pursuant to those delegations, (iii) make customary representations, warranties and covenants in connection with any acquisition, business combination transaction or other transaction that is intended to qualify in whole or in part as a tax-free for U.S. federal income tax purposes, and is entered into, in each case, in accordance with the Management Agreement and (iv) make filings and deliver notices in connection with the performance of Resolute Holdings’ duties and obligations under the Management Agreement. The Letter Agreement is coterminous with the Management Agreement.

Consulting Agreements

On February 28, 2025, upon the completion of the Spin-Off and the transfer of his employment to Resolute Holdings, we entered into a consulting agreement with David M. Cote, under which Mr. Cote will be eligible to receive grants of restricted stock units or other equity incentive awards as determined by the Company and will remain eligible to vest in equity incentive awards previously granted by CompoSecure, in exchange for his provision of certain consulting and advisory services with respect to executing strategic corporate transactions and related activities, and such other similar services as reasonably requested by the Company. We also entered into a similar agreement with Mr. Knott.

Board Adviser Agreement

On February 28, 2025 and upon the completion of the Spin-Off, Roger Fradin resigned from the Company's board of directors for personal reasons and not as a result of any disagreement with management or any matter relating to the Company’s operations, policies or practices. In connection with Mr. Fradin’s resignation, the Company entered into a Board Adviser Agreement with Fradin Consulting LLC (“Fradin Consulting”) and Resolute Holdings (the “Board Adviser Agreement”), effective as of the date of Mr. Fradin’s resignation, for a period of 12 months subject to automatic renewal for 12-month periods unless earlier terminated in accordance therewith. Pursuant to the Board Adviser Agreement, Mr. Fradin, as the representative of Fradin Consulting, will provide advisory services to the Company's board of directors in exchange for which Fradin Consulting will receive an annual cash retainer fee of \$50, payable quarterly in arrears, and Mr. Fradin, on behalf of Fradin Consulting, will be granted an annual award of options to purchase shares of the Company's common stock with a fair market value, as defined in the Third Amended and Restated CompoSecure, Inc. Non-Employee Director Compensation Policy, of \$150.

Liquidity

The Company's primary sources of liquidity are its existing cash and cash equivalents balances and funding from its wholly-owned subsidiary, Holdings. Holdings' primary sources of liquidity are its existing cash and cash equivalents balances, short - term investments, cash flows from operations and borrowings on its term loan and revolving credit facility. The Company’s primary cash requirements include limited operating expenses relating primarily to public company expenses such as D&O insurance, professional fees, payments to taxing authorities, payments related to the tax receivable agreement and stock exchange listing fees. The Company anticipates that its operations will continue to be funded by Holdings. Funds transferred from Holdings to the Company will be treated as distributions to the Company.

17. SUBSEQUENT EVENT

On November 2, 2025, the Company entered into a Share Purchase Agreement with entities affiliated with Platinum Equity pursuant to which the Company will combine with Husky Technologies Limited (“Husky”) for aggregate consideration of approximately \$4.976 billion, comprised of cash and shares of CompoSecure Class A Common Stock. In conjunction with the closing of the Company’s planned business combination with Husky, Husky will become a wholly owned subsidiary of Holdings and Resolute Holdings will enter into a management agreement with Husky, on substantially the same terms as the CompoSecure Management Agreement. Concurrently with the execution of the Share Purchase Agreement, the Company entered into purchase agreements with certain investors named therein pursuant to which the Company agreed to issue and sell to such investors in a private placement an aggregate of approximately 106 million shares of CompoSecure Common Stock at a purchase price of \$18.50 per share, for an aggregate purchase price of approximately \$1.96 billion. The closing of the private placements is conditioned upon the substantially concurrent consummation of the business combination with Husky. The transaction is expected to close in the first quarter of 2026, subject to customary closing conditions, including regulatory approval.

On November 3, 2025, the Company called for redemption all of its issued and outstanding warrants to purchase shares of the Company’s Class A Common Stock, par value \$0.0001 per share that were issued under a warrant agreement, dated as of November 20, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere particularly in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included in this Quarterly Report on Form 10-Q.

Overview

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

Recent Developments

On September 27, 2024, Resolute Holdings Management, Inc. ("Resolute Holdings") was created as a wholly owned subsidiary of Holdings. On February 28, 2025, the Company completed the previously-announced spin-off (the "Spin-Off") of Resolute Holdings. In connection with the Spin-Off, Holdings entered into a management agreement (the "Management Agreement") pursuant to which Resolute Holdings provides management and other related services to Holdings in exchange for payment of quarterly management fees based on 2.5% of Holdings last twelve-months' Adjusted EBITDA as defined in the Management Agreement, measured for the period ending on the fiscal quarter then ended ("Management Agreement Adjusted EBITDA"). Management Agreement Adjusted EBITDA reflects a) Holdings' earnings before interest, taxes, depreciation, depletion and amortization, extraordinary losses and expenses, one-time and non-recurring expenses, and the CompoSecure Management Fee, less b) CompoSecure's selling, general and administrative expenses, adjusted for the same items above ("Parent Allocated Expense", as defined in the CompoSecure Management Agreement). Holdings is also required to reimburse Resolute Holdings and its affiliates for Resolute Holdings' documented costs and expenses incurred on behalf of Holdings other than those expenses related to Resolute Holdings' or its affiliates' personnel who provide services to Holdings under the Management Agreement. Resolute Holdings will determine, in its sole and absolute discretion, whether a cost or expense will be borne by Resolute Holdings or by Holdings. The Spin-Off of Resolute Holdings from the Company was achieved through the distribution of all outstanding shares of common stock, par value \$0.0001 per share, of Resolute Holdings (the "Resolute Holdings Common Stock"), on a pro rata basis, to holders of record of the Company's Class A Common Stock, par value \$0.0001 per share (the "CompoSecure Common Stock"). Each holder of record of CompoSecure Common Stock received one share of Resolute Holdings Common Stock for every twelve shares of CompoSecure Common Stock held on February 20, 2025, the record date for the Spin-Off. In lieu of fractional shares of Resolute Holdings Common Stock, holders of CompoSecure Common Stock received cash.

The distribution of shares in connection with the Spin-Off constituted an Extraordinary Dividend as defined in the agreement governing the Company's outstanding warrants (the "warrant agreement"). As a result, the warrant price was decreased from \$11.50 per share of CompoSecure Common Stock to \$7.97 per share of CompoSecure

Common Stock, and the redemption trigger price was decreased from \$18.00 per share of CompoSecure Common Stock to \$14.47 per share of CompoSecure Common Stock, effective as of February 28, 2025.

By virtue of control of the board of managers of Holdings, the Company historically operated and controlled the business and affairs of Holdings and thus consolidated Holdings. As of February 28, 2025 and subsequent to the Spin-Off and execution of the Management Agreement, control of Holdings transferred to Resolute Holdings and the Company no longer consolidates Holdings. Rather, the Company accounts for the investment in Holdings as an equity method investment.

Certain of Holdings' formal equity holders had the right to receive additional shares of the Company's Class A Common Stock ("Earnout Shares") in earnout consideration (collectively, the "Earnouts"). The Earnouts were subject to two stock price thresholds, with half of the Earnout Shares awarded upon the achievement of each threshold. The first Earnout threshold was achieved, and approximately 3,600,000 Earnout Shares were issued on December 17, 2024. The second Earnout threshold was achieved on September 8, 2025, and approximately 4,400,000 (as adjusted for the Spin-Off) Earnout Shares were issued.

Economic Conditions

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

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

Key Components of Results of Operations

Overview

The below components of results of operations primarily relate to the operations of Holdings prior to the Spin-Off and when the Company consolidated the operating results of Holdings. Subsequent to the Spin-Off, the Company's operations have been limited to non-revenue generating activities such as its stock market listing,

compliance with public company reporting obligations, obligations under the tax receivable agreement, warrant liability reevaluation, income recognized from equity method investment, and the earnout considerations.

Net Sales

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

Cost of Sales

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

Gross Profit and Gross Margin

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

Operating Expenses

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

(Loss) Income from Operations and Operating Margin

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

Other (Expense) Income, net

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

Earnings in Equity Method Investment

Earnings in Holdings Equity Method Investment consists of the net income of Holdings attributable to the Company resulting from the Company's equity method investment in Holdings.

Net loss

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

Factors Affecting the Company’s Operating Results

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

Results of Operations

Three Months Ended September 30, 2025 compared with Three Months Ended September 30, 2024

Reflecting the change to equity method accounting, the following table presents the Company's results of operations for the periods indicated:

	Three Months Ended September 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Net sales	\$ —	\$ 107,135	\$ (107,135)	(100%)
Cost of sales	—	51,727	(51,727)	(100%)
Gross profit	—	55,408	(55,408)	(100%)
Operating expenses:				
Selling, general and administrative expenses	9,939	26,316	(16,377)	(62%)
(Loss) income from operations	(9,939)	29,092	(39,031)	(134%)
Other expense, net	(174,590)	(113,937)	(60,653)	53%
Loss before income taxes	(184,529)	(84,845)	(99,684)	117%
Income tax expense	(29,804)	(629)	(29,175)	4638%
Loss before earnings in equity method investment	(214,333)	(85,474)	(128,859)	151%
Earnings in equity method investment	39,637	—	39,637	100%
Net loss	(174,696)	(85,474)	(89,222)	104%
Net loss attributable to redeemable non-controlling interests	—	(43,414)	43,414	(100%)
Net loss attributable to CompoSecure, Inc	\$ (174,696)	\$ (42,060)	\$ (132,636)	315%

	Three Months Ended September 30,	
	2025	2024
Gross margin	—%	52%
Operating margin	—%	27%

Net Sales

	Three Months Ended September 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Net sales by region				
Domestic	\$ —	\$ 80,033	\$ (80,033)	(100%)
International	—	27,102	(27,102)	(100%)
Total	\$ —	\$ 107,135	\$ (107,135)	(100%)

The Company's net sales for the three months ended September 30, 2025 decreased by \$107.1 million, or 100%, to \$0. The decrease was driven by the deconsolidation of Holdings on February 28, 2025. Holdings generated \$120.9 million of net sales for the three months ended September 30, 2025.

Domestic: The Company's domestic net sales for the three months ended September 30, 2025 decreased \$80.0 million, or 100%, to \$0. Holdings generated \$105.1 million of domestic net sales for the three months ended September 30, 2025.

International: The Company's international net sales for the three months ended September 30, 2025 decreased \$27.1 million, or 100%, to \$0. The international customer base is comprised of a larger population of smaller customers relative to the domestic customer base. Holdings generated \$15.8 million of international net sales for the three months ended September 30, 2025.

Gross Profit and Gross Margin

The Company's gross profit for the three months ended September 30, 2025 decreased \$55.4 million, or 100%, to \$0, while the gross profit margin decreased from 52% to 0%. The decrease in gross profit was due to the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025. Holdings generated \$71.3 million of gross profit for the three months ended September 30, 2025.

Operating Expenses

The Company's operating expenses for the three months ended September 30, 2025 decreased \$16.4 million, or 62%, to \$9.9 million compared to \$26.3 million for the three months ended September 30, 2024. The decrease was driven primarily by the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025. Holdings incurred \$29.6 million of operating expenses for the three months ended September 30, 2025.

(Loss) Income from Operations and Operating Margin

During the three months ended September 30, 2025, the Company had a loss from operations of \$9.9 million compared to income from operations of \$29.1 million for the three months ended September 30, 2024. The Company's operating margin for the three months ended September 30, 2025 decreased to 0% compared to 27% for the three months ended September 30, 2024. The decrease in income from operations and operating margin was driven primarily by the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025.

Other Expense, Net

Other expenses for the three months ended September 30, 2025 was \$174.6 million as compared to \$113.9 million for the three months ended September 30, 2024. The increase in other expense was primarily due to changes in the fair value of earnout consideration liability, warrant liability and make-whole liability resulting in non-cash expense of \$174.9 million for the three months ended September 30, 2025, compared to \$108.4 million for the three months ended September 30, 2024. The increase was partially offset by a decrease in net interest expense of \$5.4 million resulting from the conversion of all Exchangeable Notes into shares of Class A Common Stock during the fourth quarter of 2024 and the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025. As a result of the deconsolidation, all debt and related interest expense of Holdings was removed from the Company's balance sheet and results of operations.

Earnings in Equity Method Investment

Earnings in Holdings equity method investment consists of \$39.6 million of the net income of Holdings attributable to the Company. The equity method investment resulted from the deconsolidation associated with the Spin-Off and related Management Agreement. Refer to Note 5 in the consolidated financial statements for the operating results of Holdings.

Income Tax Expense

The Company's income tax expense for the three months ended September 30, 2025 was \$29.8 million, compared to \$0.6 million for the three months ended September 30, 2024.

Nine Months Ended September 30, 2025 compared with Nine Months Ended September 30, 2024

Reflecting the change to equity method accounting, the following table presents the Company's results of operations for the periods indicated:

	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Net sales	\$ 59,824	\$ 319,712	\$ (259,888)	(81%)
Cost of sales	31,075	153,019	(121,944)	(80%)
Gross profit	28,749	166,693	(137,944)	(83%)
Operating expenses:				
Selling, general and administrative expenses	35,300	74,673	(39,373)	(53%)
(Loss) income from operations	(6,551)	92,020	(98,571)	(107%)
Other expense, net	(211,122)	(126,773)	(84,349)	67%
Loss before income taxes	(217,673)	(34,753)	(182,920)	526%
Income tax expense	(55,046)	(51)	(54,995)	107833%
Loss before earnings in equity method investment	(272,719)	(34,804)	(237,915)	684%
Earnings in equity method investment	93,390	—	93,390	100%
Net loss	(179,329)	(34,804)	(144,525)	415%
Net loss attributable to redeemable non-controlling interests	—	(18,414)	18,414	(100%)
Net loss attributable to CompoSecure, Inc	\$ (179,329)	\$ (16,390)	\$ (162,939)	994%

	Nine Months Ended September 30,	
	2025	2024
Gross margin	48%	52%
Operating margin	(11%)	29%

Net Sales

	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Net sales by region				
Domestic	\$ 54,480	\$ 258,007	\$ (203,527)	(79%)
International	5,344	61,705	(56,361)	(91%)
Total	\$ 59,824	\$ 319,712	\$ (259,888)	(81%)

The Company's net sales for the nine months ended September 30, 2025 decreased by \$259.9 million, or 81%, to \$59.8 million compared to \$319.7 million for the nine months ended September 30, 2024. The decrease was driven by the

deconsolidation of Holdings on February 28, 2025. Holdings generated \$284.5 million of net sales during the period from February 28, 2025 to September 30, 2025.

Domestic: The Company's domestic net sales for the nine months ended September 30, 2025 decreased \$203.5 million, or 79%, to \$54.5 million compared to \$258.0 million for the nine months ended September 30, 2024. Holdings generated \$244.5 million of domestic net sales during the period from February 28, 2025 to September 30, 2025.

International: The Company's international net sales for the nine months ended September 30, 2025 decreased \$56.4 million, or 91%, to \$5.3 million compared to \$61.7 million for the nine months ended September 30, 2024. The international customer base is comprised of a larger population of smaller customers relative to the domestic customer base. Holdings generated \$40.1 million of international net sales during the period from February 28, 2025 to September 30, 2025.

Gross Profit and Gross Margin

The Company's gross profit for the nine months ended September 30, 2025 decreased \$137.9 million, or 83%, to \$28.7 million compared to \$166.7 million for the nine months ended September 30, 2024, while the gross profit margin decreased from 52% to 48%. The decrease in gross profit was primarily driven by the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025. Holdings generated \$165.9 million of gross profit during the period from February 28, 2025 to September 30, 2025. Gross margin declined as a result of inefficiencies associated with new card constructions.

Operating Expenses

The Company's operating expenses for the nine months ended September 30, 2025 decreased \$39.4 million, or 53%, to \$35.3 million compared to \$74.7 million for the nine months ended September 30, 2024. The decrease was driven primarily by the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025. Holdings incurred \$67.5 million of operating expenses during the period from February 28, 2025 to September 30, 2025. Additionally, costs associated with employees and professional costs at Resolute Holdings prior to the Spin-Off and costs associated with the Spin-Off offset the decrease in operating expenses related to the deconsolidation and Spin-Off.

(Loss) Income from Operations and Operating Margin

During the nine months ended September 30, 2025, the Company had a loss from operations of \$6.6 million compared to income from operations of \$92.0 million for the nine months ended September 30, 2024. The Company's operating margin for the nine months ended September 30, 2025 decreased to a negative 11% compared to 29% for the nine months ended September 30, 2024. The decrease in income from operations and operating margin was driven primarily by the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025.

Other Expense, Net

Other expense for the nine months ended September 30, 2025 was \$211.1 million as compared to \$126.8 million for the nine months ended September 30, 2024. The change in other expense was primarily due to changes in the fair value of earnout consideration liability, warrant liability and make-whole liability resulting in non-cash expense of \$209.9 million for the nine months ended September 30, 2025, compared to \$109.8 million for the nine months ended September 30, 2024. The increase was partially offset by a decrease in net interest expense of \$14.7 million resulting from the conversion of all Exchangeable Notes into shares of Class A Common Stock during the fourth quarter of 2024 and the deconsolidation of Holdings as a result of the Spin-Off on February 28, 2025. As a result of the deconsolidation, all debt and related interest was removed from the Company's financial position and results of operations.

Earnings in Equity Method Investment

Earnings in CompoSecure Holdings, L.L.C. equity method investment consists of \$93.4 million of net income of Holdings attributable to the Company. The equity method investment resulted from the deconsolidation associated with the Spin-Off and related Management Agreement. Refer to Note 5 in the consolidated financial statements for the results of our equity method investment.

Income Tax Expense

The Company's income tax expense for the nine months ended September 30, 2025 was \$55.0 million, compared to \$0.1 million for the nine months ended September 30, 2024. The increase in tax expense was primarily related to the taxable gain on appreciated property resulting from the Spin-Off.

Use of Non-GAAP Financial Measures

This Form 10-Q includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and that may be different from non-GAAP financial measures used by other companies. The Company believes EBITDA, Adjusted EBITDA, Adjusted Net Income, and non-GAAP earnings per share are useful to investors in evaluating the Company's financial performance.

Due to the Spin-Off of Resolute Holdings and the related Management Agreement, and the resulting shift to equity method accounting under GAAP beginning February 28, 2025, CompoSecure is presenting a broader set of non-GAAP measures, including Net Sales and Gross Profit on a consolidated basis, to provide investors with consistent, comparable financial information that better represents the underlying performance of the business across reporting periods.

The Company uses these non-GAAP measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and measure incentive compensation. 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. We believe EBITDA and Adjusted EBITDA provide valuable insight into operational efficiency independent of capital structure and tax environment; Adjusted Net Income and Adjusted EPS offer investors a clearer view of ongoing profitability by excluding non-recurring and non-operational items. Additionally, the Company's debt agreements contain covenants based on variations of these measures for purposes of determining debt covenant compliance. The Company believes that investors should have access to the same set of tools that its management uses in analyzing operating results.

EBITDA, Adjusted EBITDA and non-GAAP earnings per share should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA and non-GAAP earnings per share are significant components in understanding and assessing the Company's financial performance. Accordingly, these key business metrics have limitations as an analytical tool. They should not be considered as an alternative to net income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flows from operating activities as a measure of the Company's liquidity. These non-GAAP measures may be different from similarly titled non-GAAP measures used by other companies.

The following unaudited table presents the reconciliation of net (loss) income to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2025 and 2024.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Net loss	\$ (174,696)	\$ (85,474)	\$ (179,329)	\$ (34,804)
Add:				
Depreciation and amortization (3)	2,288	2,331	6,902	6,932
Income tax expense	29,804	629	55,046	51
Interest expense, net (1)(3)	1,793	5,533	6,306	16,927
EBITDA	\$ (140,811)	\$ (76,981)	\$ (111,075)	\$ (10,894)
Stock-based compensation expense (3)	5,882	5,634	16,788	15,269
Mark to market adjustments, net (2)	174,877	108,404	209,883	109,846
Additional earnout cost	4,967	—	4,967	—
Transaction cost	2,806	—	2,806	—
Secondary offering transaction costs	—	—	—	586
Debt refinance costs	—	225	—	225
Resolute transactions costs	—	2,726	—	2,726
Spin-Off costs	—	—	5,452	—
Adjusted EBITDA	\$ 47,721	\$ 40,008	\$ 128,821	\$ 117,758

(1) Includes amortization of deferred financing cost and loss on extinguishment of debt for the three and nine months ended September 30, 2025 and 2024.

(2) Includes the changes in fair value of warrant liability, make-whole provision of Exchangeable Notes and earnout consideration liability for the three and nine months ended September 30, 2025 and 2024.

(3) The presented adjustments include amounts related to both the Company and its equity method investment in Holdings.

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

	Three Months Ended September 30,		Nine Months Ended September 30,					
	2025	2024	2025	2024				
	(in thousands) except per share amounts							
Basic:								
Net loss	\$	(174,696)	\$	(85,474)	\$	(179,329)	\$	(34,804)
Add: Provision for income taxes		29,804		629		55,046		51
Add: mark-to-market adjustments (1)		174,877		108,404		209,883		109,846
Add: stock-based compensation		5,882		5,634		16,788		15,269
Less: Proforma Management fees (2)		—		(3,379)		(2,045)		(9,906)
Add: Additional earnout cost		4,967		—		4,967		—
Add: Transaction cost		2,806		—		2,806		—
Add: Secondary offering transaction costs		—		—		—		586
Add: Debt refinance costs		—		225		—		225
Add: Resolute transactions costs		—		2,726		—		2,726
Add: Spin-Off costs		—		—		5,452		—
Adjusted net income before tax		43,640		28,765		113,568		83,993
Income tax expense (3)		9,649		6,248		25,110		18,243
Adjusted net income : Basic	\$	33,991	\$	22,517	\$	88,458	\$	65,750
Common shares outstanding used in computing net income per share, basic:								
Class A and Class B common shares (4)		110,265		82,222		105,280		81,303
Adjusted net income per share - basic	\$	0.31	\$	0.27	\$	0.84	\$	0.81
Diluted:								
Adjusted net income	\$	33,991	\$	22,517	\$	88,458	\$	65,750
Add: Interest on Exchangeable Notes, net of tax (6)		—		1,781		—		5,343
Adjusted net income used in computing net income per share, diluted	\$	33,991	\$	24,298	\$	88,458	\$	71,093
Common shares outstanding used in computing net income per share, diluted:								
Warrants (5)		1,746		8,094		1,393		8,094
Exchangeable Notes (6)		—		13,000		—		13,000
Equity awards		5,070		3,544		4,114		2,915
Total shares outstanding used in computing net income per share - diluted		117,081		106,860		110,787		105,312
Adjusted net income per share - diluted	\$	0.29	\$	0.23	\$	0.80	\$	0.68

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

(2) Pro forma Management Fees represent Management Fees assuming full Management Fees in all periods presented.

(3) Reflects current and deferred income tax expenses. For the three and nine months ended September 30, 2024 it was calculated using the Company's blended tax rate as if the Company did not have any non-controlling interest associated with its historical Up-C structure. For the three and nine months ended September 30, 2025, it was calculated by applying the Company's assumed effective tax rate.

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

(5) Assumes treasury stock method, valuation at assumed fair market value of \$17.30 and \$13.99 for the three and nine months ended September 30, 2025, respectively and \$18.00 for the three and nine months ended September 30, 2024.

(6) The Exchangeable Notes were included through the application of the "if-converted" method. Interest related to the Exchangeable Notes, net of tax was excluded from net income. No Exchangeable Notes were outstanding during the three and nine months ended September 30, 2025.

Critical Accounting Policies and Estimates

Critical accounting policies are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

In addition to the accounting policies detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as a result of the Spin-Off of Resolute Holdings, which occurred on February 28, 2025, and resulting from Holdings entering into the Management Agreement with Resolute Holdings, the Company determined that Holdings is a VIE for which the Company is not the primary beneficiary, as the Company does not have the power to direct the activities of Holdings that most significantly impact its economic performance. Therefore, the results of operations and cash flows of the Company's wholly-owned subsidiary, Holdings, and the operating companies which are its subsidiaries, are not consolidated in the financial statements and, instead, are accounted for under the equity method of accounting. The accounting policy for the equity method of accounting applied by the Company is disclosed in Note 2 of the Notes to Financial Statements - unaudited in Item 1.

Recently Adopted Accounting Policies

Reference is made to Note 2 of Notes to Financial Statements - unaudited in Item 1, "Financial Statements," for information concerning recent accounting pronouncements since the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Liquidity and Capital Resources

CompoSecure, Inc.'s primary sources of liquidity are its existing cash and cash equivalents balances, proceeds from the exercise of warrants, funding from its wholly owned subsidiary, Holdings, which are treated as distributions from Holdings to the Company and potential proceeds from the sale of stock. The Company's primary cash requirements include limited operating expenses relating primarily to public company expenses such as D&O insurance, professional fees, and stock exchange listing fees. Holdings' primary sources of liquidity are its existing cash and cash equivalents balances, cash flows from operations and borrowings on its term loan and revolving credit facility. Holdings' primary cash requirements include operating expenses, debt service payments (principal and interest), and capital expenditures (including property and equipment).

As of September 30, 2025, the Company had cash and cash equivalents of \$127.4 million and Holdings had cash and cash equivalents of \$97.2 million, investment in US treasury bills of \$40.7 million and total debt principal outstanding of \$190.0 million. As of December 31, 2024, the Company, including Holdings, had cash and cash equivalents of \$77.5 million and total debt principal outstanding of \$197.5 million. The decrease in cash and cash equivalents and debt of the Company resulted from the adoption of equity method accounting presentation for Holdings on February 28, 2025 as a result of the Spin-Off and Management Agreement.

The Company believes that available cash and cash equivalents at September 30, 2025 of \$97.2 million are sufficient to meet the liquidity needs of the Company. The Company anticipates that to the extent that the Company and/or Holdings requires additional liquidity, it will be funded through borrowings on Holdings' revolving credit facility, the incurrence of other indebtedness, or a combination thereof and/or offering of the Company's equity or debt securities in capital markets. The Company cannot be assured that it or Holdings will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, the liquidity of the Company and Holdings and their ability to meet their obligations and their capital requirements are also dependent on the future financial performance of Holdings, which is subject to general economic, financial and other factors that are beyond its control. Accordingly, the Company cannot be assured that Holdings will generate sufficient cash flows from operations or that future capital will be available from additional indebtedness or other sources to meet the liquidity needs of the Company and Holdings. The Company has announced plans to use acquisitions as part of its growth strategy. As the Company has pursued acquisitions, the Company and/or Holdings may incur additional equity or debt financings to complete such acquisitions.

Net Cash (Used in) Provided by Operations

Cash used in the Company's operating activities for the nine months ended September 30, 2025 was \$8.9 million as compared to cash provided by operating activities of \$95.4 million during the nine months ended September 30, 2024. The decrease in cash provided by operating activities of \$104.3 million was primarily attributable to decreases in net loss of \$144.5 million, non-cash charges of \$18.6 million and equity in net income of Holdings of \$93.4 million. These decreases were partially offset by a distributions from Holdings of \$21.7 million, an increase in working capital of \$28.9 million and changes in mark to market fair values of \$100.0 million.

Net Cash Used in Investing

Cash used in the Company's investing activities for the nine months ended September 30, 2025 was \$60.7 million, primarily related to cash and cash equivalents that were deconsolidated as a result of the Spin-Off and commencement of the Management Agreement compared to cash used in investing activities for the nine months ended September 30, 2024 of \$5.5 million which was primarily attributable to purchases of equipment.

Net Cash Provided by (Used in) Financing

Cash provided by the Company's financing activities for the nine months ended September 30, 2025 was \$119.5 million, compared to cash used in the Company's financing activities for the nine months ended September 30, 2024 of \$78.5 million. Cash provided in financing activities for the nine months ended September 30, 2025 primarily related to proceeds from the exercise of warrants of \$154.4 million offset by \$18.0 million of

payments for taxes related to net share settlement of equity awards, purchase of treasury shares of \$12.2 million and payment of TRA liability of \$4.7 million. Cash used in financing activities for the nine months ended September 30, 2024 primarily related to distributions to non-controlling interest holders of \$34.9 million, special distribution to non-controlling interest holders of \$15.6 million, repayment of scheduled term loan principal payments of \$10.3 million, dividends to holders of the Company's Class A Common Stock of \$8.9 million, payments for taxes relating to net settlement of vested RSUs of \$8.5 million, deferred financing cost relating to debt modification of \$1.9 million and payment of tax receivable agreement liability of \$1.3 million. These uses were partially offset by proceeds of \$2.9 million from the exercise of stock options and issuance of shares for ESPP transactions.

Contractual Obligations

A summary of the minimum contractual obligations of Holdings relating to its material outstanding contractual commitments is included in Notes 7, 8 and 16 of our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the SEC. Holdings long-term contractual obligations include commitments and estimated purchase obligations entered into in the normal course of business. The Company did not have any material contractual obligations.

Financing

The Company is party to the Holdings Credit Facility with various banks. For more information on the Holdings Credit Facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 6 to the Company's financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 5, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

In addition to existing cash balances and cash provided by operating activities of Holdings, Holdings uses variable rate debt to finance its operations. Holdings is exposed to interest rate risk on these debt obligations and a related interest rate swap agreement. As of September 30, 2025, Holdings had \$190.0 million in debt outstanding under the Holdings Credit Facility, all of which was variable rate debt.

The Company performed a sensitivity analysis based on the principal amount of Holdings debt outstanding as of September 30, 2025, as well as the effect of the Holdings interest rate swap agreement. In this sensitivity analysis, the change in interest rates is assumed to be applicable for an entire year. An increase or decrease of 100 basis points in the applicable interest rate would cause an increase or decrease in interest expense of approximately \$1.9 million on an annual basis.

On January 11, 2022, Holdings entered into an interest rate swap agreement to hedge forecasted interest rate payments on its variable rate debt. As of September 30, 2025, Holdings had the following interest rate swap agreements (in thousands):

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

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

Holdings has designated the interest rate swap as a cash flow hedge for accounting purposes that was determined to be effective. Holdings reflects the unrealized changes in fair value of the interest rate swap at each reporting period in other comprehensive income and a derivative asset or liability is recognized at each reporting period in the its financial statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We designed our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Under the supervision of and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures as of September 30, 2025. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures as of September 30, 2025 were functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosures.

A control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. We do not expect that our disclosure controls and procedures or our internal control over financial reporting are able to prevent with certainty all errors and all fraud.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2025 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

As of October 30, 2025, the Company was not a party to, nor were any of its properties the subject of, any material pending legal proceedings, other than ordinary routine claims incidental to the business.

Item 1A. Risk Factors

Summary of Risk Factors

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

- Risks Related to our Business
 - Rapidly evolving domestic and global economic conditions are beyond our control and could materially adversely affect our business, operations, and results of operations.
 - Failure to retain existing customers or identify and attract new customers could adversely affect our business, financial condition and results of operations.
 - Any failure by us to identify, manage, integrate and complete acquisitions and other significant transactions successfully could harm our financial results, business and prospects.
 - Data and security breaches could compromise our systems and confidential information, cause reputational and financial damage, and increase risks of litigation, which could adversely affect our business, financial condition and results of operations.
 - System outages, data loss or other interruptions affecting our operations could adversely affect our business and reputation.
 - We may not be able to recruit, retain and develop qualified personnel, including for areas of newer specialized technology which could adversely affect our ability to grow our business.
 - Our future growth may depend upon our ability to develop and commercialize new products, and we may be unable to introduce new products and services in a timely manner.
 - A disruption in our operations or supply chain or the performance of our suppliers and/or development partners could adversely affect our business and financial results.
 - We have limited experience in the digital assets industry and may not succeed in fully commercializing the products and solutions derived from the Arculus technology.
 - Security markets, including the market for authentication solutions, are rapidly evolving to address increasing and challenging cyber threats, including identity theft, and the Company's Arculus Authenticate solutions may not achieve widespread market acceptance.
 - Escalating U.S. tariffs or other trade restrictions on the imported raw materials we depend on, and any retaliatory measures by other countries, could drive up our costs and materially harm our revenue, margins and overall results of operations.
 - Production quality and manufacturing process disruptions could adversely affect our business.
- Risks Related to the Tungsten Transaction
 - Although we are no longer a "controlled company" within the meaning of the New York Stock Exchange rules, we are relying on exemptions from certain corporate governance requirements during a one-year transition period.
- Risks Related to Management Agreement
 - Our reliance on Resolute Holdings for management services under the Management Agreement exposes us to risks including those related to Resolute Holdings' substantial influence over our business, operations, and strategy.

- Risks Related to our Indebtedness
 - Our indebtedness may limit our operating flexibility.
 - Upon the occurrence of an event of default in our credit facility, the lenders could elect to accelerate payments due and terminate all commitments to extend further credit.
 - The debt outstanding under the Company's existing credit facility has a variable rate of interest that is currently based on the Secured Overnight Financing Rate ("SOFR"). These rates may have consequences that cannot be reasonably predicted and may increase the Company's cost of borrowing in the future.
- Risks Related to the ownership of our Securities
 - Our only significant asset is our ownership of Holdings. If the business of Holdings is not profitably operated, Holdings may be unable to make distributions to enable us to satisfy our financial obligations.
 - Provisions in our charter (the "Charter") and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our common stock and could entrench management.
 - As an "emerging growth company," we cannot be certain if the reduced disclosure requirements applicable to "emerging growth companies" will make our common stock less attractive to investors.
 - If our performance does not meet market expectations, the price of our securities may decline.
 - The warrants, each of which entitles the registered holder to purchase one share of the Company's Class A Common Stock at a price of \$7.97 per share (as adjusted effective February 28, 2025) (the "Warrants") may not remain in the money, and they may expire worthless.

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

Risks Related to Our Business

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

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

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

We may not continue to achieve sales growth in the future and you should not consider our sales growth in the current or prior fiscal periods as indicative of future performance. It is also possible that our growth rate may

slow in future periods due to a number of factors, which may include slowing demand for our products, increased competition, decreasing growth of the overall market, or inability to engage and retain customers. If we are unable to maintain consistent sales or continue our sales growth, it may be difficult for us to maintain profitability.

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

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

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

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

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

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

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

Our information technology ("IT") infrastructure's ability to reliably and securely protect the sensitive confidential information of our customers, which include large financial institutions, is critical to our business. Security breaches have become more common across many industries. Cyber incidents have been increasing in sophistication and can include third parties gaining access to employee or customer data using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks, ransomware, card skimming code, and other deliberate attacks and attempts to gain unauthorized access. The occurrence of these types of incidents in our

computer networks, databases or facilities could lead to the inappropriate use or disclosure of personal information, including sensitive personal information of customers and employees, which could harm our business and reputation, adversely affect consumers' confidence in our business and products, result in inquiries and fines or penalties from regulatory or governmental authorities, cause a loss of customers, pose increased risks of lawsuits and subject us to potential financial losses.

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

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

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

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

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

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

Our future growth may depend upon our ability to develop, introduce, manufacture and commercialize new products, which can be a lengthy and complex process. If we are unable to introduce new products and services in a timely manner, our business could be materially adversely affected.

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

Our product and service offerings could be rendered obsolete if we are unable to develop and introduce innovative products in a cost-effective and timely manner. In particular, the rise in the adoption of wireless or mobile payment systems may make physical metal cards less attractive as a method of payment, which could result in less demand for these products. Although to date we have not witnessed a material reduction in card-based payments in the United States resulting from the emergence of wireless or mobile payment systems, such payment systems offer consumers an alternative method to make purchases without the need to carry a physical card by relaying on cellular telephones or other technological products to make payments. If these wireless or mobile payment systems are widely adopted, it could result in a reduction of the number of physical payment cards issued to consumers. Moreover, other developing or unforeseen technology solutions and products could render our existing products unpopular, irrelevant or obsolete altogether.

Our ability to develop and deliver new products and services successfully will depend on various factors, including our ability to: effectively identify and capitalize upon opportunities in new and emerging product markets; invest resources in innovation and research and development; develop and implement new processes for the manufacture or offer of new products or services; complete and introduce new products and integrated services solutions in a timely manner; license any required third-party technology or intellectual property rights; qualify for and obtain required industry certification for our products; and retain and hire talent experienced in developing new products and services. Our business and growth also depend in part on the success of our strategic relationships with third parties, including technology partners or other technology companies whose products are integrated with our products. Failure of any of these technology companies to maintain, support or secure their technology platforms in general, and our integrations in particular, or errors or defects in their technologies or products, could adversely affect our relationships with customers, damage our brand and reputation, and could adversely affect our business, financial condition and results of operations.

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

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

As a company engaged in manufacturing and distribution, we are subject to the risks inherent in such activities, including disruptions or delays in supply chain or information technology, product quality control, as well as other external factors over which we have no control. Some of the key components used in the manufacture of our products are metals, NFC-enabled chips and EMV chips, which we source from several key suppliers. We obtain our

components from multiple suppliers located in the United States and abroad, on a purchase order basis. Changes in the financial or business condition of our suppliers and/or development partners could subject us to losses or adversely affect our ability to bring products to market. Additionally, the failure of our suppliers and/or development partners to comply with applicable standards, perform as expected, and deliver goods and services in a timely manner in sufficient quantities could adversely affect our customer service levels and overall business. Any increases in the costs of goods and services for our business, including due to the imposition of or increases in tariffs on countries from which we import necessary materials, may also adversely affect our profit margins particularly if we are unable to achieve higher price increases or otherwise increase cost or operational efficiencies to offset the higher costs.

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

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

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

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

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

The Arculus Cold Storage Wallet uses an architecture where the private keys needed to access digital assets are stored outside of the Internet. Through the use of the Arculus Cold Storage Wallet, our three-factor authentication technology may be able to increase the safety of users' assets during storage, as compared to storing

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

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

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

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

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

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

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

While the SEC has brought multiple enforcement actions against digital asset projects, such cases generally have not provided additional clarity in the U.S. with respect to the regulation of digital assets, including questions concerning the very application of the U.S. federal securities laws to digital assets and digital asset-related activities, including in the secondary trading market. Several of such recent SEC enforcement actions have been court cases, and to the extent that courts have rendered opinions concerning any such enforcement actions, those opinions, and the reasoning in support of them, have not necessarily been consistent with one another. In addition, although the SEC recently has agreed to dismiss or otherwise pause several high-profile digital asset-related enforcement actions, in addition to closing certain previously announced investigations, withdrawing certain proposed rule changes (including a previously introduced proposed rule change concerning the definition of "exchange") and issuing staff guidance regarding certain digital asset-related guidance, this shift in approach has not resolved all uncertainty concerning the application of the U.S. federal securities laws to digital assets and digital asset market participants.

While actions taken by President Trump and certain U.S. federal regulators following Trump's January 2025 inauguration have appeared to signal a much more favorable U.S. governmental approach (as compared to the immediately prior U.S. presidential administration) to digital assets, legal and regulatory uncertainty remains, including concerning the regulatory characterization and treatment of various digital asset-related products, services, platforms, markets and activities, including NFTs, decentralized finance ("DeFi") and decentralized autonomous organizations ("DAOs"), all of which have drawn regulatory attention in recent years.

In particular, as a result of actions by private plaintiffs and regulators alike, under various theories of liability, among other things, DAOs have been characterized by certain plaintiffs as unincorporated associations or general partnerships, with some plaintiffs asserting that liability should be assigned to participants in DAO governance, while others have sought to establish joint and several liability for DAO members generally, including

on negligence theories of liability. The terms “DeFi” and “DAO” may be interpreted broadly to encompass a wide variety of projects, services and participants, and if a regulator or private plaintiff were to claim that Arculus is deemed to have participated in or facilitated DeFi- or DAO-related activities that were in violation of applicable law, there may be significant associated risks, including the potential for joint and several liability.

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

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

In addition, U.S. federal and state agencies are likely to continue to propose new or otherwise modify existing rules and guidance applicable to digital assets. Recent expedited rulemaking efforts by U.S. federal and state regulators and foreign authorities may result in new obligations or restrictions for digital asset market participants, including wallet providers, with little advance notice. These changes could require rapid adaptation of our Arculus products and services, compliance policies and procedures, and any failure by Arculus to comply with any applicable obligations---whether as a result of uncertainty or operational constraints---could subject our Arculus business to penalties, enforcement actions, or limitations on its activities. It is also possible that, in the wake of an apparent shift to fewer digital asset-related enforcement actions by U.S. federal regulators under the Trump Administration, U.S. state regulators and private plaintiffs may continue or increase the number of actions (and/or investigations) initiated by them against digital asset market participants or otherwise in respect of digital assets.

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

In sum, the U.S. federal regulators and courts, and various U.S. state and non-U.S. regulators, are still developing their frameworks for regulating digital assets. Certain foreign jurisdictions, including the European Union through its Markets in Crypto-Assets Regulation (MiCA), have recently adopted or proposed rules specific to stablecoins, non-fungible tokens (NFTs), and other emerging asset types. Regulatory developments in these areas may restrict the functionality of our Arculus digital asset products or services outside the U.S., limit support for certain assets or functionalities in the Arculus Cold Storage Wallet, or impose new licensing, registration or compliance requirements on our Arculus business. If we are found to have supported purchase and swap transactions in the Arculus Cold Storage Wallet for digital assets which subsequently are determined to be securities, it is possible that we could be viewed as inadvertently acting as an unlicensed broker-dealer which could subject us to, among other things, regulatory enforcement actions, censure, monetary fines, restrictions on the conduct of our Arculus activities and/or rescission/damages claims by customers who use the Arculus Cold Storage Wallet. Our failure to comply with applicable laws or regulations, or the costs associated with defending any action alleging our noncompliance with applicable laws or regulations, could materially and adversely affect us, our business and our results of operations.

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

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

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

In addition, we do not currently intend to effect or otherwise facilitate trading in securities by our Arculus customers through the use of our Arculus Cold Storage Wallet if such activities would require the use of a registered broker-dealer or investment adviser. Despite implementing policies and procedures to monitor compliance with relevant laws, with a goal of ensuring that our Arculus activities do not result in us inadvertently acting as an unregistered broker-dealer or investment adviser, we cannot assure that these measures will be completely effective. Should regulators challenge our stance regarding our non-obligations under various securities regulations, this could have a material and adverse impact on our operations. If we are found by relevant regulatory agencies to have inadvertently acted as an unregistered broker-dealer with respect to purchase and swap transactions in particular digital assets, we would expect to immediately cease supporting purchase and swap transactions in those digital assets unless and until either the digital asset at issue (or transaction in such digital asset) is determined by the SEC or a judicial ruling to not be a security, or we partner with a third-party registered broker-dealer or investment adviser, acquire a registered broker-dealer or investment adviser or register the Company as a securities broker-dealer or investment adviser, any of which we may elect not to do or may not be successful in doing. For any period of time during which we are found to have inadvertently acted as an unregistered broker-dealer or investment adviser, we could be subject to, among other things, regulatory enforcement actions, monetary fines, censure, restrictions on the conduct of our Arculus activities and/or rescission/damages claims by customers who use the Arculus Cold Storage Wallet. Our failure to comply with applicable laws or regulations, or the costs associated with defending any action alleging our noncompliance with applicable laws or regulations, could materially and adversely affect us, our business and our results of operations.

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

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

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

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

Our patents, trade secrets and other intellectual property rights are critical to our business. Our ability to safeguard our proprietary product designs and production processes against misappropriation by third parties is necessary to maintain our competitive position within our industry. Therefore, we routinely enter into confidentiality agreements with our employees, consultants and strategic partners to limit access to, and distribution of, our proprietary information in an effort to safeguard our proprietary rights and trade secrets. However, such efforts may not adequately protect our intellectual property against infringement and misappropriation by unauthorized third parties. Such third parties could interfere with our relationships with customers if successful in attempts to misappropriate our proprietary information or copy our products designs, or portions thereof. Additionally, because some of our customers purchase products on a purchase order basis and not pursuant to a detailed written contract, where we do not have the benefit of written protections with respect to certain intellectual property terms beyond standard terms and conditions, we may be exposed to potential infringement of our intellectual property rights. Enforcing our intellectual property rights against unauthorized use may be expensive and cause us to incur significant costs, all of which could adversely affect our business, financial condition and results of operations. There is no assurance that our existing or future patents will not be challenged, invalidated or otherwise circumvented. The patents and intellectual property rights we obtain, including our intellectual property rights which are formally registered in the United States and abroad, may be insufficient to provide meaningful protection or commercial advantage. Moreover, we may have difficulty obtaining additional patents and other intellectual property protections in the future. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which we provide our products or services. Any of the foregoing factors may have a material adverse effect on our business.

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

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

intellectual property use infringes the rights of third parties. Any such litigation or other proceedings could adversely affect our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

payment networks if we were to lose our certification from one or more of the payment networks or payment card industry certification for one or more of our facilities. If we are not able to produce cards for or provide services to any or all of the issuers issuing debit or credit cards on such payment networks, we could lose a substantial number of our customers, which could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

Our revenue and operations may be materially and adversely affected by tariffs and other restrictions on imported goods that have been, and may continue to be, imposed by the U.S. government.

A portion of the raw materials used by us to manufacture our products are obtained, directly or indirectly, from companies located outside of the United States. There is currently significant uncertainty about the future relationship between the U.S. and various other countries with respect to trade policies and tariffs. Recently, the U.S. has announced, delayed, re-imposed, and revised a series of broad-based, as well as country-, bloc-, and sector-specific tariffs on goods imported to the United States, as well as other trade policy changes. For example, the Trump administration has instituted substantial changes to U.S. foreign trade policy with respect to China and other countries, including several rounds of significant increase in tariffs on goods imported into the U.S., and has signaled further changes in trade policy which may include more stringent restrictions on international trade. As a result, further trade restrictions and/or tariffs may be forthcoming. Certain international trade agreements may also be at risk, as the current U.S. administration has voiced some opposition in respect thereof. These factors may stagnate the economy, impact relationships with and access to suppliers, increase the costs of certain raw materials we purchase, and/or materially and adversely affect our business, financial condition and results of operations. These and future tariffs, including any retaliatory tariffs that may be imposed by other countries on U.S. exports, as well as uncertainties surrounding domestic and foreign tariffs and any other global trade developments, bring with them uncertainty. We cannot predict future changes to imports covered by tariffs or which countries will be included or

excluded from such tariffs. The reactions of other countries and resulting actions on the United States and similarly situated companies could also negatively impact our business, financial condition and results of operations.

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

We have historically derived approximately 15-20% of our annual net revenue from sales to customers located outside the U.S. Our ability to convince customers to expand their use of our products or renew their agreements with us are directly correlated to our direct engagement with such customers. To the extent that we are unable to engage with non-U.S. customers effectively, we may be unable to grow sales to international customers to the same degree we have experienced in the past.

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

- fluctuations in currency exchange rates and related effects on our operating results;
- general economic and geopolitical conditions, including wars, in each country or region;
- the impact of Brexit; reduction in billings, foreign currency exchange rates, and trade with the EU;
- the effects of a widespread outbreak of an illness or disease, or any other public health crisis, such as a resurgence of the COVID-19 pandemic, in each country or region;
- economic uncertainty around the world;
- changes in trade policy, including the imposition of and changes in tariffs and other trade restrictions; and
- compliance with U.S. and foreign laws and regulations imposed by other countries on foreign operations, including the Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our products in certain foreign markets, and the risks and costs of non-compliance.

We rely on licensing arrangements in production and other fields, and actions taken by any of our licensing partners could have a material adverse effect on our business.

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

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

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

Risks Related to the Resolute Holdings Management Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the Tax Receivable Agreement

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

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

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

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

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

Our payment obligations under the Tax Receivable Agreement may be accelerated in the event of certain changes of control and will be accelerated in the event we elect to terminate the Tax Receivable Agreement early. The accelerated payments will relate to all relevant tax attributes that would subsequently be available to us. The accelerated payments required in such circumstances will be calculated by reference to the present value (at a discount rate equal to 15% per annum (as amended in September 2024)) of all future payments that TRA Parties would have been entitled to receive under the Tax Receivable Agreement, and such accelerated payments and any other future payments under the Tax Receivable Agreement will utilize certain valuation assumptions, including that we will have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the Tax Receivable Agreement, as well as sufficient taxable income to fully utilize any remaining net operating losses subject to the Tax Receivable Agreement on a straight line basis over the shorter of the statutory expiration period for such net operating losses and the five-year period after

the early termination or change of control. In addition, recipients of payments under the Tax Receivable Agreement will not reimburse us for any payments previously made under the Tax Receivable Agreement if such tax basis and our utilization of certain tax attributes is successfully challenged by the IRS (although any such detriment would be taken into account in future payments under the Tax Receivable Agreement). Our ability to achieve benefits from any existing tax basis, tax basis adjustments or other tax attributes, and the payments to be made under the Tax Receivable Agreement, will depend upon a number of factors, including the timing and amount of our future income. As a result, even in the absence of a change of control or an election to terminate the Tax Receivable Agreement, payments under the Tax Receivable Agreement could be in excess of 90% of our actual cash tax benefits.

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

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

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

Risks Related to Indebtedness

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

Holdings had approximately \$197.5 million of indebtedness as of December 31, 2024, consisting of amounts outstanding under its senior secured credit facility. This indebtedness could have important consequences to our investors, including, but not limited to:

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

The interest rates in this credit facility are set based upon stated margins above the lender's base rate and the SOFR, an interest rate at which banks can borrow funds, which is subject to fluctuation. In addition, the interest

rate margin applicable to the term loan and revolving loans can vary by one hundred (100) basis points depending on total leverage ratio. An increase in interest rates would adversely affect our profitability.

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

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

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

In 2023, Holdings amended its credit facility to transition from bearing interest based on London Interbank Offered Rate ("LIBOR") to SOFR. The use of SOFR-based rates may result in interest rates and/or payments that are higher or lower than the rates and payments that we experienced under LIBOR. Additionally, the future performance of SOFR cannot be predicted based on historical performance and the future level of SOFR may have little or no relation to historical levels of SOFR. Any patterns in market variable behaviors, such as correlations, may change in the future. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR.

The Holdings credit facility contains restrictive covenants that may impair its ability to conduct business.

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

General Risks Related to Ownership of our Securities

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

CompoSecure, Inc. has no direct operations and no significant assets other than the ownership of its subsidiaries, which operate the Company's business. CompoSecure, Inc. depends on profits generated by its subsidiaries' business for debt repayment and to generate the funds necessary to meet its other financial obligations, including our expenses as a publicly traded company, and to pay any dividends with respect to our capital stock. Legal and contractual restrictions in agreements governing the indebtedness of the Company or its subsidiaries, as well as their financial condition and operating requirements, may limit the ability of our subsidiaries to make distributions to the Company.

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

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

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

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

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

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

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

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

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

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

For as long as we remain an “emerging growth company” as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” We may remain an “emerging growth company” for up to five years from the consummation of our initial public offering or until such earlier time that we have \$1.23 billion or more in annual revenues, have more than \$700.0 million in market value of our common stock held by non-affiliates, or

issue more than \$1.0 billion of non-convertible debt over a three-year period. To the extent we choose not to use exemptions from various reporting requirements under the JOBS Act, or if we no longer can be classified as an “emerging growth company,” we expect that we will incur additional compliance costs, which will reduce our ability to operate profitably. We expect to cease to be an “emerging growth company” at the end of 2025.

Although we are no longer a “controlled company” within the meaning of the New York Stock Exchange rules, we are relying on exemptions from certain corporate governance requirements during a one-year transition.

Because Tungsten no longer holds a majority of our Class A Common Stock, we are no longer a “controlled company” under the Sarbanes-Oxley Act and the New York Stock Exchange listing rules. Pursuant to the phase-in periods stipulated by the New York Stock Exchange listing rules, we are required to be in compliance with certain New York Stock Exchange corporate governance requirements within one year following the date of our loss of “controlled company” status. These requirements include that we have (1) a board that is composed of a majority of “independent directors” as defined under the rules of the New York Stock Exchange and (2) compensation and nominating and governance committees composed entirely of independent directors. We are already required to have a fully independent audit committee.

We have been utilizing, and intend to continue to utilize, the one-year transition period described above to achieve full compliance with these New York Stock Exchange requirements. We currently comply with the requirements for a majority of independent directors; however our Board may from time to time elect to rely on the exemption from such requirement.

Additionally, our compensation and nominating and governance committees do not each currently consist entirely of independent directors. Accordingly, you do not, and during this transition period you will not, have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange applicable to companies that are not “controlled companies.”

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

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

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

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

We are required to implement and maintain the financial reporting and disclosure procedures and controls required of a United States publicly traded company. If we fail to properly maintain and implement all required accounting practices and policies, including new accounting practices and policies, as applicable, or maintain effective internal controls and procedures and disclosure procedures and controls, we may be unable to provide

financial information and required SEC reports that are timely and reliable. Any such delays or deficiencies could harm us, including by limiting our ability to obtain financing, either in the public capital markets or from private sources or by damaging our reputation, which in either case, could impede our ability to implement our growth strategy. In addition, any such delays or deficiencies could result in our failure to meet the requirements for continued listing of our securities on the New York Stock Exchange.

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

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

Factors affecting the trading price of our securities may include:

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

Broad market and industry factors may depress the market price of our securities irrespective of our operating performance. The stock market in general and the New York Stock Exchange have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular

companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for financial technology stocks or the stocks of other companies which investors perceive to be similar to us could depress our securities prices regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

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

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

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

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

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

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

Our outstanding Warrants to purchase, as of September 30, 2025, an aggregate of 3,236,509 shares of our Class A Common Stock are exercisable in accordance with the terms of the warrant agreement governing those securities. Each Warrant entitles its holder to purchase one share of our Class A Common Stock at an exercise price of 7.97 per share (as adjusted effective February 28, 2025, subject to further adjustment, and will expire at 5:00 p.m., New York time, on December 27, 2026 or earlier upon redemption of our Class A Common Stock or our liquidation. To the extent Warrants are exercised, additional shares of our Class A Common Stock will be issued, which will result in dilution to our then existing stockholders and increase the number of shares of Class A Common Stock

eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could depress the market price of our securities.

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

Under the Sarbanes-Oxley Act of 2002, we are required to provide management's attestation on internal controls. Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, and generally require in the same report a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, under the JOBS Act, our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an "emerging growth company." We will be an "emerging growth company" until the earlier of (1) the last day of the fiscal year (a) following November 10, 2025, the year in which we marked the fifth anniversary of the consummation of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.23 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our prior second fiscal quarter, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. Accordingly, until we cease being an "emerging growth company" stockholders will not have the benefit of an independent assessment of the effectiveness of our internal control environment. We expect to cease to be an "emerging growth company" at the end of 2025.

Management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that are applicable to us as a public company. If we fail to maintain or implement effective internal controls, we may not be able to report financial results accurately or on a timely basis, detect fraud, or assess whether our internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could harm investor confidence and lead to a decrease in the market price of our securities.

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

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

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

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

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

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

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

At September 30, 2025, Tungsten beneficially owned approximately 41% of the shares of our outstanding shares of Class A Common Stock. As a result of this control, Tungsten is able to influence matters requiring approval by our stockholders and/or our Board, including the election of directors and the approval of business combinations or dispositions and other extraordinary transactions. Tungsten may also have interests that differ from the interests of other holders of our securities and may vote in a way with which you disagree and which may be adverse to your interests. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Company and may materially and adversely affect the market price of our securities. In addition, Tungsten may in the future own businesses that directly compete with the business of the Company.

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

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

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

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

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware will be the sole and exclusive forum for any stockholder to bring any state law claims for (a) any derivative action or proceeding brought on behalf of us, (b) any action asserting a claim of breach

of fiduciary duty owed by any of our directors, officers or employees to us or our stockholders, (c) any action asserting a claim against us, our directors, officers or employees arising pursuant to any provision of the DGCL or our Charter or Bylaws or (d) any action asserting a claim against us, our directors, officers or employees governed by the internal affairs doctrine.

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

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

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

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

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

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

On September 8, 2025, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated April 19, 2021, by and among Roman DBDR, Roman Parent Merger Sub, LLC (a wholly-owned subsidiary of Roman DBDR), and Holdings, the Company issued an aggregate of approximately 4.3 million shares (as adjusted for the Spin-Off) of Class A Common Stock to certain current and former Holdings equity holders upon achieving a \$17.10 volume-weighted average price per share of Class A Common Stock (as adjusted for the Spin-Off). The issued

shares were not registered under the Securities Act and were issued in reliance on the exemption from registration requirements provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering without any form of general solicitation, advertising or the involvement of any underwriters.

Repurchases of Equity Securities

On March 6, 2024, we announced that our Board of Directors (“Board”) had authorized a program to repurchase (“Repurchase Program”) up to \$40.0 million (increased to up to \$100 million in February 2025) in the aggregate of our outstanding shares of Class A Common Stock or warrants (collectively, the “Securities”). The Repurchase Program is effective March 7, 2024 through March 7, 2027. Repurchases of Securities under the Repurchase Program may be made from time to time, on the open market, in privately negotiated transactions, tender offers, or by other methods, at the discretion of the management of the Company in accordance with our senior credit facility and Indenture for the Exchangeable Notes, as applicable, and other applicable legal requirements. Repurchases of Common Stock will be in accordance with the limitations set forth in Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. The timing and amount of the repurchases will depend on market conditions and other requirements. The Repurchase Program does not obligate the Company to repurchase any dollar amount of Securities and the Repurchase Program may be extended, modified, suspended, or discontinued at any time. Any shares of Common Stock repurchased under the program may either be returned to the status of authorized but unissued shares of Common Stock or held as treasury stock. During the quarter ended September 30, 2025, the Company purchased an aggregate of 647,782 shares in open market transactions at an average price of \$18.90 per share for an aggregate purchase price of approximately \$12.2 million. These purchases were completed in August 2025. As of September 30, 2025, \$87.8 million of the repurchase authorization under the Repurchase Program remained available.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2025, none of our directors or Section 16 officers adopted, modified, or terminated any Rule 10b5-1 trading arrangement or any non-Rule 10b5-1 trading arrangement, as those terms are defined in Regulation S-K, Item 408.

Item 6. Exhibits

Exhibit Index

Exhibit No.	Description
<u>10.1</u> *+	<u>Amended and Restated CompoSecure, Inc. Non-Employee Director Compensation Policy, effective September 23, 2025.</u>
<u>10.2</u> *+	<u>CompoSecure, Inc. Executive Severance Plan, adopted October 2025.</u>

<u>10.3*+</u>	<u>Offer Letter between CompoSecure, L.L.C. and Mary Holt, dated October 9, 2025</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2*</u>	<u>Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1**</u>	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2**</u>	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following materials from CompoSecure, Inc.'s Form 10-Q for the quarter ended September 30, 2025, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of September 30, 2025 (Unaudited) and December 31, 2024, (ii) Consolidated Statements of Operations (Unaudited) for the three and nine months ended September 30, 2025 and September 30, 2024, (iii) Consolidated Statements of Comprehensive Income (Unaudited) for the three and nine months ended September 30, 2025 and September 30, 2024, (iv) Consolidated Statements of Stockholders' Equity (Unaudited) for the three and nine months ended September 30, 2025 and September 30, 2024, (v) Consolidated Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2025 and September 30, 2024, and (vi) Notes to Consolidated Financial Statements - Unaudited.
104	Cover Page Interactive Data File (embedded within the inline XBRL document)
*	Filed herewith.
**	Furnished herewith.
+	Indicates management contract or compensatory plan or arrangement.
†	Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.
††	The Company has redacted provisions or terms of this Exhibit pursuant to Regulation S-K Item 601(b)(10)(iv). The Company agrees to furnish an unredacted copy of the Exhibit to the SEC upon its request.

SIGNATURES

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, thereunto duly authorized.

CompoSecure, Inc.

Date: November 03, 2025

By: /s/ Jonathan C. Wilk

Name: Jonathan C. Wilk
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: November 03, 2025

By:

/s/ Timothy Fitzsimmons

Name: Timothy Fitzsimmons
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**AMENDED AND RESTATED COMPOSECURE, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

(Amended and Restated Effective as of September 23, 2025)

CompoSecure, Inc. (the “**Company**”) believes that the granting of cash and equity compensation to the members of its Board of Directors (the “**Board**”) represents an effective tool to attract, retain, and reward such members of the Board who are not employees of the Company (each, a “**Non-Employee Director**” and, collectively, the “**Non-Employee Directors**”) and who are eligible to receive such compensation, as provided herein. This Non-Employee Director Compensation Policy (the “**Policy**”) has been adopted by the Board to formalize the Company’s policy regarding compensation that may be paid to the eligible Non-Employee Directors, which compensation will include both cash compensation and equity awards granted in accordance with the provisions of the Company’s 2021 Incentive Equity Plan (as may be amended from time to time, the “**Plan**”). The Compensation Committee of the Board or those persons or bodies to whom administration of the Plan, or part of the Plan, has been delegated as permitted by applicable law, regulations, the applicable stock exchange rules and in accordance with the Plan (the “**Administrator**”) shall have full power and authority to administer this Policy. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such terms in the Plan.

A. General

1. Eligibility. The cash and equity-based compensation described in this Policy (other than as provided in Section E hereof) shall be paid or be made, as applicable, automatically and without further action of the Board, to each Covered Director. For purposes of this Policy, “**Covered Director**” means any member of the Board who is not an employee, independent contractor or consultant of the Company or any of its subsidiaries (other than an individual who is an independent contractor or consultant of the Company solely by virtue of being a member of the Board). For the avoidance of doubt, the term “**Covered Directors**” does not include any Non-Employee Directors who are prohibited by a contractual obligation or employment policy from receiving compensation for their service on the Board, or who have otherwise notified the Company that they have declined to receive all or any portion of their compensation for their service on the Board.

2. Responsibility for Taxes. Each Covered Director will be solely responsible for any tax obligations incurred by such Covered Director as a result of any cash payments and/or equity awards that such Covered Director receives pursuant to this Policy.

B. Cash Compensation

1. Annual Board Retainer. Each Covered Director shall be paid an annual cash retainer of \$50,000 (the “**Annual Board Retainer**”).

2. Annual Committee Chair Retainer. A Covered Director shall be paid an annual cash retainer for Committee chair service (the “**Annual Committee Chair Retainer**”), as follows:

- a. Audit Committee Chair: \$25,000.

- b. Compensation Committee Chair: \$15,000.
- c. Nominating/Governance Committee Chair: \$10,000.

For the avoidance of doubt, there are no per-meeting attendance fees for attending Board or Board committee meetings.

- 3. Timing of Payments. The Annual Board Retainer and Annual Committee Chair Retainer will be paid quarterly in arrears.

C. Equity Compensation

Covered Directors generally shall be entitled to receive all types of equity awards (except Incentive Stock Options) under the Plan (or any equity plan properly adopted by the Company and approved by the Company's stockholders as may be in place at the time of such grant), including awards not specifically covered under this Policy. All grants of awards to Covered Directors pursuant to this Section C shall be granted on an automatic and nondiscretionary basis, in accordance with the following provisions and the applicable provisions of the Plan and shall be evidenced by an award agreement.

- 1. Annual Equity Awards.

- a. Annual Equity Award. Each calendar year, effective as of the date of the annual meeting of the Company's stockholders (the "**Annual Meeting**"), each Covered Director who either (I) has been nominated by the Board to be elected as a Director at such Annual Meeting, or (II) has a term of service extending beyond the date of such Annual Meeting, automatically will be granted an option to purchase shares of the Company's Class A Common Stock (the "**Common Stock**"), par value \$0.0001 per share (an "**Option**"), with a Fair Market Value (as defined below) of \$250,000 (the "**Annual Equity Award**") effective as of such Annual Meeting. Notwithstanding the foregoing, if a Covered Director is also a member of the board of directors or equivalent governing body of Resolute Holdings Management, Inc. or the public parent of any other entity that is managed by Resolute Holdings Management, Inc. or any of its controlled affiliates pursuant to a management agreement or similar agreement (a "**Dual-Hatted Director**"), the Fair Market Value of the Annual Equity Award granted to such Dual-Hatted Director will instead be \$150,000.

- b. Prorated Annual Equity Award. In addition, an individual who first becomes a Covered Director (including, for the avoidance of doubt, any Dual-Hatted Director) after the occurrence of the Annual Meeting for the year of their appointment or election to the Board shall receive an initial prorated equity award of an Option for the period beginning on the date such Covered Director is initially elected to the Board through the next Annual Meeting ("**Prorated Annual Equity Award**"). Such Prorated Annual Equity Award shall be granted as of the date on which such Covered Director commences their service as a member of the Board.

- 2. Initial Equity Award. Each individual who is initially appointed or elected to the Board and is a Covered Director shall receive an initial equity award of an Option ("**Initial Equity Award**") with a Fair Market Value of \$200,000. Such Initial Equity Award shall be granted as of the date on which such Covered Director commences their service as a member of the Board. Notwithstanding the foregoing, the Fair Market Value of the Initial Equity Award granted to a Dual-Hatted Director will instead be \$150,000.

3. Number of Shares Underlying an Option. The number of Shares subject to an Option, relating to each Annual Equity Award or Initial Equity Award, as applicable, shall be determined by the Administrator in its sole discretion based on the applicable Fair Market Value as described below.

4. Vesting. Except as provided herein, each Annual Equity Award and each Initial Equity Award shall vest in equal annual installments over a four-year period commencing on the date on which the applicable award is granted (the “**Service Period**”). The vesting of such awards shall be subject, in all cases, to the Covered Director’s continued service to the Company through the applicable vesting date(s) and the terms of the related award agreement; provided that, notwithstanding any provision of a Covered Director’s award agreement to the contrary, in the event of a Covered Director’s termination of service due to such Covered Director’s death or Disability, then any Option or portion thereof held by such Covered Director (including, for the avoidance of doubt, any Option that has been granted in accordance with this Policy or any conversion plan of the Company) shall vest and become exercisable as of the date of such Covered Director’s termination of service and shall remain exercisable until the tenth anniversary of the date of grant. If the Covered Director elects to retire from the Board at any time prior to the end of the Service Period, the Administrator will have the authority to accelerate the vesting of all or a portion of the Annual Equity Award and the Initial Equity Award. No Annual Equity Award or Initial Equity Award will be accelerated if a Covered Director is disqualified or removed prior to the end of the Service Period, with or without cause, from the Board. Notwithstanding the foregoing, all unvested Annual Equity Awards and Initial Equity Awards outstanding immediately prior to the effectiveness of a Change of Control (as defined in the Plan) shall vest as of the effective date of such Change of Control.

5. Fair Market Value. For the purposes of this Policy, the “**Fair Market Value**” per share shall be equal to the closing price of the Common Stock, as reported on the national securities exchange on which the Common Stock is then listed (or any other reporting system selected by the Administrator, in its sole discretion) on the date as of which the determination is being made or, if no sales of shares are reported on such date, on the most recent preceding day on which there were sales of shares reported. The “**Fair Market Value**” of an Option shall be determined by the Administrator in its sole discretion. The Administrator has historically utilized the Black-Scholes option pricing model based upon information available at the time of grant.

6. Exercise Price. For the purposes of this Policy, the “**Exercise Price**” of an Option shall be the Fair Market Value of a share of Common Stock on the date the Option is granted.

D. Travel Expenses

All reasonable, customary and documented travel expenses incurred by Non-Employee Directors in attending Board or Board committee meetings shall be reimbursed by the Company.

E. Adjustments

In the event that any dividend or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares of Common Stock or other securities of the Company or other change in the corporate structure of the Company affecting such shares occurs, the Administrator shall make adjustments, if any, to the number, class or kind of Options then outstanding, including, for the avoidance of doubt, the applicable Exercise Price, in accordance with the Plan.

F. Taxes

Compensation paid to Covered Directors is not generally subject to U.S. federal income or employment tax withholding. However, if any such compensation payable under this Policy is subject to required withholding under any state, local or foreign tax law, the Company shall have the right to deduct from cash payments made to a Covered Director, or to make such other arrangements as may be necessary to collect from such Covered Director, any applicable taxes (including social contributions or similar payments) required to be withheld with respect to such payments, and to take such other action as the Administrator may deem advisable to enable the Company and the Covered Director to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any such compensation.

G. Conversions

A Covered Director may elect to convert his or her Annual Board Retainer and Annual Committee Chair Retainer into an Option in accordance with any conversion plan that may be adopted by the Administrator.

H. Effective Date; Amendment

This Amended and Restated Policy is effective as of September 23, 2025. The Policy may be amended at any time by the Board upon the recommendation of the Administrator, or by the Administrator, without the consent of any Covered Director who has received an award of Options, provided that such amendment will be of general application to all Covered Directors subject to this Policy and will not, without the specific written consent of any such Covered Director, adversely affect, in a material manner, any outstanding Options or the right of a Covered Director to receive all amounts due and payable with respect to an award of Options. Any amendment to this Policy shall be effective as of the date such amendment is so approved or as of such later date as may be specified by the Board or the Administrator when amending this Policy.

**COMPOSECURE, INC.
EXECUTIVE SEVERANCE PLAN**

WHEREAS, CompoSecure, Inc. (the “**Company**”) considers it essential to the best interests of the Company and its stockholders to foster the continued employment of its executives; and

WHEREAS, the Compensation Committee (the “**Committee**”) of the Board of Directors of the Company (the “**Board**”) has determined to adopt this CompoSecure, Inc. Executive Severance Plan (this “**Plan**”) to provide stability and reinforce and encourage the continued attention and dedication of the Company’s executives to the Company.

NOW, THEREFORE, BE IT RESOLVED, the Committee hereby adopts this Plan as of October 2, 2025 (the “**Effective Date**”) for the benefit of the Company’s executives on the terms and conditions hereinafter stated.

Section 1. *Definitions.* As hereinafter used:

“**Accrued Obligations**” shall mean the sum of (i) the Participant’s Base Salary through the Employment Termination Date and (ii) to the extent required by law or applicable Company policy, any accrued vacation pay earned by the Participant, in each case, to the extent not theretofore paid.

“**Affiliate**” shall have the meaning set forth in Rule 12b-2 of the Exchange Act.

“**Annual Bonus**” shall mean the Participant’s annual bonus under the then-current non-equity incentive compensation plan of the Company and any of its Affiliates.

“**Applicable Multiple**” shall mean (i) two times for the Chief Executive Officer of the Company and (ii) one times for other Participants.

“**Base Salary**” shall mean the annual base salary paid by the Company or any of its Affiliates to the Participant, and shall not include any amounts received under any non-equity incentive or other bonus plan.

“**Benefit Obligations**” shall mean all benefits to which the Participant (or his or her designated beneficiary or legal representative, as applicable) is entitled or vested (or becomes entitled or vested as a result of termination) under the terms of all Benefit Plans in which the Participant is a participant as of the Participant’s termination of employment and to the extent not theretofore paid or provided.

“**Benefit Plans**” shall mean all employee retirement and welfare benefit plans, agreements, arrangements, programs, policies, practices, contracts or agreement of the Company and its Affiliates.

“**Board**” shall have the meaning set forth in the recitals.

“**Cause**” shall have the meaning given to that term in any written employment agreement or offer letter between the Company and the Participant, or if no such agreement exists or if such term is not defined therein, and unless otherwise defined in the Grant Instrument, Cause means a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Company, (ii) has engaged in disloyalty to the Company, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty, (iii) has disclosed trade secrets or confidential information of the Company to Persons not entitled to receive such information, (iv) has breached any written non-competition, non-solicitation, invention assignment or confidentiality agreement between the Participant and the Company or (v) has engaged in such other behavior detrimental to the interests of the Company as the Committee determines.

“**COBRA**” shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Committee**” shall have the meaning set forth in the recitals.

“**Company**” shall have the meaning set forth in the recitals, and shall include (i) any successor to CompoSecure, Inc. (or any successor to it), including but not limited to any entity into which CompoSecure, Inc. is merged, consolidated or amalgamated, and (ii) any Affiliate of the Company, as applicable, to the extent the Participant is employed by or seconded to any such Affiliate or any entity to which the Company may assign this Plan in accordance with Section 7.3.

“**Employment Termination Date**” shall mean the date on which a Participant incurs a termination of employment.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Independent Tax Advisor**” shall mean a lawyer with a nationally recognized law firm, a certified public accountant with a nationally recognized accounting firm, or a compensation consultant with a nationally recognized actuarial and benefits consulting firm, in each case with expertise in the area of executive compensation tax law, who shall be selected by the Company, and all of whose fees and disbursements shall be paid by the Company.

“**Notice of Termination**” shall have the meaning set forth in Section 3 hereof.

“**Other Severance**” shall have the meaning set forth in Section 2.5 hereof.

“**Participant**” shall mean (i) the Chief Executive Officer of the Company, (ii) an individual who is in a direct reporting relationship to the Chief Executive Officer (excluding, for the avoidance of doubt, administrative staff), and (iii) any other individual designated as a Participant by the Committee, in each case, who has executed a Participation Agreement.

“**Participation Agreement**” shall mean a participation agreement by and between the Company and each Participant, in substantially the form attached hereto as Exhibit A.

“**Parties**” shall mean the Participant and the Company.

“**Person**” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under a Benefit Plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering by the Company of such securities, or (iv) an entity owned, directly or indirectly, by the shareholders of the Company in the same proportions as their ownership of the ordinary shares of the Company.

“**Plan**” shall have the meaning set forth in the recitals.

“**Q/A-24(c) Payments**” shall have the meaning set forth in Section 6.3 hereof.

“**Qualifying Termination**” shall have the meaning set forth in Section 2.2 hereof.

“**Reduced Amount**” shall have the meaning set forth in Section 6.1 hereof.

“**Release**” shall have the meaning set forth in Section 2.2 hereof.

“**Restrictive Covenants**” shall have the meaning set forth in Section 2.1 hereof.

“**Severance Period**” shall mean the number of years following the Employment Termination Date that is equal to the Applicable Multiple.

Section 2. *Severance Eligibility and Payments.*

2.1 Notwithstanding anything else in this Plan to the contrary, a Participant shall only be entitled to the compensation and benefits provided under this Plan if the Participant (i) enters into a Participation Agreement and (ii) continues to comply with any restrictive covenants set forth in any written agreement with the Company to which the employee is subject (including, without limitation, as set forth in the Participation Agreement and any other non-compete, non-solicit, non-disparagement and confidentiality obligations) (the “**Restrictive Covenants**”).

2.2 *Benefits Upon Qualifying Termination.* Upon a termination of the Participant’s employment relationship with the Company by the Company without Cause (such termination, a “**Qualifying Termination**”), then the Participant shall be entitled to the following, in lieu of any severance payments or benefits otherwise payable to the Participant under any plan or arrangement between the Company or any of its Affiliates and the Participant:

- (i) the Accrued Obligations in a lump sum in cash;
- (ii) the Benefit Obligations (subject to the terms of the applicable Benefit Plans); and

(iii) provided that, within 55 days following the Employment Termination Date, the Participant has executed a general release and waiver agreement in the

form provided by the Company (the “**Release**”), and any applicable revocation periods relating to the Release have expired, and subject to the Participant’s compliance with the Restrictive Covenants and the Release:

(A) An amount equal to the Applicable Multiple times the sum of (1) the rate of Base Salary then in effect up to and including the Employment Termination Date, and (2) the Participant’s Annual Bonus at target, which shall be paid in substantially equal installments during the Severance Period in accordance with the Company’s normal payroll periods;

(B) A lump-sum cash amount equal to the COBRA premiums that the Participant would pay if he or she elected continued health coverage under the Company’s health plan for the Participant and his or her dependents for the Severance Period, based on the COBRA rates in effect at the termination date;

(C) Outplacement services supplied by a service provider selected by the Company for a period of six months; *provided* that such services must commence no later than 90 days after the Employment Termination Date and terminate 12 months after commencement of same; and

(D) Any vested options to purchase Company stock that were granted to the Participant prior to the Employment Termination Date shall remain outstanding and exercisable until the 90th day following the Employment Termination Date; *provided, however*, that in no event shall any such options remain outstanding and exercisable beyond the 10th anniversary of the applicable grant date.

2.3 *Timing of Severance Payments.* The Company shall pay (or cause to be paid) to the Participant the amounts or benefits specified in Section 2.2(i) and (iii)(B), 60 days following the Employment Termination Date, and those specified in Section 2.2(iii)(A) in substantially equal installments during the Severance Period in accordance with the Company’s normal payroll periods. For the avoidance of doubt, this Section 2.3 shall not result in a delay of: (i) any payment of Accrued Obligations that otherwise would occur on an earlier date in accordance with applicable law or the usual and customary payroll policies of the Company (as in effect immediately prior to the Participant’s termination of employment) or (ii) any payment of the Benefit Obligations that otherwise would occur pursuant to the terms and conditions of the applicable Benefit Plans (as in effect immediately prior to the Participant’s termination of employment).

2.4 *Other Terminations.* For the avoidance of doubt, the Participant shall not be entitled to any payments or benefits pursuant to this Plan if the Participant experiences a termination of employment that does not constitute a Qualifying Termination. In addition, if the Participant’s position is eliminated and the Participant is offered a new position within the Company with Base Salary at least equivalent to the Participant’s then-current level, then, regardless of the geographic location of the new position, the Participant shall not be entitled to any payments or benefits pursuant to this Plan if the Participant declines such offer.

2.5 *Other Severance Payments.* In the event that the Company is obligated by law or contract to pay a Participant other severance pay, a termination indemnity, notice pay or the like, or if the Company is obligated by law to provide advance notice of separation (“**Other Severance**”), then the amount of severance under Section 2.2(iii)(A), otherwise payable to such Participant shall be reduced by the amount of any such Other Severance actually paid to the Participant (but not below zero). Notwithstanding anything to the contrary herein, nothing in this Section 2.5 shall prevent the Board, or the Committee, from making any subsequent

determinations with respect to severance payments and benefits payable to a Participant. For the avoidance of doubt, this Section 2.5 shall not apply to any accelerated vesting, payment or settlement of long-term cash or equity incentive awards that specifically provide for such treatment in connection with a Qualifying Termination or similar event.

2.6 *No Mitigation.* The Company agrees that, if the Participant's employment with the Company terminates, the Participant is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Participant by the Company pursuant to Section 2.2 hereof. Further, except as set forth in Section 2.5, the amount of any payment or benefit provided for in this Plan shall not be reduced by any compensation earned by the Participant as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Participant to the Company or otherwise.

2.7 *Forfeiture and Repayment.* Notwithstanding anything to the contrary herein, in the event the Participant breaches the terms of the Restrictive Covenants or the Release, the Participant shall immediately forfeit all amounts owed to the Participant under this Plan (to the extent unpaid) and repay to the Company within 10 days of such breach the full pre-tax value of all payments previously paid hereunder; *provided, however*, that for the avoidance of doubt, this Section 2.7 shall not apply to the Accrued Obligations or Benefit Obligations.

Section 3. *Notice of Termination.* Any purported termination of the Participant's employment pursuant to this Plan shall be communicated by a "**Notice of Termination**" from the Company to the Participant in accordance with Section 7.1 hereof.

Section 4. *Successors; Binding Agreement.*

4.1 *Successors.* In addition to any obligations imposed by law upon any successor to the Company, the Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

4.2 *Enforcement by Participant's Successors.* The Company's obligations under this Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant shall die while any amount would still be payable to the Participant hereunder if the Participant had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executors, personal representatives or administrators of the Participant's estate.

Section 5. *Plan Modification or Termination.* This Plan may be amended in any manner or terminated in whole or in part by the Committee upon 30 days' prior notice to the Participants in accordance with Section 7.1 hereof. Any action of the Committee in amending or terminating this Plan (or any appendix or exhibit thereto) shall be taken in a non-fiduciary capacity.

Section 6. *Parachute Payments.*

6.1 Notwithstanding any other provision of this Plan or any compensation or benefit program or other agreement to the contrary, if any payment or benefit by or from the Company or any of its Affiliates to or for the benefit of the Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, would be subject to the Excise Tax (as hereinafter defined) (all such payments and benefits being collectively referred to herein as the "**Payments**"), then except as otherwise provided in Section 6.2, the Payments shall be reduced (but not below zero) or eliminated (as further provided for in Section 6.3) to the extent the Independent Tax Advisor shall reasonably determine is necessary so that no portion of the Payments shall be subject to the Excise Tax (the "**Reduced Amount**").

6.2 Notwithstanding the provisions of Section 6.1, if the Independent Tax Advisor reasonably determines that the Participant would receive, in the aggregate, a greater amount of the Payments on an after-tax basis (including all applicable federal, state and local income, employment and other applicable taxes and the Excise Tax) if the Payments were not reduced or eliminated to the Reduced Amount pursuant to Section 6.1, then no such reduction shall be made notwithstanding that all or any portion of the Payments may be subject to the Excise Tax.

6.3 For purposes of determining which of Section 6.1 and Section 6.2 shall be given effect, the determination of which Payments shall be reduced or eliminated to avoid the Excise Tax shall be made by the Independent Tax Advisor. The Independent Tax Advisor shall provide its determinations, together with detailed supporting calculations and documentation, to the Company and the Participant for their review no later than 10 days after the change in control (within the meaning of Code Section 280G). If a reduction in payments or benefits is necessary so that the Payments equal the Reduced Amount, reduction shall occur in the following order: (i) first by reducing or eliminating the portion of the Payments that are payable in cash, (ii) second by reducing or eliminating the portion of the Payments that are not payable in cash (other than Payments as to which Treasury Regulations Section 1.280G-1 Q/A – 24(c) (or any successor provision thereto) applies (“**Q/A-24(c) Payments**”)) and (iii) third by reducing or eliminating Q/A-24(c) Payments. In the event that any Q/A-24(c) Payment or acceleration is to be reduced, such Q/A-24(c) Payment shall be reduced or cancelled in the reverse order of the date of grant of the awards. The determinations of the Independent Tax Advisor under this Section 6 shall, after due consideration of the Company’s and the Participant’s comments with respect to such determinations and the interpretation and application of this Section 6, be final and binding on the Parties absent manifest error. The Company and the Participant shall furnish to the Independent Tax Advisor such information and documents as the Independent Tax Advisor may reasonably request in order to make the determinations required under this Section 6.

Section 7. *General Provisions.*

7.1 *Notices.* All notices and communications that are required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or upon mailing by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to the Company:

CompoSecure, Inc.
309 Pierce Street
Somerset, New Jersey 08873
Attention: Stacey Gutman
Email: sgutman@composecure.com

If to the Participant, to the address on file with the Company,

or in either case to such other address as may be specified in a notice given by one Party to the other Party hereunder.

7.2 *Administration.* This Plan shall be interpreted, administered and operated by the Committee, which shall have complete authority, in its sole discretion subject to the express provisions of this Plan, to interpret this Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations necessary or advisable for the administration of this Plan (including, without limitation, any determinations regarding eligibility

to participate in this Plan). The Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

7.3 *Assignment.* Except as otherwise provided herein or by law, no right or interest of any Participant under this Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation, by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under this Plan shall be subject to any obligation or liability of such Participant. When a payment is due under this Plan to a Participant who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

7.4 *Governing Law; Legal Fees.* The validity, construction, interpretation and effect of this Plan shall be governed and construed by and determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Plan shall be brought only in the United States District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive. The Parties shall each bear their own expenses, legal fees and other fees incurred in connection with this Plan; *provided*, that the prevailing Party in any such action shall be fully reimbursed by the other Party for all costs, including reasonable attorneys' fees, court costs, expert or consultants' fees and reasonable travel and lodging expenses, incurred by the prevailing Party in its successful prosecution or defense thereof, including any appellate proceedings.

7.5 *Withholding.* Any payments and benefits provided for hereunder shall be paid net of any applicable withholding required under applicable law.

7.6 *Survival.* The obligations of the Company and the Participant under this Plan which by their nature may require either partial or total performance after the termination of this Plan shall survive such termination.

7.7 *No Right to Continued Employment.* Neither the establishment of this Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant, or any person whomsoever, the right to be retained in the service of the Company, and all Participants shall remain subject to discharge to the same extent as if this Plan had never been adopted.

7.8 *Headings Descriptive.* The headings of sections and paragraphs of this Plan are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Plan.

7.9 *Benefits Unfunded.* This Plan shall not be funded. No Participant shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

7.10 *Enforceability.* The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect.

7.11 *Section 409A.* The obligations under this Plan are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or

another exception under Section 409A of the Code shall be paid under the applicable exception to the maximum extent possible. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Plan shall be treated as a separate payment of compensation, including for purposes of applying the exclusion under Section 409A of the Code for short-term deferral amounts, the separation pay exception or any other exception or exclusion under Section 409A of the Code. To the extent necessary in order to avoid the imposition of penalty taxes on a Participant pursuant to Section 409A of the Code, all payments to be made upon a termination of employment under this Plan may only be made upon a "separation from service" under Section 409A of the Code. If any payments under this Plan do not qualify for such exemptions at the time of the Participant's termination of employment and therefore are deemed as deferred compensation subject to the requirements of Section 409A of the Code, then if the Participant is a "specified employee" under Section 409A of the Code on the date of the Participant's termination of employment, notwithstanding any other provision of this Plan, payment of severance under this Plan shall be delayed for a period of six months from the date of the Participant's termination of employment if required by Section 409A of the Code. The accumulated postponed amount shall be paid in a lump sum payment within 15 days after the end of the six-month period. If the Participant dies during the postponement period prior to payment of the postponed amount, the amounts withheld on account of Section 409A of the Code shall be paid to the Participant's estate within 15 days after the date of the Participant's death. Neither the Company nor its directors, officers, employees or advisers shall be liable to the Participant (or any other individual claiming a benefit through the Participant) for any tax, interest, or penalties the Participant may owe as a result of compensation or benefits paid under this Plan, and the Company shall have no obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A or otherwise. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year.

7.12 *Entire Agreement.* This Plan constitutes the entire agreement between the Company and the Participants and, except as expressly provided herein or in another agreement that specifically references this Section 7.12, supersedes the provisions of all other prior agreements or policies concerning the payment of severance benefits upon a termination of employment other than those that may be payable pursuant to any Participant's individual employment agreement or offer letter entered into with the Company; *provided* that in no event shall payments or benefits provided pursuant to any other written agreement or policy entitle a Participant to a duplication of payments and benefits pursuant to this Plan.

EXHIBIT A

PARTICIPATION AGREEMENT

CompoSecure, Inc., a Delaware corporation (and together with its subsidiaries, the “**Company**”), is pleased to inform you, [name], that you have been designated as an eligible Participant in the Company’s Executive Severance Plan (the “**Plan**”). A copy of the Plan was delivered to you with this Participation Agreement. Your participation in the Plan is subject to all of the terms and conditions of the Plan. The capitalized terms used but undefined herein shall have the meanings given to them in the Plan.

In order to become a Participant under the Plan, you must complete and sign this Participation Agreement and return it to [name] no later than [date].

Pursuant to the Plan, you are eligible to receive certain severance benefits in the event of a Qualifying Termination (the “**Separation Benefits**”). If you become eligible for the Separation Benefits, then subject to the terms and conditions of the Plan and this Participation Agreement, you will receive:

Base Salary	[12/24] months
Annual Bonus at Target	[12/24] months
COBRA Premiums	[12/24] months
Outplacement Services	6 months

In order to participate in the Plan and to be eligible to receive the Separation Benefits, you must comply with the following Restrictive Covenants and execute the Release.

1. *Noncompetition.* You agree that while you are employed by the Company and during the 24-month period following your termination of employment or service with the Company (the “**Restriction Period**”), you will not, without the Board’s express written consent, engage (directly or indirectly) in any Competitive Business anywhere in the world. The term “**Competitive Business**” means (A) the business of designing, developing, manufacturing customizing and/or selling (i) financial transaction cards manufactured of metal or metal hybrid, including ID cards and security cards, and/or (ii) products and services to enable consumers to buy, sell and store cryptocurrencies and other digital assets and providing similar products and services to businesses for distribution to their customers, including, without limitation, banking and financial services, insurance, warranty and eGaming markets, and related activities and (B) any other business, venture or activity that the Company engages in or undertakes, or has plans to engage in or undertake, in each case, during the period you are employed by the Company. With respect to the portion of the Restriction Period that follows your termination of employment or service, the determination of whether a business is a Competitive Business shall be made based on the scope and location of the businesses engaged in or undertaken or planned to be engaged in or undertaken by the Company or any of its

Affiliates as of the date of such termination of employment or service. You understand and agree that, given the nature of the business of Company and your position with the Company, the foregoing geographic scope is reasonable and appropriate.

2. *Nonsolicitation of Company Personnel.* You agree that during the Restriction Period, you will not, either directly or through others, hire or attempt to hire any employee, consultant or independent contractor of the Company or its Affiliates, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or an Affiliate or otherwise to become an employee, consultant or independent contractor to, for or of any other person or business entity, unless more than 12 months shall have elapsed between the last day of such person's employment or service with the Company or Affiliate and the first day of such solicitation or hiring or attempt to solicit or hire; *provided*, that the foregoing does not prohibit general solicitation or recruitment activities not directed at employees of the Company.

3. *Nonsolicitation of Customers.* You agree that during the Restriction Period, you will not, either directly or through others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate, any customer or actively sought prospective customer of the Company or an Affiliate for the purpose of providing such customer or actively sought prospective customer with services or products competitive with those offered by the Company or an Affiliate during your employment with the Company.

4. *Proprietary Information.* At all times, you will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Proprietary Information (defined below) of the Company or an Affiliate, except as such disclosure, use or publication may be required in connection with your work for the Company or as described in Section 5 below, or unless the Company expressly authorizes such disclosure in writing.

"Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its Affiliates and shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship.

5. *Reports to Government Entities.* Nothing in this Participation Agreement shall prohibit or restrict you from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General or any other federal, state or local regulatory authority (collectively, the **"Regulators"**), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. You do not need the prior authorization of the Company to engage in conduct protected by this section, and you do not need to notify the

Company that you have engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

6. *Inventions Assignment.* You agree that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all similar or related information which relates to the Company's or its Affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by you while employed or engaged by the Company ("**Work Product**") belong to the Company. You will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during your employment or thereafter) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments). If requested by the Company, you agree to execute any inventions assignment and confidentiality agreement that is required to be signed by the Company employees generally.

7. *Non-Disparagement.* You agree and covenant that you will not at any time make, publish or communicate in any public forum or otherwise in a manner intended to achieve widespread publication or broadcast outside the Company or to substantial numbers of employees of the Company, any defamatory or disparaging remarks, comments or statements concerning the Company or any of its Affiliates or their businesses, or any of their employees, officers, and existing and prospective customers, suppliers, or investors.

8. *Return of Company Property.* Upon your termination of employment or service with the Company, you will deliver to the person designated by the Company all originals and copies of all documents and property of the Company or an Affiliate that is in your possession or under your control or to which you may have access. You will not reproduce or appropriate for your own use, or for the use of others, any property, proprietary information, or Work Product.

9. *Severability.* The covenants in this Participation Agreement are severable and separate, and the unenforceability of any specific covenant will not affect the provisions of any other covenant. If any provision of this Participation Agreement relating to the time period, scope or geographic area of the restrictive covenants will be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Participation Agreement will automatically be considered to have been amended and revised to reflect such determination.

10. *Independent Covenants.* All of the covenants in this Participation Agreement will be construed as an agreement independent of any other provisions of this Participation Agreement, and the existence of any claim or cause of action that you may have against the

Company or any of its Affiliates, whether predicated on this Participation Agreement or otherwise, will not constitute a defense to the enforcement by the Company of such covenants.

11. *Reasonableness.* By executing this Participation Agreement, you acknowledge that you have carefully read and considered the provisions of this Participation Agreement and, having done so, agree that these restrictive covenants impose a fair and reasonable restraint on you and are reasonably required to protect the Proprietary Information, business and/or goodwill of the Company, its Affiliates and their respective officers, directors, employees, and equityholders.

12. *Legal and Equitable Remedies.* Because your services are personal and unique and you have had and will continue to have access to and have become and will continue to become acquainted with the Proprietary Information of the Company and its Affiliates, and because any breach by you of any of the Restrictive Covenants contained in this Participation Agreement would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to enforce this Participation Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the Restrictive Covenants set forth in this Participation Agreement. You agree that in any action in which the Company seeks injunction, specific performance or other equitable relief, you will not assert or contend that any of the provisions of this Participation Agreement are unreasonable or otherwise unenforceable.

13. *Survival.* The respective rights and obligations of the parties under this Participation Agreement shall survive any termination of the period while you are employed by the Company or termination or expiration of this Participation Agreement to the extent necessary for the intended preservation of such rights and obligations.

IN WITNESS WHEREOF, the Parties have caused this Participation Agreement to be executed by them or their duly authorized agents.

[*PARTICIPANT NAME*]

THE COMPANY

By: _____

Date: _____

Date: _____

October 9, 2025

Ms. Mary Holt

By email

Dear Mary:

I am pleased to confirm our offer to you to become Chief Financial Officer of CompoSecure, Inc. ("CompoSecure") and assume the roles and positions described below.

The effective date of your employment with the Company will be October 27, 2025 (the "Effective Date"), subject to the terms and conditions of this letter agreement (this "letter"). The period starting on the Effective Date until the termination of your employment by you or by the Company for any reason shall be referred to as the "Term". "Company", as used in this letter, refers to CompoSecure and its subsidiaries (including CompoSecure, L.L.C., which will be your direct employer) and their successors and assigns.

ROLES, DUTIES & RESPONSIBILITIES

Effective as of the day immediately following the date on which the Company files its Quarterly Report on Form 10-Q for the third quarter of the 2025 fiscal year, you will be named as the Company's Chief Financial Officer and will have duties, responsibilities and obligations customarily assigned to Chief Financial Officers at comparable businesses, as reasonably determined by the Chief Executive Officer of CompoSecure.

During the Term, your principal place of work will be at 285 Davidson Avenue in Somerset, NJ, or such other location the Company may require from time to time.

You will be entitled to the following compensation and benefits package, as approved by the compensation committee (the "Compensation Committee") of the board of directors (the "Board") of CompoSecure.

COMPENSATION

Base Salary. As of the Effective Date, your annual base salary will be \$500,000.

Annual Bonus. You will be eligible, in the discretion of the Compensation Committee, to receive an annual performance-based bonus with a target of 75% of base salary. The annual bonus will be prorated for any partial year of employment.

Sign-On Equity Award. On or as soon as reasonably practicable following the Effective Date, you will receive an equity grant in the form of options to purchase common stock of CompoSecure ("Options"), under the terms of the CompoSecure, Inc. 2021 Incentive Equity Plan (as amended, the "Plan"), with an aggregate grant date value of \$500,000. The Options will vest in equal installments on each of the first four anniversaries of the Effective Date.

Annual Equity Awards. You will be eligible, in the discretion of the Compensation Committee, to receive an annual equity award with a target grant date value of \$1,250,000. On or as soon as reasonably practicable following the Effective Date, you will receive an equity grant in the form of restricted stock units covering common stock of CompoSecure (the "RSUs"), under the terms of the Plan, with an aggregate grant date value of \$1,250,000. The RSUs will vest in equal installments on the third, fifth and seventh anniversaries of the Effective Date.

OTHER EMPLOYEE BENEFITS

You will also be entitled to the following employee benefits:

- *Benefits:* You will be eligible to participate in substantially the same plans and programs made available by the Company to its executives generally from time to time in accordance with their terms.
- *Vacation:* You will be eligible to vacation each year and holiday and sick leave at levels commensurate with those provided to similarly situated executives of the Company, in accordance with the Company's vacation, holiday and other pay-for-time-not-worked policies.
- *Severance:* You will be eligible to participate in the CompoSecure, Inc. Executive Severance Plan, subject to your execution of a participation agreement thereunder.
- *Expenses:* You will be reimbursed for your validly incurred reasonable business expenses upon the proper completion and timely submission of requisite forms and receipts to the Company in accordance with the Company's business expense reimbursement policy.
- *Relocation:* You will be entitled to the relocation benefits set forth in Exhibit A, which will be effective for 12 months following the Effective Date.

RESTRICTIVE COVENANTS

You acknowledge and agree that you will be subject to the restrictive covenants attached hereto as Exhibit B.

ADDITIONAL PROVISIONS

At-Will Status. Like all employees of the Company, you have the right to resign from your employment, with or without notice, although it is customary to provide notice at least two weeks prior to your resignation date. The Company reserves the right to modify or terminate your employment with or without cause, and with or without notice. No representative of the Company has the authority to enter into any agreement with you guaranteeing employment for any specified period of time or modify the "at-will" relationship, unless it is done so in writing and signed by both you and our Chief Executive Officer.

Policies and Practices. You agree to comply with all policies, rules, systems and procedures that are in place at the Company, including the policies set forth in our Employee Handbook. The Company reserves the right to change the terms of any of these at any time.

Section 409A. The intent of the parties is that the payments and benefits under this letter comply with or be exempt from Section 409A of the Internal Revenue Code of 1986 (the "Code") and the regulations and guidance promulgated thereunder (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this letter will be interpreted to be in compliance therewith. You agree that you will be solely responsible and liable for the satisfaction of all taxes, interest and penalties that may be imposed on you or for your account in connection with any payment or benefit under this letter (including any taxes, interest and

penalties under Section 409A), and the Company will not have an obligation to indemnify or otherwise hold you (or any beneficiary successor or assign) harmless from any or all such taxes, interest or penalties.

Section 280G. If a change in control of the Company occurs and any payment or benefit made under this letter or any other agreements providing you rights to compensation or equity would constitute a “parachute payment” within the meaning of Section 280G of the Code, each payment or benefit will be reduced to the maximum amount that does not trigger the excise tax under Section 4999 of the Code unless you would be better off (on an after-tax basis) receiving all payments and benefits and paying all excise and income taxes.

Withholding Taxes. Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this letter such federal, state and local income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

Cooperation. You agree that upon termination of employment for any reason, you will reasonably cooperate in assuring an orderly transition of all matters being handled by you and will assist in any litigation proceedings if reasonably requested by the Company.

Representations. In accepting this letter, you represent as follows: (i) you are not subject to any employment agreement or non-compete obligation that would preclude the Company from employing or engaging you in your position; (ii) you will not disclose to the Company or otherwise use any trade secrets or proprietary information from your prior places of employment; and (iii) you will not refer to or otherwise solicit for employment at the Company any former coworkers or others in contravention of any non-solicitation obligations still in effect.

Counterparts. This letter may be executed in any number of counterparts, each of which will be deemed an original as against any party whose signature appears thereon, and all of which together will constitute one and the same instrument.

Modification. This letter may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this letter, which agreement is executed by both of the parties hereto.

Governing Law/Forum. This letter will be governed by and construed in accordance with the laws of the United States and the State of Delaware applicable to contracts made and to be performed wholly therein, and without regard to the conflicts of laws principles that would result in the application of the laws of another jurisdiction. Any action arising out of, or relating to, any of the provisions of this letter will be brought only in the United States District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Delaware, and the jurisdiction of such court in any such proceeding will be exclusive. The parties will each bear their own expenses, legal fees and other fees incurred in connection with this letter; provided, that the prevailing party in any such action will be fully reimbursed by the other party for all costs, including reasonable attorneys’ fees, court costs, expert or consultants’ fees and reasonable travel and lodging expenses, incurred by the prevailing party in its successful prosecution or defense thereof, including any appellate proceedings.

Entire Agreement. This letter supersedes all prior and contemporaneous oral or written, express or implied understandings or agreements regarding your employment with the Company or any of its affiliates, and contains the entire agreement between you and the Company regarding your employment with the Company (including, for the avoidance of doubt, any prior versions, drafts or iterations of this letter).

Conditions of Offer. This offer is contingent upon (i) your successful completion of your background check and drug screening (as described below) and (ii) you providing the Company appropriate documentation of your eligibility to work in the United States in accordance with the Immigration Reform and Control Act.

Background Checks and Drug Screening. Please be advised that the Company will conduct a pre-employment background check and drug screening. Background checks will include a criminal record check, social security trace, sex offender, education record and employment check, motor vehicle report, credit check and reference check. By your signature below, you authorize and consent to the Company and/or its authorized representative or agent conducting drug screenings and background checks at any time during your employment with the Company.

/Remainder of this page is intentionally left blank/

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by signing this letter in the space provided and returning it to via Adobe.

COMPOSECURE, L.L.C.

/s/ Jonathan C. Wilk
Jonathan C. Wilk
Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Mary Holt

Mary Holt

Date: October 9, 2025

Signature Page to Offer Letter

EXHIBIT A

RELOCATION BENEFITS

CompoSecure (the “*Company*”) is delighted to provide you with relocation benefits to assist you with your move to the new location. These relocation benefits are intended to provide you with a professional and managed relocation experience, while also minimizing the financial impact to you and the Company. The benefits offered cover various relocation costs, however they may not cover all relocation expenses associated with your move depending on your personal circumstances.

Your move will be managed by NRI Relocation, a relocation management company. The NRI team specializes in the full-service coordination of corporate employee moves worldwide. You will partner with a dedicated NRI Relocation Consultant as an extension of the Company’s HR Department. The NRI Consultant will be your main point of contact for the entire lifecycle of your move and be available to you for any questions, concerns, special needs, or changes. They are here to support you with assistance and care.

Once this offer is accepted, an NRI Consultant will reach out to you shortly thereafter to discuss your relocation and begin to plan your move. Please do not directly engage with any relocation suppliers, moving suppliers, or real estate/rental agents prior to talking with your NRI Consultant. NRI has a network of vetted and trusted relocation suppliers who they will book services with for your move.

The Relocation Benefits of this Exhibit A include:

1. Home Sale	Buyer Value Option Home Sale Program. Must list with an NRI approved Realtor
1. Temporary Housing & Return Trips	Up to 7 months of temporary housing in a fully furnished corporate apartment or hotel. NRI selected location. Round trip airfare from New Jersey to North Carolina – 1 trip each week for up to 7 months.
1. Home Purchase or Rental Assistance	Introduction to a local real estate or rental agent in your destination location to help you secure long-term housing. Must work with an NRI approved Realtor. The Company will cover normal & customary closing costs for home purchase OR Rental Assistance tour fees capped at \$1,000.
1. Household Goods Shipment	Full-service move of your household and personal goods from origin to destination location with a reputable moving company. NRI will book the shipment with a vetted mover from their network. Includes packing, crating, shipment, limited unpack, and insurance.
1. Auto Shipment	Shipment of 2 automobiles if the relocation is over 500 miles
1. Travel & Miscellaneous Allowance	\$10,000 (grossed up) to cover Home Finding, Final Move, and Incidental Expenses.

Should you have any questions about these benefits, please ask your HR contacts at the Company for help.

Acknowledgement and Acceptance

With your signature to the letter to which this Exhibit A is attached, you confirm that you (1) understand these relocation benefits offered to you, and (2) accept that should you decide to voluntarily leave the Company within 2 years from the Effective Date, the full value and cost of these Relocation Benefits paid by the Company on your behalf will be owed back to the Company in full by you prior to your final paycheck.

EXHIBIT B

RESTRICTIVE COVENANTS

1. **Non-Competition.** You hereby acknowledge and agree that, at any time from the date hereof until the date that is twenty-four (24) months after the date on which you cease to be an employee or service provider of the Company (the “Restriction Period”), you will not, without the Board’s express written consent, engage (directly or indirectly) in any Competitive Business anywhere in the world. The term “Competitive Business” means (A) the business of designing, developing, manufacturing customizing and/or selling (i) financial transaction cards manufactured of metal or metal hybrid, including ID cards and security cards, and/or (ii) products and services to enable consumers to buy, sell and store cryptocurrencies and other digital assets and providing similar products and services to businesses for distribution to their customers, including, without limitation, banking and financial services, insurance, warranty and eGaming markets, and related activities and (B) any other business, venture or activity that the Company engages in or undertakes, or has plans to engage in or undertake, in each case, during the period you are employed by the Company. With respect to the portion of the Restriction Period that follows your termination of employment or service, the determination of whether a business is a Competitive Business shall be made based on the scope and location of the businesses engaged in or undertaken or planned to be engaged in or undertaken by the Company or any of its affiliates as of the date of such termination of employment or service. You understand and agree that, given the nature of the business of the Company and your position with the Company, the foregoing geographic scope is reasonable and appropriate.

2. **Non-Solicitation of Company Personnel.** You agree that during the Restriction Period, you will not, either directly or through others, hire or attempt to hire any employee, consultant or independent contractor of the Company or its affiliates, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or an affiliate or otherwise to become an employee, consultant or independent contractor to, for or of any other person or business entity, unless more than 12 months shall have elapsed between the last day of such person’s employment or service with the Company or affiliate and the first day of such solicitation or hiring or attempt to solicit or hire; *provided*, that the foregoing does not prohibit general solicitation or recruitment activities not directed at employees of the Company.

3. **Non-Solicitation of Customers.** You agree that during the Restriction Period, you will not, either directly or through others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate, any customer or actively sought prospective customer of the Company or an affiliate for the purpose of providing such customer or actively sought prospective customer with services or products competitive with those offered by the Company or an affiliate during your employment with the Company.

4. **Proprietary Information.** At all times, you will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Proprietary Information (defined below) of the Company or an affiliate, except as such disclosure, use or publication may be required in connection with your work for the Company or as described in Section 5 below, or unless the Company expressly authorizes such disclosure in writing. “Proprietary Information” shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its affiliates and shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship.

5. **Reports to Government Entities.** Nothing in this Exhibit B shall prohibit or restrict you from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the

Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General or any other federal, state or local regulatory authority (collectively, the “Regulators”), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. You do not need the prior authorization of the Company to engage in conduct protected by this section, and you do not need to notify the Company that you have engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

6. **Inventions Assignment.** You agree that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all similar or related information which relates to the Company’s or its affiliates’ actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by you while employed or engaged by the Company (“Work Product”) belong to the Company. You will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during your employment or thereafter) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments). If requested by the Company, you agree to execute any inventions assignment and confidentiality agreement that is required to be signed by the Company employees generally.

7. **Non-Disparagement.** You agree and covenant that you will not at any time make, publish or communicate in any public forum or otherwise in a manner intended to achieve widespread publication or broadcast outside the Company or to substantial numbers of employees of the Company, any defamatory or disparaging remarks, comments or statements concerning the Company or any of its affiliates or their businesses, or any of their employees, officers, and existing and prospective customers, suppliers, or investors.

8. **Return of Company Property.** Upon your termination of employment or service, you will deliver to the person designated by the Company all originals and copies of all documents and property of the Company or an affiliate that is in your possession or under your control or to which you may have access. You will not reproduce or appropriate for your own use, or for the use of others, any property, proprietary information, or Work Product.

9. **Severability.** The covenants in this Exhibit B are severable and separate, and the unenforceability of any specific covenant will not affect the provisions of any other covenant. If any provision of this Exhibit B relating to the time period, scope or geographic area of the restrictive covenants will be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Exhibit B will automatically be considered to have been amended and revised to reflect such determination.

10. **Independent Covenants.** All of the covenants in this Exhibit B will be construed as an agreement independent of any other provisions of this Exhibit B or of the letter to which it is attached, and the existence of any claim or cause of action that you may have against the Company or any of its affiliates, whether predicated on this Exhibit B or otherwise, will not constitute a defense to the enforcement by the Company of such covenants.

11. **Reasonableness.** By executing this letter to which this Exhibit B is attached, you acknowledge that you have carefully read and considered the provisions of this Exhibit B and, having done so, agree that these restrictive covenants impose a fair and reasonable restraint on you and are reasonably required to protect the Proprietary Information, business and/or goodwill of the Company, its affiliates and their respective officers, directors, employees, and equityholders.

12. **Legal and Equitable Remedies.** Because your services are personal and unique and you have had and will continue to have access to and have become and will continue to become acquainted with the Proprietary Information of the Company and its affiliates, and because any breach by you of any of the restrictive covenants contained in this Exhibit B would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to enforce this Exhibit B and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in this Exhibit B. You agree that in any action in which the Company seeks injunction, specific performance or other equitable relief, you will not assert or contend that any of the provisions of this Exhibit B are unreasonable or otherwise unenforceable.

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Wilk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CompoSecure, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2025

/s/ Jonathan Wilk
 Name: Jonathan Wilk
 Title: President and Chief Executive Officer

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Fitzsimmons, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CompoSecure, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2025

/s/ Timothy Fitzsimmons
 Name: Timothy Fitzsimmons
 Title: Chief Financial Officer

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CompoSecure, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan C. Wilk, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2025

/s/ Jonathan Wilk
Name: Jonathan Wilk
Title: President and Chief Executive Officer

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CompoSecure, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Timothy Fitzsimmons, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2025

/s/ Timothy Fitzsimmons
Name: Timothy Fitzsimmons
Title: Chief Financial Officer