

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 9, 2022

**CompoSecure, Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation)

001-39687  
(Commission File Number)

85-2749902  
(IRS Employer Identification No.)

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

08873  
(Zip Code)

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

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

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

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

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

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

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operation and Financial Condition**

On May 9, 2022, CompoSecure, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2022 and provided an investor presentation to accompany the press release. Copies of the press release and the investor presentation are furnished herewith as Exhibits 99.1 and 99.2, respectively.\*

**Item 7.01 Regulation FD Disclosure**

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

**Item 9.01 Exhibits**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">99.1</a>	<a href="#">Press Release of the Company, dated May 9, 2022</a>
<a href="#">99.2</a>	<a href="#">Investor Presentation, dated May 2022</a>
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

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

**SIGNATURE**

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

**COMPOSECURE, INC.**

Date: May 9, 2022

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

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**CompoSecure, Inc. Announces First Quarter 2022 Financial Results**

- First quarter Net Sales of \$84.2 million, up 32.1% year-over-year
- First quarter Net Income of \$26.9 million, up 16% year-over-year
- First quarter Adjusted EBITDA of \$33.3 million, up 14% year-over-year
- Payment card plus Arculus™ digital authentication and/or crypto cold storage selected by several cryptocurrency platforms and fintech partners.

**Somerset, NJ – May 9, 2022** – CompoSecure, Inc. (Nasdaq: CMPO), a leading provider of premium financial payment cards and cryptocurrency storage and security solutions, today announced financial results for the first quarter ended March 31, 2022.

“We achieved record first quarter net sales and profitability driven by the strength of our premium payment card business and international growth. We are off to a strong start for 2022 and believe we will continue to see increased demand among new and existing customers, bolstered by solid sales execution and deep relationships,” said CEO Jon Wilk. “In addition, our relentless focus on operational excellence supports our ability to meet growing demand and deliver premium-quality products to our customers while enhancing our overall profitability.”

Wilk added, “It’s exciting to have been selected by several cryptocurrency platforms and fintech partners to launch programs combining our payment card technology plus our Arculus solution. We were also encouraged by the positive consumer response to Arculus at the Bitcoin 2022 conference held in Miami in April, where more than 25,000 digital asset enthusiasts had a chance to experience our best-in-class cold storage wallet. We expect to continue to increase Arculus investment throughout the year to drive further adoption, deliver product enhancements, and support brand momentum, in line with our previously shared marketing strategy.”

**First Quarter 2022 Financial Highlights**

- **Net Sales:** Net sales for the first quarter of 2022 were \$84.2 million, up 32.1% compared to \$63.7 million in the first quarter of 2021, and grew 11.8% sequentially from the fourth quarter in 2021.
  - **Gross Profit/Margin:** Gross Profit for the first quarter of 2022 was \$49 million, compared to \$34 million for the first quarter of 2021. Gross margin for the first quarter of 2022 was 57.9%, compared to 53.9% for the first quarter of 2021.
  - **Net Income:** Net Income for the first quarter of 2022 was \$26.9 million compared to a net income of \$23.2 million in the first quarter of 2021.
  - **Adjusted EBITDA:** Adjusted EBITDA for the quarter was \$33.3 million, compared to \$29.3 million for the first quarter of 2021.
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## First Quarter 2022 Highlights

- Strong international growth with quarterly international net sales of \$21.8 million, driven by sales execution and growing demand for premium payment cards in international markets.
- Focus on operational excellence drove improved productivity and efficiency, continued high-quality product delivery, and enhanced profitability.
- Payment card plus Arculus digital authentication and/or crypto cold storage has been selected by several cryptocurrency platforms and fintech partners—Voyager Digital Ltd., Lode and MassPay.
- Strong, positive response from consumers at Bitcoin 2022; more than 25,000 attendees were exposed to the Arculus cold storage wallet.
- On track for anticipated mid-June Arculus Wallet™ update delivering access to the Defi ecosystem through WalletConnect and the ability to visualize NFTs, as well as ongoing expansion of supported cryptocurrencies.

## Financial Outlook

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

## Conference Call and Webcast

CompoSecure will host a conference call today at 5:00 p.m. Eastern Time to review the Company's financial results for the first quarter ended March 31, 2022. To access this call, dial (877) 270-2148 for the U.S. or Canada, or (412) 902-6510 for international callers. A live webcast of the conference call will be accessible from the Investors section of our website at <https://ir.composecure.com/news-events/events>.

## About CompoSecure

Founded in 2000, CompoSecure is a pioneer and leading provider of premium payment cards and cryptocurrency and digital asset storage and security solutions. The company focuses on serving the affluent customers of payment card issuers worldwide using proprietary production methods that meet the highest standards of quality and security. The company offers secure, innovative, and durable proprietary products that implement leading-edge engineering capabilities and security. CompoSecure's mission is to increase clients' brand equity in the marketplace by offering products and solutions which differentiate the brands they represent, thus elevating cardholder experience. For more information, please visit [www.composecure.com](http://www.composecure.com). CompoSecure created Arculus™ with the mission to promote cryptocurrency adoption by making it safe, simple and secure for the average person to buy, swap and store cryptocurrency. With a strong background in security hardware and financial payments, the Arculus™ solution was developed to allow people to use a familiar payment card form factor to manage their cryptocurrency. For more information, please visit [www.getarculus.com](http://www.getarculus.com).

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## Forward-Looking Statements

This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although the Company believes that its plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot assure you that it will achieve or realize these plans, intentions, or expectations. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning the Company's possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. In some instances, these statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates" or "intends" or the negatives of these terms or variations of them or similar terminology. Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as of the date hereof. You should understand that the following important factors, among others, could affect the Company's future results and could cause those results or other outcomes to differ materially from those expressed or implied in the Company's forward-looking statements: the outcome of any legal proceedings that may be instituted against the Company or others; the impacts of the ongoing COVID-19 pandemic; the ability of the Company to grow and manage growth profitably, maintain relationships with customers, compete within its industry and retain its key employees; the possibility that the Company may be adversely impacted by other economic conditions (including the rapidly evolving conflict between Russian and the Ukraine), business, and/or competitive factors; future exchange and interest rates; and other risks and uncertainties included under "Risk Factors" in other Company filings that have been made or will be made with the Securities and Exchange Commission. The Company undertakes no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## Use of Non-GAAP Financial Measures

This press release includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and that may be different from non-GAAP financial measures used by other companies. The Company believes EBITDA and Adjusted EBITDA are useful to investors in evaluating the Company's financial performance. The Company uses these measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and to measure incentive compensation, as we believe that these non-GAAP financial measures depict the true performance of the business by encompassing only relevant and controllable events, enabling the Company to evaluate and plan more effectively for the future. In addition, the Company's debt agreements contain covenants that use a variation of these measures for purposes of determining debt covenant compliance. The Company believes that investors should have access to the same set of tools that its management uses in analyzing operating results. EBITDA and Adjusted EBITDA should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA and Adjusted EBITDA are significant components in understanding and assessing the Company's financial performance. Accordingly, these key business metrics have limitations as an analytical tool. They should not be considered as an alternative to net income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flows from operating activities as a measure of the Company's liquidity and may be different from similarly titled non-GAAP measures used by other companies. Please refer to the tables below for the reconciliation of net income to EBITDA and Adjusted EBITDA for the quarters ended March 31, 2022 and March 31, 2021.

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**Contacts:**  
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[wrobinson@olmsteadwilliams.com](mailto:wrobinson@olmsteadwilliams.com)

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**CompoSecure, Inc.**  
**Consolidated Statements of Operations**  
(in thousands, except per share amounts)  
(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Net sales	\$ 84,183	\$ 63,722
Operating expenses:		
Cost of sales	35,424	29,406
Selling, General and administrative	18,777	8,057
Total operating expenses	<u>54,201</u>	<u>37,463</u>
Income from operations	29,982	26,259
Total other income (expense), net	(2,531)	(3,037)
Income before income taxes	27,451	23,222
Income tax provision	(543)	-
Net income	<u>26,908</u>	<u>23,222</u>
Net income attributable to non-controlling interests	22,167	-
Net income attributable to CompoSecure, Inc	<u>\$ 4,741</u>	<u>\$ 23,222</u>
Net loss per share attributable to Class A common stockholders - basic	\$ 0.32	n/a
Net loss per share attributable to Class A common stockholders - diluted	\$ 0.16	n/a
Weighted average shares used to compute net loss per share attributable to Class A common stockholders - basic	14,934	n/a
Weighted average shares used to compute net loss per share attributable to Class A common stockholders - diluted	32,265	n/a



**CompoSecure, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	Three Months Ended March 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 26,908	\$ 23,222
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,349	2,585
Equity-based compensation expense	1,006	441
Inventory reserve	620	-
Amortization of deferred finance costs	(4,107)	385
Revaluation of warrant liability	1,424	-
Change in fair value of earnout consideration liability	248	-
Deferred tax benefit	543	-
Changes in assets and liabilities		
Accounts receivable	(10,659)	(16,677)
Inventories	(1,392)	(859)
Prepaid expenses and other assets	(4,423)	(377)
Accounts payable	(2,248)	2,483
Deposits and other assets	-	(896)
Accrued expenses	3,422	(4,381)
Other liabilities	(1,782)	179
Net cash provided by operating activities	11,909	6,105
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(1,417)	(275)
Net cash used in investing activities	(1,417)	(275)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit	10,000	-
Payment of line of credit	-	(5,000)
Payment of term loan	(3,125)	(6,000)
Distributions to Holdings' members	-	(3,276)
Issuance cost related to Business Combination	(23,833)	-
Net cash used in financing activities	(16,958)	(14,276)
Net (decrease) increase in cash and cash equivalents	(6,466)	(8,446)
Cash and cash equivalents, beginning of period	21,944	13,422
Cash and cash equivalents, end of period	\$ 15,478	\$ 4,976
<b>Supplementary disclosure of cash flow information</b>		
Cash paid for interest expense	\$ 4,734	\$ 2,643
<b>Supplemental disclosure of non-cash financing activities:</b>		
Derivative asset - interest rate swap	\$ 4,036	\$ -

**CompoSecure, Inc.**  
**Condensed Consolidated Balance Sheet Data**  
(in thousands)

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,478	\$ 21,944
Accounts Receivable, net	38,584	27,925
Inventories	27,198	25,806
Prepaid expenses and other current assets	7,019	2,596
Property and equipment, net	21,246	22,177
Right of use asset, net	4,979	5,246
Deferred tax asset	24,941	25,650
Derivative asset - interest rate swap	4,036	-
Deposits and other assets	10	10
<b>TOTAL ASSETS</b>	<u>\$ 143,491</u>	<u>\$ 131,354</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current portion of long-term debt	\$ 14,063	12,500
Current portion of lease liabilities	1,134	1,119
Accounts payable	4,810	7,058
Accrued expenses	16,642	13,220
Deferred issuance costs	-	23,107
Bonus payable	1,737	3,512
Long-term debt, net of deferred finance costs	228,954	233,132
Convertible notes, net of debt discount	127,008	126,897
Derivative liability - convertible notes	800	552
Warrant liability	36,695	35,271
Line of credit	25,000	15,000
Earnout liability	34,320	38,427
Lease liabilities	4,421	4,709
Tax receivable agreement liability	24,500	24,500
Total stockholders' equity (deficit)	(376,593)	(407,650)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 143,491</u>	<u>\$ 131,354</u>

**CompoSecure, Inc.**  
**Non-GAAP Adjusted EBITDA Reconciliation**  
(in thousands)  
(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Net income	\$ 26,908	\$ 23,222
Add:		
Depreciation	2,349	2,585
Interest expense, net	4,966	3,037
Taxes	543	-
EBITDA	\$ 34,766	\$ 28,844
Equity compensation expense	1,006	441
Mark to market adjustments (1)	(2,435)	-
Adjusted EBITDA	\$ 33,337	\$ 29,285

(1) Includes the changes in fair value of warrant liability, derivative liability and earnout consideration liability for the quarter ended March 31, 2022.



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**Q1 2022  
EARNINGS PRESENTATION**

**May 9, 2022**



# Disclaimers

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## Industry and Market Information

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

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## Key Highlights – Q1 2022

Net Sales of \$84M, 32% higher than Q1 '21 driven by strong sales execution and growth across new and existing clients

Adjusted EBITDA<sup>1</sup> of \$33M, 14% higher than Q1 '21 due to increased customer acquisitions by our clients and focus on operational excellence and process improvement

International Net Sales of \$22M, 178% higher than Q1 '21 and 96% growth vs. Q4 '21 driven by expansion of international sales team, distributor growth, and demand for premium payment cards

Strong momentum from Fintechs and traditional banks in the payment card business along with initial B2B momentum from multiple cryptocurrency platforms selecting Arculus as their digital authentication provider

Significant enhancements for Arculus wallet enabling NFT viewing, sending, and receiving, connection to a broader ecosystem via WalletConnect, and expansion of digital asset/cryptocurrencies on track for Q2 launch

Reaffirming 2022 guidance of \$336M to \$376M of Net Sales and \$100M to \$110M of Adjusted EBITDA

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

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# Company Highlights

CompoSecure is driving strong partnership momentum across the payment card and Arculus ecosystems



Payment Cards

## Traditional Banks

Bank of America



Capital One



JPM Chase



Wells Fargo



## FinTechs



Crypto Cold Storage  
**ARCULUS**  
Digital  
Authentication

## Crypto Exchanges & Fintech Partners



## Technology Partners

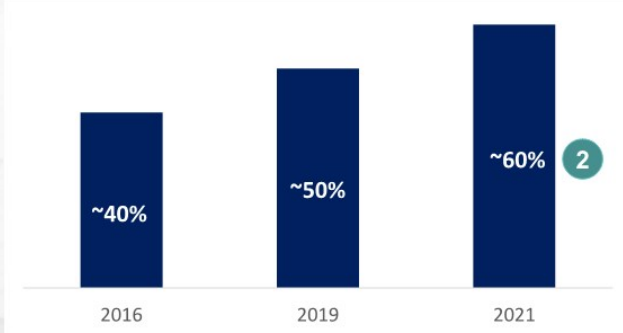


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# Trends & Momentum

- 1 New cards acquired growth driven by all-time highs across US Consumer Platinum & Gold as well as US Business Platinum portfolios
- 2 Millennials and Gen Z are representing a growing percentage of new accounts acquired
- 3 Long runway for growth in the Premium (fee-based) US Consumer target market

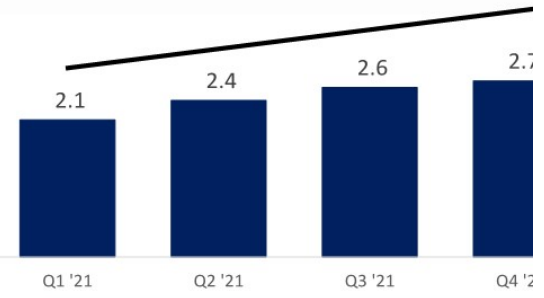
U.S. Consumer New Accounts Acquired, Millennial & Gen Z % of Total<sup>1</sup>



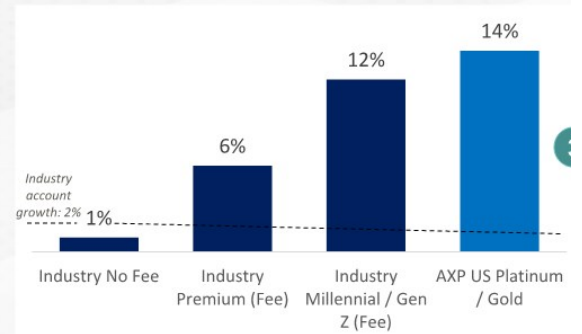
<sup>1</sup>Source: American Express March Investor Day & Q1 2022 Earnings Presentations

American Express Proprietary Cards Acquired

In Millions



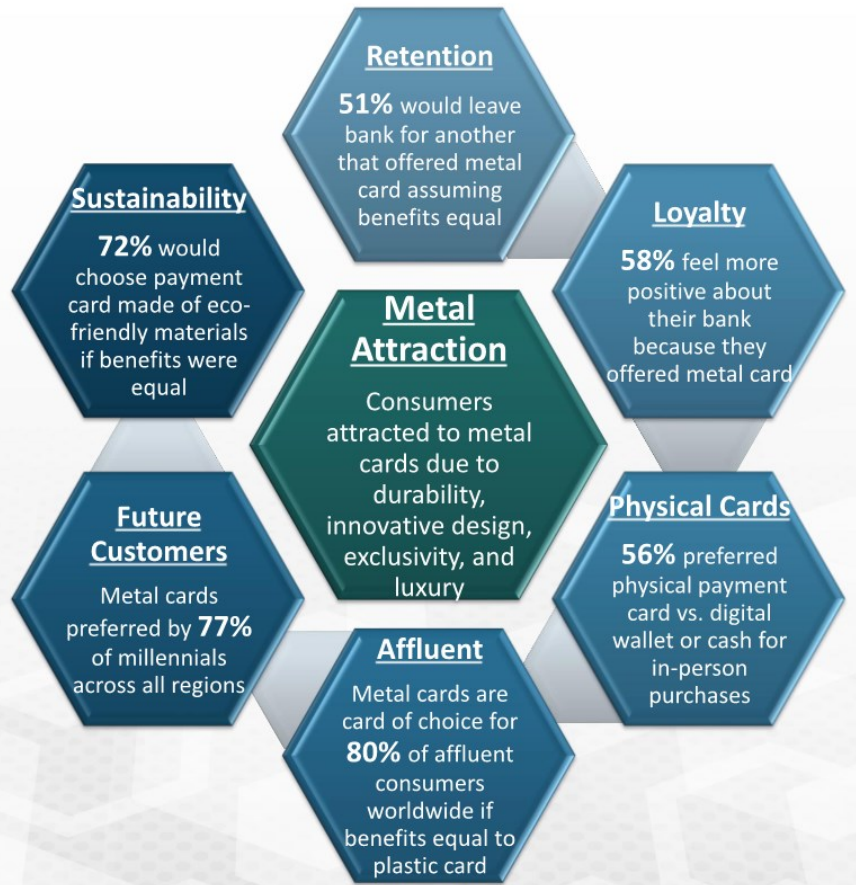
2017-2021 Consumer Card Growth, CAGR





# Metal Payment Card Survey – Across 18 Countries

- Independent study by Edgar, Dunn, & Company
- Surveyed 18K consumers



# Product Portfolio

## Variety of Key Capabilities to Meet Customer Demand

Payment Card



CREDIT CARD  
0000 0000 0000 0000  
NAME 00/00

Crypto Cold Storage



ARCULUS

**Available Now**

Payment Card + Digital Authentication<sup>1</sup>



CREDIT CARD  
0000 0000 0000 0000  
NAME 00/00

Crypto Cold Storage + Digital Authentication<sup>1</sup>



ARCULUS

**Available in 2022**  
**Client Pilots in Q2/Q3**

Payment Card + Crypto Cold Storage + Digital Authentication



CREDIT CARD  
0000 0000 0000 0000  
NAME 00/00

ARCULUS

**Available in 2022**  
**Client Pilots in Q2/Q3**

<sup>1</sup> FIDO2 Certified

# Arculus First Half 2022 Priorities

## Customer/Market Need

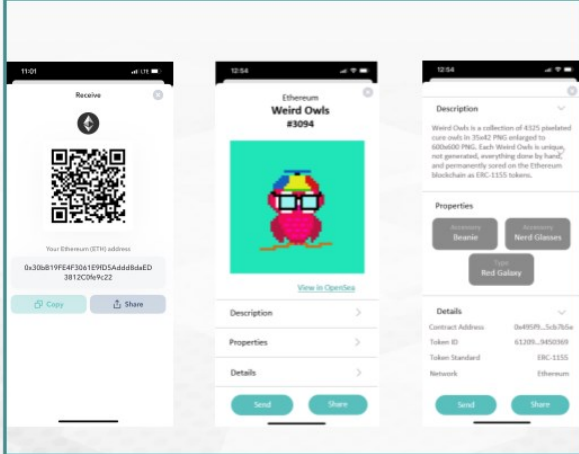
1 Non-Fungible Tokens (NFTs)

2 Cryptocurrency/  
Digital Asset Support

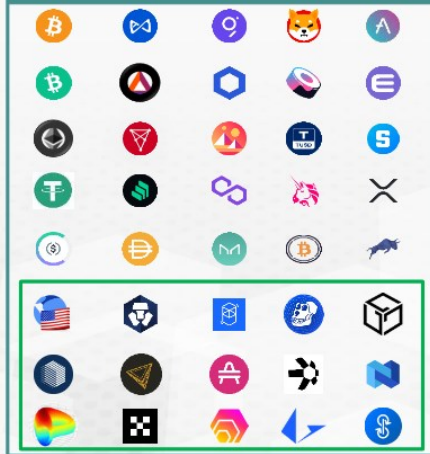
3 Access to D  
Ecosystem

## Arculus Solution

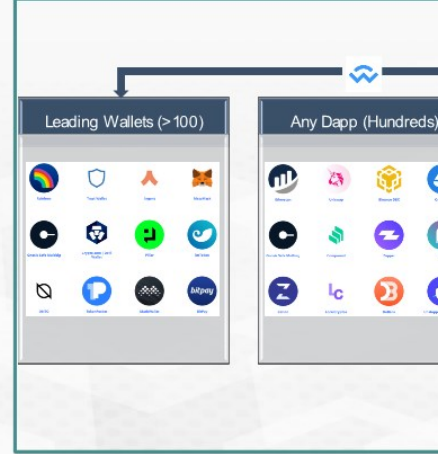
### Wallet Integration w/Send, Receive, Store, & View Functionality



### Continue Expansion: Adding 15+ in May '22

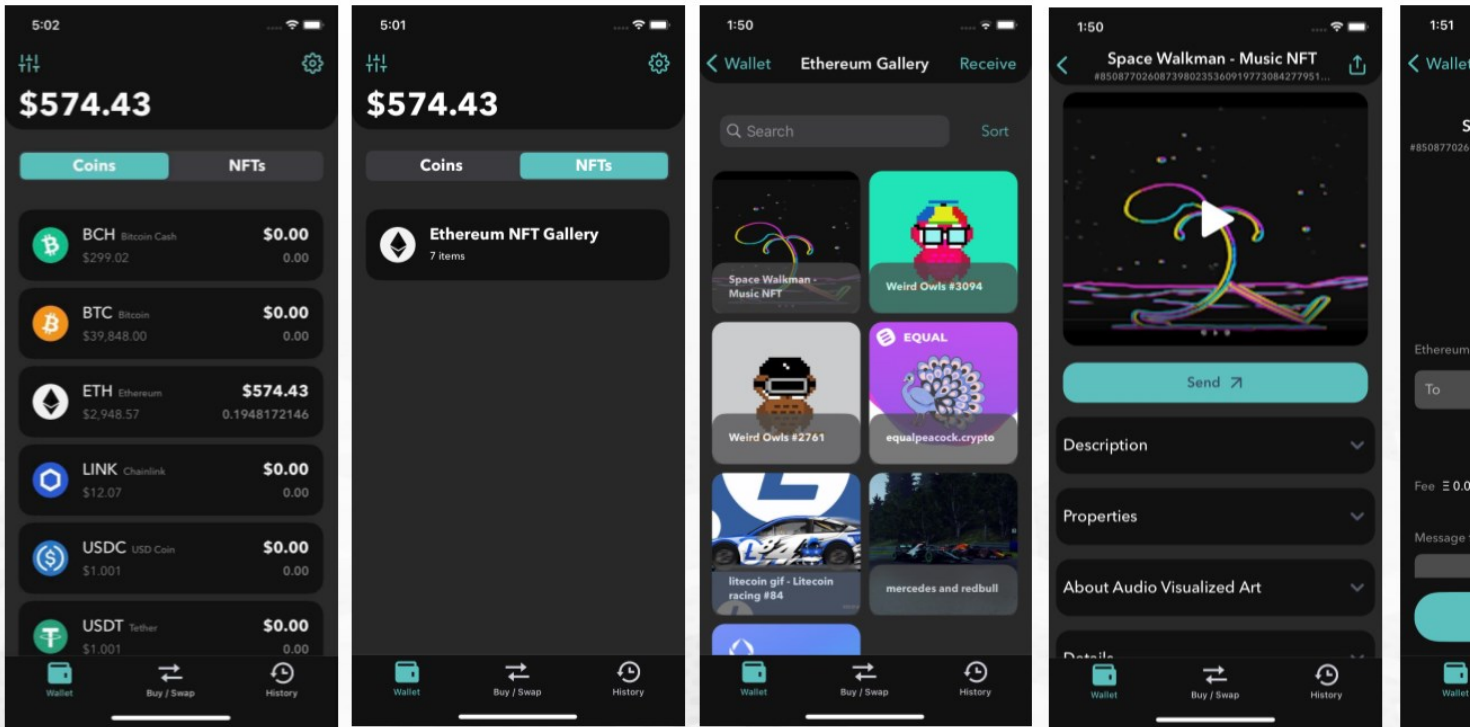


### WalletConnect Integration



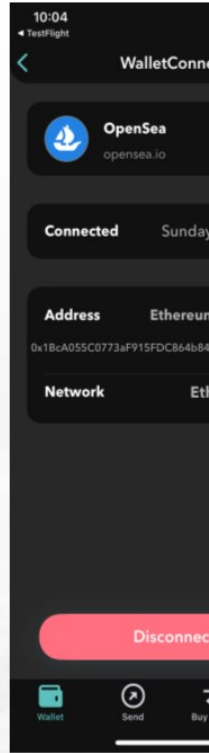
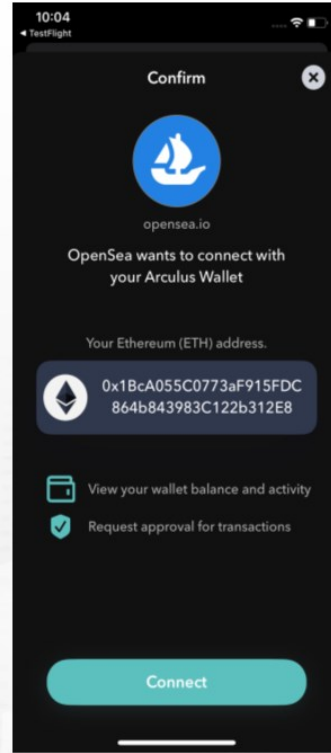
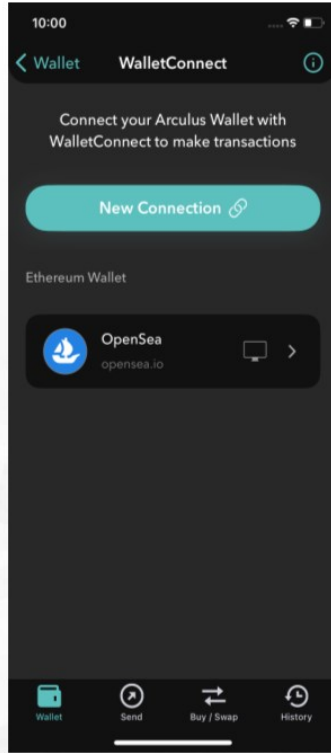
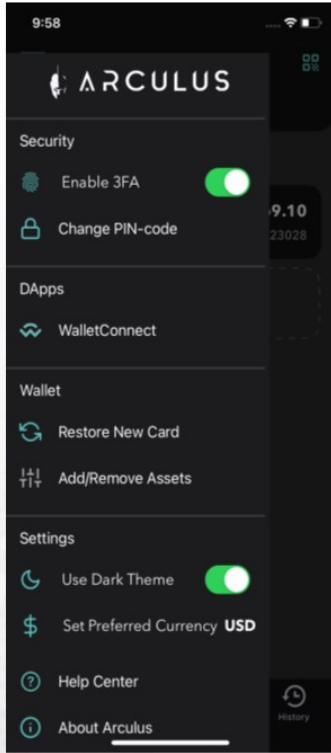
# Arculus Secures NFTs: Anticipated Mid-June Launch

Enables users to view their NFTs and securely send, receive, and securely store the keys to their NFTs



# Arculus Integrates WalletConnect: Anticipated Mid-June Launch

Allows users to securely connect their wallets to DeFi platforms such as OpenSea and UniSwap



# Arculus Secures DeFi: WalletConnect

- Integration of DeFi capabilities unlocks massive new target market for Arculus ecosystem
- Secures keys for NFTs and other digital assets
- Provides the ease of use of a browser extension with the security of a hardware wallet
- Provides secure access to Decentralized Exchanges (Dex) and Decentralized Autonomous Organizations (DAOs)
- 'Tap to transact' experience creates easy entry point for Web3 & Crypto owners not previously considering hardware wallet

NFT Marketplaces<sup>1</sup>

SuperRare

Rari

OpenSea

Dex & Liquidity<sup>1</sup>

Infr



UNISWAP



PancakeSwap

Linkd



<sup>1</sup> Examples of applications accessible via WalletConnect

# Arculus Investment

Leveraging a multi-channel approach to drive B2C and B2B brand awareness, adoption, and engagement

## Targeted Media

CoinDesk  
BitCoin Magazine  
Google Shopping  
Yahoo  
Cluep  
Morning Brew  
Brave

## Social Media



## Product Reviews

BitBoy Crypto  
Apple Insider  
Popzara  
Dealerscope  
G for Gadget

## Distribution

GetApp



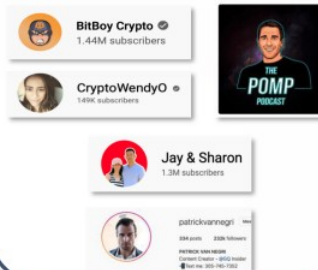
Amazon



## Event Strategy

Money2020: Las Vegas  
CES: Las Vegas  
BTC: Miami  
Consensus: Austin  
Money2020: Europe

## Influencers



## Attracting Talent

Product Management  
Sales  
Software Engineers  
Solutions Architects  
Marketing  
Customer Service  
Information Technology





**FINANCIAL OVERVIEW**

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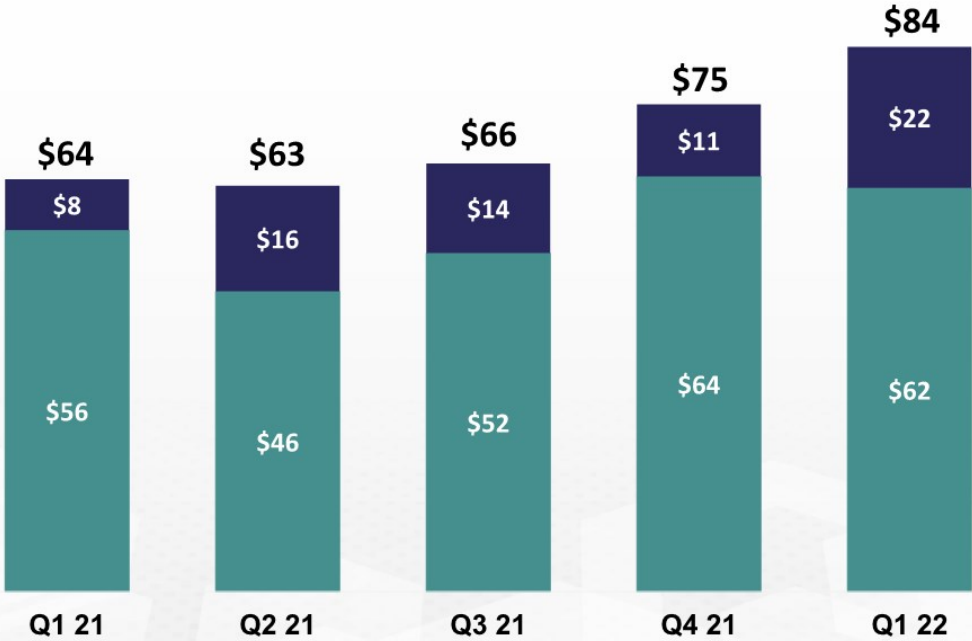
## Q1 2022 Results

	Q1 '22	Q1 '21	% Change	Com
Net Sales	\$84mm	\$64mm	32%	Strong sales w banks & fintec & internationa
Gross Margin	58%	54%	407bps	Process efficie
Net Income	\$27mm	\$23mm	16%	
Adjusted EBITDA <sup>1</sup>	\$33mm	\$29mm	14%	Includes (~\$6m from Arculus expenses
Adjusted EBITDA Margin <sup>1</sup>	40%	46%	(636 bps)	

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

# Net Sales Trend

In millions



	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
International	12%	26%	21%	15%	26%
Domestic	88%	74%	79%	85%	74%

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# Balance Sheets

## (Unaudited)

(\$mm)	Q1 2022A	2021A
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$15	\$22
Accounts receivable, net	39	28
Inventories	27	26
Prepaid expenses and other Current assets	7	3
<b>Total Current Assets</b>	<b>88</b>	<b>78</b>
Property and equipment, net	21	22
Deferred tax assets	25	26
Other assets	9	4
<b>Total assets</b>	<b>\$143</b>	<b>\$131</b>
<b>Liabilities and Members' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$5	\$7
Accrued expenses	17	40
Other current liabilities	3	1
Current portion of long-term debt	14	13
<b>Total current liabilities</b>	<b>38</b>	<b>60</b>
Long-term debt, net of deferred finance costs	229	233
Line of credit	25	15
Convertible Debt, net of debt discount	127	127
Other liabilities	101	104
<b>Total liabilities</b>	<b>\$520</b>	<b>\$539</b>
<b>Members' Equity</b>	<b>(377)</b>	<b>(408)</b>
<b>Total liabilities and members' equity</b>	<b>\$143</b>	<b>\$131</b>

Source: Company financials

Note: Audits completed to PCAOB standards. Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended March 31, 2022 and December 31, 2021 respectively.

# Earnings per Share

Q1 '22

Net Income

\$27mm

x Controlling Interest

20%

= Net Income for Basic EPS

\$4.7mm

÷ Class A Outstanding Shares

14.9mm

= Earnings per Share - Basic

\$0.32

Source: Company financials

## 2022 Guidance

2022E

2021

% C

Net Sales

\$336mm - \$376mm

\$268mm

25%

Adjusted EBITDA<sup>1</sup>

\$100mm - \$110mm

\$102mm

(2%)

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

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# ESG Initiatives & Recognition

CompoSecure continues to be recognized as an industry leader in sustainability, innovation, and leadership



1<sup>st</sup> Metal Card Manufacturer to receive new ICMA EcoLabel Standard Program

Obtained Certification for UL's Environmental Claim Validation Program

Achieved ISO 14001 Certification

Conducted Greenhouse Gas Inventory

Purchased Renewable Energy to offset 100% of Electricity and Gas Consumption



Manufacturing Leadership Award in the Transformation Category

(Jon Wilk)

NJBIZ Digi-Tech Innovator Award

(Adam Lowe)

NJ Best Places to Work

(CompoSecure)

# Strategic Priorities

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

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

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

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

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

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

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**Investor Relations Contact**

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# APPENDIX



# CompoSecure, Inc. (Nasdaq: CMPO)

## Summary Equity Capitalization Table (with net exercise model)

As of March 31, 2022

Enterprise Value at de-SPAC was \$1,179M<sup>1</sup> and the current Enterprise Value is \$1,008M<sup>2</sup>

<u>Holders</u>	<u># of Shares Issued &amp; Outstanding</u>	<u># of Shares Issued &amp; Outstanding</u>
Public Shareholders (Class A)	4.6M	4.6M
PIPE Investors (Class A)	4.5M	4.5M
Roman Sponsor (Class A)	5.8M	5.8M
Historic CompoSecure Owners (Class B)	61.1M	61.1M
<b>Subtotal</b>	<b>76.1M</b>	<b>76.1M</b>
<u>Holders</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options (assuming net exercise)<sup>3</sup></u>
Merger Rollover Options	5.0M	4.6M
<b>Total</b>	<b>81.1M</b>	<b>80.6M</b>
<u>Convertible Instruments</u>	<u># of Shares Reserved for Conversion</u>	<u># of Shares Reserved for Conversion (assuming net exercise)</u>
Public Warrantholders <sup>4</sup>	11.6M	4.2M
Roman Sponsor Warrantholders <sup>5</sup>	10.8M	3.9M
Exchangeable Noteholders	11.3M	11.3M
<b>Grand Total</b>	<b>114.8M</b>	<b>100.0M</b>

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

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

<sup>2</sup> Includes Net Debt of \$257M + Convertible of \$130M. Equity of 80.6M shares @ \$7.71 price/share as of market close 5/6/22

<sup>3</sup> Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

<sup>4</sup> Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

<sup>5</sup> Assumes treasury stock method, valuation at assumed FMV of \$18.00

# Statements of Operations (Unaudited)

(\$mm)	Q1 2022A	Q1 2021A	Q1 2020A
Revenue			
<b>Net Sales</b>	<b>\$84</b>	<b>\$64</b>	<b>\$84</b>
Cost of Sales	(35)	(29)	(31)
<b>Gross Profit</b>	<b>\$49</b>	<b>\$34</b>	<b>\$53</b>
Operating Expenses			
Selling, general and administrative	(19)	(8)	(11)
<b>Income from operations</b>	<b>\$30</b>	<b>\$26</b>	<b>\$42</b>
Other expense			
Other income (expense), net	(3)	(3)	(3)
<b>Net Income</b>	<b>\$27</b>	<b>\$23</b>	<b>\$39</b>

Source: Company financials

Note: Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended March 31, 2020, 2021 and 2022 respectively.

# Statements of Cash Flows (Unaudited)

(\$mm)	Q1 2022A	Q1 2021A	Q1 2020A
<b>Cash flows from operating activities</b>			
<b>Net income</b>	<b>\$27</b>	<b>\$23</b>	<b>\$28</b>
Depreciation	2	3	2
Equity compensation expense	1	0	0
Inventory reserve	0	0	
Amortization of deferred finance costs	1	0	0
Mark to market adjustments	(4)	0	
Change in assets and liabilities	2	0	
Accounts receivable	(11)	(17)	(7)
Inventories	(1)	(1)	(2)
Prepaid expenses and other assets	(4)	(0)	(0)
Other liabilities	(3)	2	6
Accrued expenses	3	(4)	(4)
<b>Net cash provided by operating activities</b>	<b>\$12</b>	<b>\$6</b>	<b>\$23</b>
<b>Cash flows from investing activities</b>			
<b>Acquisition of property and equipment</b>	<b>(1)</b>	<b>(0)</b>	<b>(5)</b>
<b>Net cash used in investing activities</b>	<b>(\$1)</b>	<b>(\$0)</b>	<b>(\$5)</b>
<b>Cash flows from financing activities</b>			
Business combination and PIPE financing			
Proceeds from line of credit	10		20
Payment of line of credit		(5)	
Proceeds from term loan			
Payment of term loan	(3)	(6)	(4)
Distributions		(3)	
Deferred finance costs related to debt origination			
Issuance cost related to business combination	(24)		
Tax Distribution to members			(25)
<b>Net cash used in financing activities</b>	<b>(\$17)</b>	<b>(\$14)</b>	<b>(\$9)</b>
<b>Net increase (decrease) cash, cash equivalents and restricted cash</b>	<b>(5)</b>	<b>(8)</b>	<b>10</b>
Cash, cash equivalents and restricted cash, beginning of year	\$22	\$13	\$27
Cash, cash equivalents and restricted cash, end of year	\$15	\$5	\$37
<b>Supplementary disclosure of cash flow information</b>			
Cash paid during the year for interest	5	3	1

Source: Company financials

Note: Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended March 31, 2020, 2021 and 2022 respectively.

# Non-GAAP Adjusted EBITDA Reconciliation (Unaudited)

Smm	Q1 2022A	Q1 2021A	Q1 2020A
Net Income	\$27	\$23	\$28
Interest Expense	5	3	1
Depreciation and Amortization	2	3	2
Taxes	1	-	-
<b>Unadjusted EBITDA</b>	<b>\$35</b>	<b>\$29</b>	<b>\$31</b>
1 Non-Cash Stock Option Expense	1	0	0
2 Non-Recurring Transaction Costs	0	0	1
3 Mark-to-Market Adjustments	(3)	-	-
4 Special Distribution	-	-	3
<b>Total EBITDA Adjustments</b>	<b>(\$2)</b>	<b>\$0</b>	<b>\$4</b>
<b>Adjusted EBITDA</b>	<b>\$33</b>	<b>\$29</b>	<b>\$35</b>
Adjusted EBITDA %	40%	46%	44%

1 **Non-Cash Stock Option Expense:** Non-cash stock option expense related to the executive incentive plan.

2 **Nonrecurring Transaction Costs:** Transaction related costs incurred in prior transaction processes.

3 **Non-Cash Mark to Market Adjustments:** Relates to the fair value adjustments for liabilities for warrants, earnouts and derivatives.

4 **Special Distribution:** Adjustment to add back special dividends to unit holders. The distributions are akin to equity.

Source: Company financials