

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

FORM 8-K

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

Date of Report (Date of earliest event reported): March 1, 2024

**CompoSecure, Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation)

001-39687  
(Commission File Number)

85-2749902  
(IRS Employer Identification No.)

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

08873  
(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (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 1.01 Entry into a Material Definitive Agreement**

On March 1, 2024, CompoSecure Holdings, L.L.C. (“Holdings”), CompoSecure, L.L.C. (“CompoSecure”), Arculus Holdings, L.L.C. (“Arculus” and collectively with Holdings and CompoSecure, the “Companies”), JPMorgan Chase Bank, National Association, as administrative agent (“JPMC”), and the lenders party thereto, entered into Amendment No. 2 to Third Amended and Restated Credit Agreement (the “Second Amendment”). The Second Amendment amended the Third Amended and Restated Credit Agreement, dated as of December 21, 2021, as amended by Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of February 28, 2023 (as amended, the “Amended Credit Agreement”).

Subject to certain conditions, the Second Amendment allows CompoSecure, Inc. (the “Company”) (or its applicable subsidiary) to repurchase outstanding shares of common stock, outstanding warrants to purchase shares of common stock and/or outstanding convertible notes in an aggregate amount not to exceed \$40,000,000 at any time.

The foregoing is a summary of the material terms and conditions of the Second Amendment and not a complete discussion of the document. Accordingly, the foregoing is qualified in its entirety by reference to the full text of the Second Amendment, which will be filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ending March 31, 2024.

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

On March 6, 2024, the Company issued a press release announcing its financial results for the full year 2023 and the three months ended December 31, 2023, and provided an investor presentation to accompany the press release. The press release and business presentation provide business updates, including the approval of a repurchase program for up to \$40 million of the Company’s outstanding shares of common stock, warrants and/or notes exchangeable for shares of common stock (the “Repurchase Program”). The Repurchase Program will be effective March 7, 2024 through March 7, 2027. Copies of the press release and the investor presentation are furnished herewith as Exhibits 99.1 and 99.2, respectively.\*

**Item 7.01 Regulation FD Disclosure**

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

**Item 9.01 Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press Release of the Company, dated March 6, 2024</a>
<a href="#">99.2</a>	<a href="#">Investor Presentation, dated March 6, 2024</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, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

---

**SIGNATURE**

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

**COMPOSECURE, INC.**

Date: March 6, 2024

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

---

**CompoSecure Reports Fourth Quarter and Full Year 2023 Financial Results**

*Q4 Net Sales up 7% to \$100 Million; Q4 Net Income up 39% to \$31 Million; Q4 Adj. EBITDA up 22% to \$37 Million*

*Issues 2024 Guidance of Net Sales Between \$408-\$428 Million; Adj. EBITDA Between \$147-\$157 Million*

*Announces up to \$40 Million Securities Repurchase Program to Capitalize on Strong Financial Position*

**SOMERSET, N.J., March 6, 2024** – **CompoSecure, Inc.** (Nasdaq: CMPO), a leader in metal payment cards, security, and authentication solutions, today announced its financial and operating results for the fourth quarter and full year ended December 31, 2023.

“Our fourth quarter provided a strong close to 2023, capping off another year of record revenue and profitability. In addition, profitability was in-line with our original guidance issued in March 2023,” said Jon Wilk, President and CEO of CompoSecure. “Sustained U.S. customer demand continued to drive our domestic net sales, which highlighted a record quarter and was up 9% for the year.”

“We have a long history of delivering profitable growth while maintaining our leadership position in the global metal payment card market, which we do not believe is fully reflected in the valuation of our securities. I am excited to announce that the CompoSecure board of directors has approved a repurchase program for up to \$40 million of the Company’s outstanding shares of common stock, warrants and/or convertible notes over the next three years to provide us with a new mechanism to unlock shareholder value.”

Mr. Wilk added: “Looking ahead, we expect to maintain a strategic approach to capital allocation that continues to focus on driving organic growth and paying down debt but now also includes additional flexibility to repurchase securities or other opportunities to deliver shareholder value. We believe CompoSecure is well-positioned for another record year as we execute on our growth and profitability objectives.”

---

**Q4 2023 Financial Highlights (vs. Q4 2022)**

- **Net Sales:** Net Sales increased 7% to \$99.9 million compared to \$93.8 million. The increase was driven by continued domestic growth in CompoSecure's metal payment card business, partially offset by select clients more tightly managing inventory, and lower international sales which is a more variable market due to global economic uncertainty.
- **Gross Profit:** Gross Profit increased to \$52.9 million or 52.9% of Net Sales, compared to \$50.3 million or 53.6%.
- **Net Income/EPS:** Net Income increased 39% to \$31.0 million compared to \$22.4 million. The increase was primarily driven by prudent operating expense controls, as reflected by a reduction in selling, general and administrative expenses, as well as changes to the fair value of warrant liabilities, earnout consideration liability and derivative liability. Net Income per share attributable to class A common shareholders was \$0.17 (Basic) and (Diluted), compared to \$0.14 (Basic) and (Diluted) in the year-ago period.
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) increased 30% to \$23.1 million compared to \$17.7 million in the year-ago period. Adjusted EPS (a non-GAAP measure), which includes both class A and class B shares, was \$0.29 (Basic) and \$0.26 (Diluted) compared to \$0.23 (Basic) and \$0.20 (Diluted) in the year-ago period (see reconciliation of non-GAAP measures shown in table below).
- **Adjusted EBITDA:** Adjusted EBITDA (a non-GAAP measure) increased 22% to \$37.2 million compared to \$30.6 million, with the increase driven by net sales growth and operating expense reductions.

**FY 2023 Financial Highlights (vs. FY 2022)**

- **Net Sales:** Net Sales increased 3% to \$390.6 million compared to \$378.5 million. The increase was primarily driven by continued domestic growth in CompoSecure's metal payment card business, which was up 9%. This was offset by lower international sales.
  - **Gross Profit:** Gross Profit was \$209.1 million or 53.5% of Net Sales, compared to \$219.6 million or 58.0%. The decrease was primarily due to lower production efficiencies from new and innovative card constructions, as well as the impact of inflationary pressure on wages and materials.
-

- **Net Income/EPS:** Net Income was \$112.5 million compared to \$131.8 million. The decrease was due to lower gross profit, changes to the fair value of warrant liabilities, earnout consideration liability and derivative liability, offset by a decrease in operating expenses. Net Income per share attributable to class A common stockholders was \$1.03 (Basic) and \$0.96 (Diluted), compared to \$1.21 (Basic) and \$1.13 (Diluted) in the year-ago period.
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) was \$88.0 million compared to \$83.0 million in the year-ago period. Adjusted EPS (a non-GAAP measure), which includes both class A and class B shares, was \$1.12 (Basic) and \$0.97 (Diluted) compared to \$1.10 (Basic) and \$0.94 (Diluted) in the year-ago period (see reconciliation of non-GAAP measures shown in table below).
- **Adjusted EBITDA:** Adjusted EBITDA (a non-GAAP measure) increased 6% to \$145.0 million compared to \$136.2 million.

#### Liquidity and Capital Structure

- **Balance Sheet:** At December 31, 2023, CompoSecure had \$41.2 million of cash and cash equivalents and \$340.3 million of total debt, which included \$210.3 million of term loan, and \$130.0 million of exchangeable notes. This compares to cash and cash equivalents of \$13.6 million and total debt of \$363.1 million at December 31, 2022. CompoSecure's secured debt leverage ratio has decreased to 1.39x at December 31, 2023 compared to 1.62x at December 31, 2022 and 2.8x at December 31, 2021.
- **Shares Outstanding:** At December 31, 2023, CompoSecure had 79.4 million shares outstanding which included 19.4 million class A shares and 60.0 million class B shares (for more information on shares outstanding, both Basic and Diluted, please refer to CompoSecure's 10-K and the accompanying earnings presentation).

#### Full Year Operational Highlights

- Extended long-term agreements with CompoSecure's two largest customers: JP Morgan Chase and American Express
  - Produced over 31 million metal payment cards that helped support more than 150 new and ongoing card programs
  - Ranked the #1 metal payment card provider by ABI Research, a global technology market intelligence firm
  - 2023 product and innovation highlights:
    - Echo Mirror™ Card – a stainless-steel payment card with a mirror-like finish
-

- LED Card – LED lights illuminate the card when a contactless transaction is initiated
- Lux Glass™ Card – a transparent payment card with a metal bezel
- Arculus Authenticate hardware passkeys received official designation as a Microsoft FIDO2 security key vendor
- Arculus cross-chain DeFi capabilities via WalletConnect across major chains
- Arculus cold storage wallet cryptographic support for more than 10K coins across additional chains

#### **2024 Financial Outlook**

CompoSecure expects net sales for the full year to range between \$408-\$428 million and expects adjusted EBITDA to range between \$147-\$157 million.

#### **Securities Repurchase Program**

CompoSecure has a long history of delivering profitable growth and leading the global market for metal payment cards, which the Company does not believe is fully reflected in the valuation of its securities. To provide a new mechanism to unlock investor value, an independent committee of CompoSecure's board of directors has approved a repurchase program for up to \$40 million of the Company's outstanding shares of common stock, warrants and/or notes exchangeable for shares of common stock. The repurchase program is effective March 7, 2024 through March 7, 2027.

Repurchases under this program may be made from time to time in the open market, through privately negotiated transactions, tender offers, or otherwise, and will be made as permitted by the terms and conditions of the Company's senior credit facility and indenture for its exchangeable notes, as applicable. Repurchases of common stock will be conducted in accordance with Rule 10b-18 of the Exchange Act. To facilitate equity repurchases, the Company expects to enter into a Rule 10b5-1 repurchase plan with a third-party broker to allow the Company to repurchase equity at times when it otherwise might be prevented from doing so under insider trading laws or because of trading blackout periods imposed under the Company's Insider Trading Policy. Any exchangeable note or warrant repurchases will be conducted in accordance with applicable insider trading laws and the Company's Insider Trading Policy.

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 of the Company. Subject to applicable law, the Company may elect to amend or cancel the repurchase program or amend the terms thereof.

---

The Company also entered into an amendment to the Company's senior credit facility which enables the Company to implement the repurchase program in compliance with the senior credit facility.

#### **Conference Call**

CompoSecure will host a conference call and live audio webcast today at 5:00 p.m. Eastern time to discuss its financial and operational results, followed by a question-and-answer period.

Date: Wednesday, March 6, 2024

Time: 5:00 p.m. Eastern time

Dial-in registration link: [here](#)

Live webcast registration link: [here](#)

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

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

#### **About CompoSecure**

Founded in 2000, CompoSecure (Nasdaq: CMPO) is a technology partner to market leaders, 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. CompoSecure's innovative payment card technology and metal cards with Arculus security and authentication capabilities deliver unique, premium branded experiences, enable people to access and use their financial and digital assets, and ensure trust at the point of a transaction. For more information, please visit [www.CompoSecure.com](http://www.CompoSecure.com) and [www.GetArculus.com](http://www.GetArculus.com).

---



## Forward-Looking Statements

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

## Use of Non-GAAP Financial Measures

This press release 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. CompoSecure believes EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow are useful to investors in evaluating CompoSecure's financial performance. CompoSecure uses these measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and/or to measure incentive compensation, as we believe that these non-GAAP financial measures depict the true performance of the business by encompassing only relevant and controllable events, enabling CompoSecure to evaluate and plan more effectively for the future. Due to the forward-looking nature of the financial guidance included above, specific quantification of the charges excluded from the non-GAAP financial measures included in such financial guidance, including with respect to depreciation, amortization, interest, and taxes, that would be required to reconcile the non GAAP financial measures included in such financial guidance to GAAP measures are not available, so it is not feasible to provide accurate forecasted non-GAAP reconciliations without unreasonable effort. Consequently, no disclosure of estimated comparable GAAP measures is included, and no reconciliation of the forward looking non-GAAP financial measures is included. In addition, CompoSecure's debt agreements contain covenants that use a variation of these measures for purposes of determining debt covenant compliance. CompoSecure believes that investors should have access to the same set of tools that its management uses in analyzing operating results. EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow are significant components in understanding and assessing CompoSecure's financial performance. Accordingly, these key business metrics have limitations as an analytical tool. They should not be considered as an alternative to net income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flows from operating activities as a measure of CompoSecure's liquidity and may be different from similarly titled non-GAAP measures used by other companies. Please refer to the tables below for the reconciliation of GAAP measures to these non-GAAP measures for the year ended December 31, 2023.

---

**Corporate Contact**

Anthony Piniella  
Head of Communications, CompoSecure  
(917) 208-7724  
[apiniella@composecure.com](mailto:apiniella@composecure.com)

**Investor Relations Contact**

Sean Mansouri, CFA  
Elevate IR  
(720) 330-2829  
[CMPO@elevate-ir.com](mailto:CMPO@elevate-ir.com)

---

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,216	\$ 13,642
Accounts Receivable, net	40,488	37,272
Inventories	52,540	42,374
Prepaid expenses and other current assets	5,133	3,824
Property and equipment, net	25,212	22,655
Right of use assets operating, net	7,473	8,932
Deferred tax asset	23,697	25,569
Derivative asset - interest rate swap	5,258	8,651
Deposits and other assets	24	24
<b>TOTAL ASSETS</b>	<u>\$ 201,041</u>	<u>\$ 162,943</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current portion of long-term debt	\$ 10,313	\$ 14,372
Current portion of lease liabilities	1,948	1,846
Current portion of tax receivable agreement liability	1,425	2,367
Accounts payable	5,193	7,127
Accrued expenses	11,987	10,154
Commission payable	4,429	3,317
Bonus payable	5,616	8,177
Long-term debt, net of deferred finance costs	198,331	216,276
Convertible notes, net of debt discount	127,832	127,348
Derivative liability - convertible notes	425	285
Warrant liability	8,294	16,341
Earnout consideration liability	852	15,090
Lease liabilities, operating	6,220	7,766
Tax receivable agreement liability	23,949	24,475
Total stockholders' (deficit)	(205,773)	(291,998)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 201,041</u>	<u>\$ 162,943</u>

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

	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net sales	\$ 99,900	\$ 93,790	\$ 390,629	\$ 378,476
Operating expenses:				
Cost of sales	47,005	43,514	181,547	158,832
Selling, General and administrative	22,368	25,425	89,995	104,749
Total operating expenses	<u>69,373</u>	<u>68,939</u>	<u>271,542</u>	<u>263,581</u>
Income from operations	30,527	24,851	119,087	114,895
Total other income (expense), net	4,399	(1,872)	(2,011)	21,280
Income before income taxes	34,926	22,979	117,076	136,175
Income tax (expense) benefit	(3,901)	(622)	(4,556)	(4,360)
Net income	<u>31,025</u>	<u>22,357</u>	<u>112,520</u>	<u>131,815</u>
Net income attributable to non-controlling interests	27,730	20,113	93,281	113,158
Net income attributable to CompoSecure, Inc	<u>\$ 3,295</u>	<u>\$ 2,244</u>	<u>\$ 19,239</u>	<u>\$ 18,657</u>
Net income per share attributable to Class A common stockholders -basic	\$ 0.17	\$ 0.14	\$ 1.03	\$ 1.21
Net income per share attributable to Class A common stockholders - diluted	\$ 0.17	\$ 0.14	\$ 0.96	\$ 1.13
Weighted average shared used to compute net income per share attributable to Class A common stockholders - basic (in thousands)	19,375	16,059	18,661	15,372
Weighted average shared used to compute net income per share attributable to Class A common stockholders - diluted (in thousands)	19,375	16,059	35,312	32,555

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

	<b>Twelve Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 112,520	\$ 131,815
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	8,387	8,575
Stock-based compensation expense	17,562	11,465
Inventory reserve	(1,182)	1,668
Amortization of deferred finance costs	1,546	2,345
Change in fair value of earnout consideration liability	(14,237)	(23,337)
Revaluation of warrant liability	(8,047)	(18,930)
Change in fair value of derivative liability	139	(266)
Deferred tax (benefit) expense	2,667	3,193
Changes in assets and liabilities		
Accounts receivable	(3,216)	(9,347)
Inventories	(8,984)	(18,237)
Prepaid expenses and other assets	(1,309)	(1,228)
Accounts payable	(1,934)	68
Deposits and other assets	-	(14)
Accrued expenses	1,833	23
Other liabilities	(1,433)	4,990
Net cash provided by operating activities	<u>104,312</u>	<u>92,783</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(10,944)	(9,053)
Net cash used in investing activities	<u>(10,944)</u>	<u>(9,053)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from employee stock purchase plan and exercise of equity awards	1,196	82
Payments for taxes related to net share settlement of equity awards	(3,126)	-
Payment of line of credit	-	(15,000)
Payment of Tax receivable agreement liability	(2,436)	(110)
Deferred finance costs related to debt modification	(256)	-
Payment of term loan	(22,810)	(16,878)
Distributions	(38,362)	(36,293)
Payment of issuance cost related to business combination	-	(23,833)
Net cash used in financing activities	<u>(65,794)</u>	<u>(92,032)</u>
Net increase (decrease) in cash and cash equivalents	<u>27,574</u>	<u>(8,302)</u>
Cash and cash equivalents, beginning of period	<u>13,642</u>	<u>21,944</u>
Cash and cash equivalents, end of period	<u>\$ 41,216</u>	<u>\$ 13,642</u>
<b>Supplementary disclosure of cash flow information</b>		
Cash paid for interest expense	27,247	21,379
Cash paid for income taxes	2,760	858
<b>Supplemental disclosure of non-cash financing activity:</b>		
Derivative asset - interest rate swap	5,258	8,651

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 31,025	\$ 22,357	\$ 112,520	\$ 131,815
Add:				
Depreciation	2,138	1,998	8,387	8,575
Interest expense, net (1)	5,800	6,182	24,156	22,544
Income tax expense (benefit)	3,901	622	4,556	4,360
EBITDA	\$ 42,864	\$ 31,159	\$ 149,619	\$ 167,294
Stock-based compensation	4,510	3,730	17,562	11,465
Mark to market adjustments (2)	(10,198)	(4,310)	(22,145)	(42,533)
Adjusted EBITDA	\$ 37,176	\$ 30,579	\$ 145,036	\$ 136,226

(1) Includes amortization of deferred financing cost for the three and twelve months ended December 31, 2023 and 2022, respectively.

(2) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability for the three and twelve months ended December 30, 2023 and 2022, respectively

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(in thousands) except per share amounts			
<b>Basic and Diluted:</b>				
Net income	\$ 31,025	\$ 22,357	\$ 112,520	\$ 131,815
Add: provision for income taxes	3,901	622	4,556	4,360
Income before Income taxes	34,926	22,979	117,076	136,175
Income tax expense (1)	(6,399)	(4,784)	(24,403)	(22,423)
Adjusted net income before adjustments	28,527	18,195	92,673	113,752
(Less): mark-to-market adjustments (2)	(9,974)	(4,227)	(22,284)	(42,267)
Add: stock-based compensation	4,510	3,730	17,562	11,465
Adjusted net income	\$ 23,063	\$ 17,698	\$ 87,951	\$ 82,950
Common shares outstanding used in computing earnings per share, basic:				
Class A and Class B common shares (3)	79,334	76,384	78,619	75,697
Common shares outstanding used in computing earnings per share, diluted:				
Warrants (Public and Private) (4)	8,094	8,094	8,094	8,094
Equity awards	2,988	3,859	3,651	4,183
Total Shares outstanding used in computing adjusted earnings per share - diluted	90,416	88,337	90,364	87,974
Adjusted net income per share- basic	\$ 0.29	\$ 0.23	\$ 1.12	\$ 1.10
Adjusted net income per share- diluted	\$ 0.26	\$ 0.20	\$ 0.97	\$ 0.94

- 1) Calculated using the Company's blended tax rate.
- 2) Includes the changes in fair value of warrant liability and earnout consideration liability.
- 3) Assumes both Class A shares and Class B shares participate in earnings and are outstanding at the end of the period.
- 4) Assumes treasury stock method, valuation at assumed fair market value of \$18.00.
- 5) The Company did not include the effect of Exchangeable Notes to its total shares outstanding used in diluted adjusted net income per share.

End

# Q4 2023 Earnings Presentation

March 6, 2024





# Disclaimers

## Forward Looking Statements

This presentation contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and as well as the Company's plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company can achieve or realize these plans, intentions, or expectations. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements of fact, including statements concerning the Company's possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "schedules," "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 any weight on 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 other outcomes to differ materially from those expressed or implied in the Company's forward-looking statements: the ability of the Company to grow and manage growth relationships with customers, compete within its industry and retain its key employees; the possibility that the Company may be adversely impacted by global economic, business conditions; the outcome of any legal proceedings that may be instituted against the Company or others; future exchange and interest rates; and other risks and uncertainties, including those under "Risk Factors" in filings that have been made or will be made with the SEC. The Company undertakes no obligations to update or revise publicly issued statements, whether as a result of new information, future events or otherwise, except as required by law.

## Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and may differ from non-GAAP financial measures used by other companies. The Company believes EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow are useful measures for investors in evaluating the Company's financial performance. The Company uses these measures internally to establish forecasts, budgets and operational goals to manage the Company's business, as well as to evaluate its underlying historical performance and/or to measure incentive compensation, as we believe that these non-GAAP financial measures depict the true picture of the Company's performance by encompassing only relevant and controllable events, enabling the Company to evaluate and plan more effectively for the future. Due to the forward-looking nature of the financial measures included in this presentation, specific quantification of the charges excluded from the non-GAAP financial measures included in such financial guidance, including with respect to depreciation, amortization, and taxes, that would be required to reconcile the non-GAAP financial measures included in such financial guidance to GAAP measures are not available, so it is not feasible to provide such reconciliations without unreasonable effort. Consequently, no disclosure of estimated comparable GAAP measures is included, and no reconciliation of the forward-looking financial measures is included. In addition, the Company's debt agreements contain covenants that use a variation of these measures for purposes of determining debt covenants. 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, Adjusted Net Income, and Free Cash Flow should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA, Adjusted Net Income, and Free Cash Flow are significant components in understanding and assessing the Company's financial performance. Accordingly, these key business metrics have limitations and 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 operations. 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 reconciliations of EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow.

## Industry and Market Information

Statements in this presentation concerning our industry and the markets in which we operate, including our general expectations and competitive position, business opportunities, growth and share, are based on information from independent industry organizations and other third-party sources, data from our internal research and management estimates, and information derived from publicly available information and the information and data referred to above and are based on assumptions and calculations made by us based on such information and data. The information and data referred to above are imprecise and may prove to be inaccurate because the information cannot always be verified with the limitations on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, please be aware that 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 or consultancy firms or independent sources.



# Summary

Net Sales: Q4 '23 vs. Q4 '22 increased 7% to \$100mm compared to \$94mm driven by strongest domestic demand, offset by international business softness due to global economic uncertainty; FY up 3% to \$391mm vs. \$379mm prior year and at high-end of updated guidance range of \$386mm to \$392mm

Adjusted EBITDA<sup>1</sup>: Q4 '23 vs. Q4 '22 increased 22% to \$37mm compared to \$31mm in part due to operational improvements offset by gross margin decrease; FY up 6% to \$145mm compared to \$136mm prior year and with updated guidance of \$145mm to \$155mm

In 2023 we supported more than 150 new and ongoing metal payment card programs for our customers (vs. 120 in 2022) while broadening Arculus hardware and software solutions to drive momentum in 2024

Card issuers reported growth in 2023 and have maintained a positive outlook for the year ahead, indicating continued investments in customer acquisition and retention due to sustained consumer demand

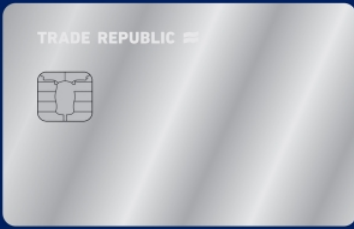
Full year 2024 net sales is expected to be in the range of \$408mm to \$428mm and adjusted EBITDA of \$157mm

Approved a repurchase program for up to \$40 million of the Company's outstanding shares of common stock, warrants and/or convertible notes over three years to provide us with a new mechanism to unlock shareholder value

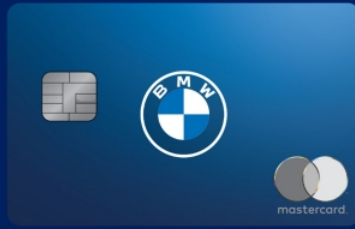


<sup>1</sup>Adjusted EBITDA is a non-GAAP financial measure. For reconciliation of Adjusted EBITDA to the most directly comparable measure prepared in accordance with GAAP, please see the Appendix

# Key Highlights – New Metal Card Programs



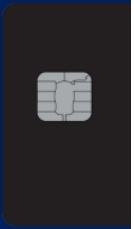
Trade Republic – Europe  
Echo Mirror



BMW – US  
Automobile Card



Fan Inc – US  
College Athlete Card



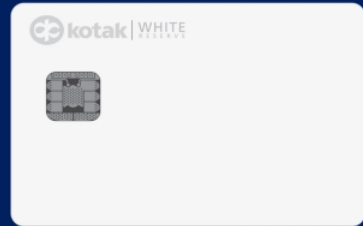
S  
Cred



Regions Bank – US  
Traditional Bank



Neon Bank Club – US  
FinTech - Stock Market Rewards



Kotak – Asia  
India Expansion



Banque P  
BPC



# Key Highlights – Customers Marketing New Program

The collage features three main social media posts:

- Trade Republic:** A post with 56,948 followers and 1w of age. The text reads: "The countdown begins. Waiting list position can now be tracked real-time in the app." Below the text is a video thumbnail showing a person holding a white card.
- Change Finance:** A post with the text: "Exciting News! The Change Hardware Cold Wallet, powered by @thisisarculus, has officially started shipping, and it's already in the hands of some thrilled Changiers. Unbox yours, snap a pic, and drop it in the comments!" Below the text is a video player showing a dark wallet with the text "One wallet. Everything Finance." and "change".
- Tweet:** A tweet from @aTtaberab with 5,531 views. The text reads: "We went through 30 or so iterations to get to this design. It's gradients + metal etched on the front and dark mode on the other side - can't wait for this Radix-branded Arculus card! Going to look slick in a black leather wallet/purse." Below the text is a video thumbnail of a colorful Radix-branded Arculus card.

On the right side of the collage, there is a vertical sidebar with additional text and a small video player:

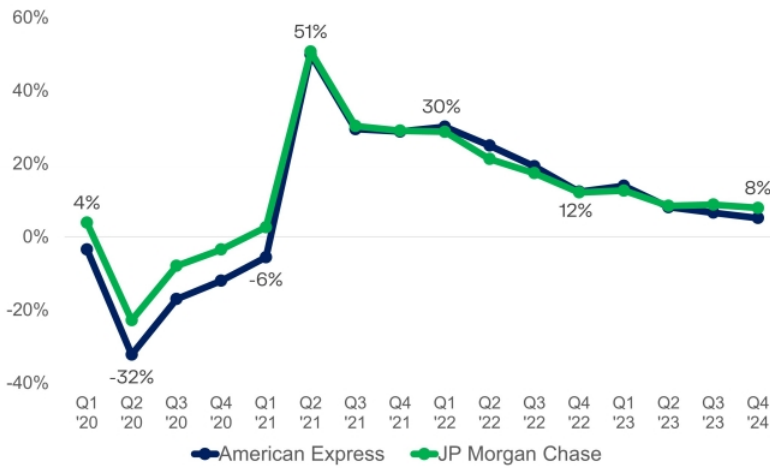
- Text: "Venus Protocol @VenusProtocol Time to celebrate o"
- Text: "We're marking this mile enhancing DeFi with su isolated Markets & at l"
- Text: "In partnership with Campaign with their ac"
- Text: "In anticipation of re payment card, we're ha Crypto Wallet, powerc asset management."
- Text: "Join our campaign t Venus x Polyhedra Wal"
- Text: "galxe.com/Venus/camj"
- Text: "#Venus3rd #Anniversa \$XVS \$VAI @Venus\_Co @PolyhedraZK @zkBric"
- Video player: "VENUS 3RD ANNIVERSARY in partnership Polyhedra / zkBric" with a play button and ">>>>" text.



# Recent Trends across Payment Cards

CompoSecure's Largest Customers Report Continued Purchase Volume Growth vs. Prior Year

Year over Year Purchase Volume Growth<sup>1</sup>



American Express Completed Another Acquisition Year Behind Robust In

New Card Acquisitions & Invest



YoY Card Growth	43%	33%	27%
YoY Marketing & Bus Dev Spend Growth	28%	31%	13%



<sup>1</sup>American Express & JP Morgan Chase Earnings Presentations  
<sup>2</sup>American Express Earnings Presentations

# Card Issuer and Payment Network Sentiment



"as long as we have a line of sight into high credit quality premium cardmembers, we will continue to be out there **aggressively acquiring cardmembers**. And, you know, that range will be where we see that range today, between 2.9, 3.1. We don't really provide any guidance on that, but with the **amount of money we're planning on spending**, I think that's a -- it's a pretty fair assumption." – *Steve Squeri (Chairman & CEO)*

"However, we saw demand increase as we move through the quarter, and we continue to **plan for increased marketing spend in 2024**. We're confident that with our sophisticated acquisition engine, we'll do so in an **efficient way**." – *Christophe Le Laillec (CFO)*<sup>1</sup>

## JPMORGAN CHASE & CO.

"Marketing is also a driver. **We're seeing great opportunities, great demand and engagement in our Card products**. And so, that shows up in marketing. And as you well know, our wealth strategy in CCB remains a big focus and priority." – *Jeremy Barnum (CFO)*<sup>1</sup>



DISC

"From Capital One's founding days, we set out to be a consumer and banking company powered by modern technology. The **acquisition of Discover** is a singular opportunity to combine two very successful companies with complementary franchises, and to build a payments network that is **the largest payments networks and payments companies**...Through this combination, we're creating a company that is exceptionally well-positioned **to create significant value for consumers, small businesses, merchants, and shareholders**. Technology continues to **transform the payments marketplace**." – *Richard Fairbank (Chairman & CEO)*



"Overall, we **remain fairly positive about the growth in card spending** continues to be supported by a strong labor market. Our base case scenario for **2024 reflects continued growth in spending** and recent spending dynamics." – *Sachi*



<sup>1</sup> Q4 '23 Earnings Transcripts  
<sup>2</sup> PR Newswire – 2/19/24

# Arculus Capabilities

The Arculus premium metal card can combine functionality of both a credit/debit payment card authentication token or cold storage wallet

## Arculus Authenticate



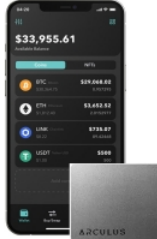
### Hardware-bound PassKey authenticator

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

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

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

## Arculus Cold Storage



### Crypto and NFT hardware cold storage

- Advanced three-factor authentication (PIN, and tapping card)
- Securely store, send, and receive user-friendly mobile application
- Secure element with NFC connectivity (charging required)

- Generate, store, and secure keys such as Bitcoin, Ethereum, Cardano, and many more

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

Capability

Use Cases

Example

Distribution Channels



# Financial Services Business Leaders Perceptions and Expectations for Fraud Prevention & User Authentication

**68%**

Plan to increase spending on fraud monitoring and detection

**62%**

Leaders have future plans for enhancing cybersecurity via hardware authentication (e.g. key card, fob, or USB drive)



**69%**

Agreed that e authentication methods will save time and

**80%**

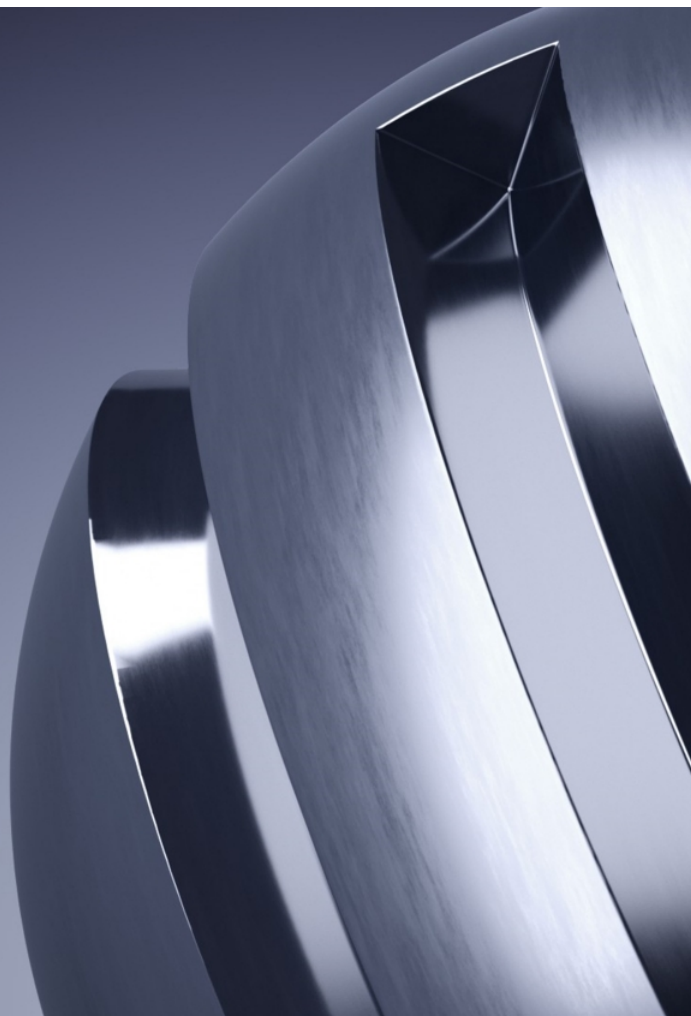
Think that creating a better user experience for transactions will be a competitive advantage in the industry



Source: Forbes Insights - Security Should be Simple: Your Road Map for Preventing Fraud and Building Trust



# Financial Overview



# Q4 2023 Results

	Q4 '23	Q4 '22	% Change	Comments
<b>Net Sales</b>	\$99.9mm	\$93.8mm	7%	Record domestic quarter and international sales
<b>Gross Margin</b>	52.9%	53.6%	(66 bps)	The decrease was primarily due to production efficiencies from new constructions and customer mix
<b>Net Income</b>	\$31.0mm	\$22.4mm	39%	Includes \$5.9mm positive impact from equity warrant, earnout consideration and liability driven by change in fair value
<b>Adjusted EBITDA<sup>1</sup></b>	\$37.2mm	\$30.6mm	22%	Excludes net change from equity warrant, earnout & warrants Q4 '23 includes (\$2.4mm) Arculus investment
<b>Adjusted EBITDA Margin<sup>1</sup></b>	37.2%	32.6%	461 bps	

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



# Full Year 2023 Results

	FY '23	FY '22	% Change	Comme
<b>Net Sales</b>	\$390.6mm	\$378.5mm	3%	Record net sales year driv strong US demand offset business impacted by glot conditions
<b>Gross Margin</b>	53.5%	58.0%	(451 bps)	The decrease was primaril production efficiencies frc constructions and custom
<b>Net Income</b>	\$112.5mm	\$131.8mm	(15%)	Includes \$20.4mm negativ comparing FY '23 vs. FY '2 warrant, earnout consider liability driven by change i
<b>Adjusted EBITDA<sup>1</sup></b>	\$145.0mm	\$136.2mm	6%	Excludes net change from earnout & warrants FY '23 includes (\$14.2mm) Arculus investment
<b>Adjusted EBITDA Margin<sup>1</sup></b>	37.1%	36.0%	114 bps	

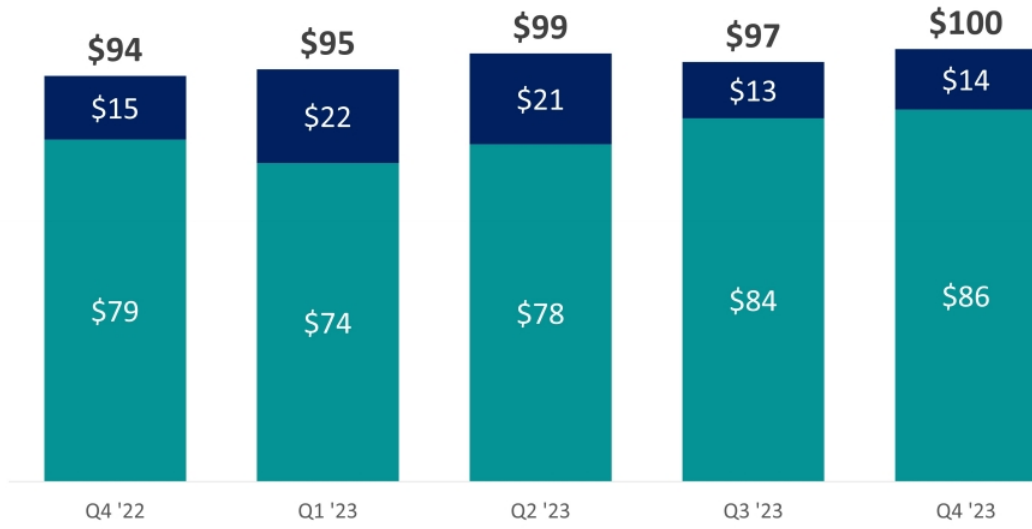


<sup>1</sup>Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial metrics. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

# Net Sales Trend

International mix for the full year was 18% of total net sales, in line with long range view of bus approximately 20%

*In millions*



■ Intern  
FY = \$69mn  
-17% vs.

■ Dome:  
FY = \$321mn  
+9% vs.

International	16%	23%	21%	13%	14%
Domestic	84%	77%	79%	87%	86%



# Balance Sheet

(Unaudited)

(\$mm)	Q4 2023A	Q4 2022A
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$41	\$14
Accounts receivable, net	40	37
Inventories	53	42
Prepaid expenses and other Current assets	5	4
<b>Total Current Assets</b>	<b>139</b>	<b>97</b>
Property and equipment, net	25	23
Deferred tax assets	24	26
Other assets	13	17
<b>Total assets</b>	<b>\$201</b>	<b>\$163</b>
<b>Liabilities and Members' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$5	\$7
Accrued expenses	12	10
Other current liabilities	14	16
Current portion of long-term debt	10	14
<b>Total current liabilities</b>	<b>41</b>	<b>47</b>
Long-term debt, net of deferred finance costs	198	216
Line of credit	0	0
Convertible Debt, net of debt discount	128	128
Other liabilities	40	64
<b>Total liabilities</b>	<b>\$407</b>	<b>\$455</b>
<b>Members' Equity</b>	<b>(206)</b>	<b>(292)</b>
<b>Total liabilities and members' equity</b>	<b>\$201</b>	<b>\$163</b>

- Cash position \$41mm at the
- Continued inv to meet backl
- Paid down teri from \$233mm \$210mm (as o \$8mm non-scl payment



Source: Company financials

Note: Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended December 31, 2023 and December 31, 2022 respectively

# Statement of Cash Flows

(Unaudited)

(\$mm)	FY 2023A	FY 2022A
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>\$113</b>	<b>\$132</b>
Depreciation	8	9
Equity-based compensation expense	18	11
Inventory reserve	(1)	2
Amortization of deferred finance costs	2	2
Change in fair value of earnout, warrant and derivative	(22)	(43)
Accounts receivable	(3)	(9)
Accounts payable	(2)	0
Inventories	(9)	(18)
Prepaid expenses and other assets	(3)	(1)
Deferred tax expense (benefit)	3	3
Other liabilities	(2)	5
Accrued expenses	2	0
<b>Net cash provided by operating activities</b>	<b>\$104</b>	<b>\$93</b>
<b>Cash flows from investing activities</b>		
<b>Acquisition of property and equipment</b>	<b>(11)</b>	<b>(9)</b>
<b>Net cash used in investing activities</b>	<b>(\$11)</b>	<b>(\$9)</b>
<b>Cash flows from financing activities</b>		
Proceeds from employee stock purchase plan and exercise of equity awards	1	0
Payment of line of credit	0	(15)
Payment of Tax receivable agreement liability	(3)	(0)
Payments for taxes related to net share settlement of equity awards	(3)	0
Payment of term loan	(23)	(17)
Issuance cost related to business combination	0	(24)
Tax Distribution to members	(38)	(36)
<b>Net cash used in financing activities</b>	<b>(\$66)</b>	<b>(\$92)</b>
<b>Net increase (decrease) cash, cash equivalents and restricted cash</b>	<b>28</b>	<b>(8)</b>
Cash, cash equivalents and restricted cash, beginning of year	\$14	\$22
Cash, cash equivalents and restricted cash, end of year	\$41	\$14
<b>Supplementary disclosure of cash flow information</b>		
Cash paid during the year for interest	27	21
Derivative asset - interest rate swap	5	9

Net Cash Provided by Operating Activities  
 Acquisition of Property & Equipment  
 Tax Distribution to Members  
 Free Cash Flow (FCF)

Market Cap as of 12/31

Yield: FCF / Market Cap



Source: Company financials

Note: Cash flows have been derived from CompoSecure's consolidated financial statements for the twelve months ended December 31, 2023 and 2022 respectively

<sup>1</sup> 79.4mm shares @ \$5.40 price/share as of market close 12/31/23

<sup>2</sup> 76.7mm shares @ \$4.91 price/share as of market close 12/31/22

## Q4 Earnings per Share: GAAP

	Three months ended 12/31/23		Three months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
<b>GAAP Net Income</b>	\$31.0mm	\$31.0mm	\$22.4mm	\$22.4mm
<b>Net Income used in EPS</b>	\$3.3mm <sup>1</sup>	\$3.3mm <sup>2</sup>	\$2.2mm <sup>3</sup>	\$2.2mm <sup>4</sup>
<b>Total Shares used in EPS</b>	19.4mm	19.4mm	16.1mm	16.1mm
<b>Earnings per Share</b>	\$0.17	\$0.17	\$0.14	\$0.14

Source: Company Financials

<sup>1</sup> 24.5% of net income of \$36.7mm of operating entities plus 100% of C-Corp net loss of \$5.7mm

<sup>2</sup> 24.5% of net income of \$36.7mm of operating entities plus 100% of C-Corp net loss of \$5.7mm

<sup>3</sup> 21.4% of net income of \$25.6mm of operating plus 100% of C-Corp net loss of \$3.2mm

<sup>4</sup> 21.4% of net income of \$25.6mm of operating plus 100% of C-Corp net loss of \$3.2mm



# Full Year Earnings per Share: GAAP

	Twelve months ended 12/31/23		Twelve months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
<b>GAAP Net Income</b>	\$112.5mm	\$112.5mm	\$131.8mm	\$131.8mm
<b>Net Income used in EPS</b>	\$19.2mm <sup>1</sup>	\$34.1mm <sup>2</sup>	\$18.7mm <sup>3</sup>	\$36.7mm <sup>4</sup>
<b>Total Shares used in EPS</b>	18.7mm	35.3mm	15.4mm	32.6mm
<b>Earnings per Share</b>	\$1.03	\$0.96	\$1.21	\$1.13

Source: Company Financials

<sup>1</sup> 24.5% of net income of \$123.5mm of operating entities plus 100% of C-Corp net loss of \$11.0mm

<sup>2</sup> 24.5% of net income of \$123.5mm of operating entities plus 100% of C-Corp net loss of \$11.0mm plus exchangeable notes and equity awards of \$14.8mm

<sup>3</sup> 21.4% of net income of \$144.0mm of operating entities plus 100% of C-Corp net loss of \$12.2mm

<sup>4</sup> 21.4% of net income of \$144.0mm of operating entities plus 100% of C-Corp net loss of \$12.2mm plus exchangeable notes and equity awards of \$18.0mm





# Q4 Adjusted Earnings per Share

	Three months ended 12/31/23		Three months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
<b>GAAP Net Income</b>	\$31.0mm	\$31.0mm	\$22.4mm	\$22.4mm
<b>Adjusted Net Income</b>	\$23.1mm <sup>1</sup>	\$23.1mm <sup>1</sup>	\$17.7mm <sup>2</sup>	\$17.7mm <sup>2</sup>
<b>Total Shares used in EPS</b>	79.3mm <sup>3</sup>	90.4mm <sup>4</sup>	76.4mm <sup>3</sup>	88.3mm <sup>5</sup>
<b>Adjusted EPS<sup>6</sup></b>	\$0.29	\$0.26	\$0.23	\$0.20

Source: Company Financials

<sup>1</sup> GAAP Net Income of \$31.0mm less Additional Tax Provision of \$2.5mm less Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$5.5mm

<sup>2</sup> GAAP Net Income of \$22.4mm less Additional Tax Provision of \$4.2mm less Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$0.5mm

<sup>3</sup> Outstanding Class A plus Class B Shares

<sup>4</sup> Outstanding Class A plus Class B Shares plus 8.1mm Public Warrants (Converted Using Treasury Stock Method) and 3.0mm Equity Awards

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

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



# Full Year Adjusted Earnings per Share

	Twelve months ended 12/31/23		Twelve months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
<b>GAAP Net Income</b>	\$112.5mm	\$112.5mm	\$131.8mm	\$131.8mm
<b>Adjusted Net Income</b>	\$88.0mm <sup>1</sup>	\$88.0mm <sup>1</sup>	\$83.0mm <sup>2</sup>	\$83.0mm <sup>2</sup>
<b>Total Shares used in EPS</b>	78.6mm <sup>3</sup>	90.4mm <sup>4</sup>	75.7mm <sup>3</sup>	88.0mm <sup>5</sup>
<b>Adjusted EPS<sup>6</sup></b>	\$1.12	\$0.97	\$1.10	\$0.94

Source: Company Financials

<sup>1</sup> GAAP Net Income of \$112.5mm less Additional Tax Provision of \$19.8mm less Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$4.7mm

<sup>2</sup> GAAP Net Income of \$131.8mm less Additional Tax Provision of \$18.1mm less Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$30.8mm

<sup>3</sup> Outstanding Class A plus Class B Shares

<sup>4</sup> Outstanding Class A plus Class B Shares plus 8.1mm Public and Private Warrants (Converted Using Treasury Stock Method) and 3.7mm Equity Awards

<sup>5</sup> Outstanding Class A plus Class B Shares plus 8.1mm Public and Private Warrants (Converted Using Treasury Stock Method) and 4.2mm Equity Awards

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



# 2024 Guidance

Providing full year net sales and adjusted EBITDA guidance

	2024F	2023A
<b>Net Sales</b>	\$408mm - \$428mm	\$391mm
<i>B/(W) vs. '23</i>	<i>+4% / +10%</i>	
<b>Adjusted EBITDA<sup>1</sup></b>	\$147mm - \$157mm	\$145mm
<i>B/(W) vs. '23</i>	<i>+1% / +8%</i>	



<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

# 2024 Company Objectives

## 1 Grow Metal Payment Cards



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

## 2 Innovate Across Functions



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

## 3 Demonstrate Arculus Success



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

## 4

Maintain through quality, efficiency, optimization, automation

## 5 Focus On Our People



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



# Investor Relations Contact

[ir.composesecure.com](http://ir.composesecure.com)

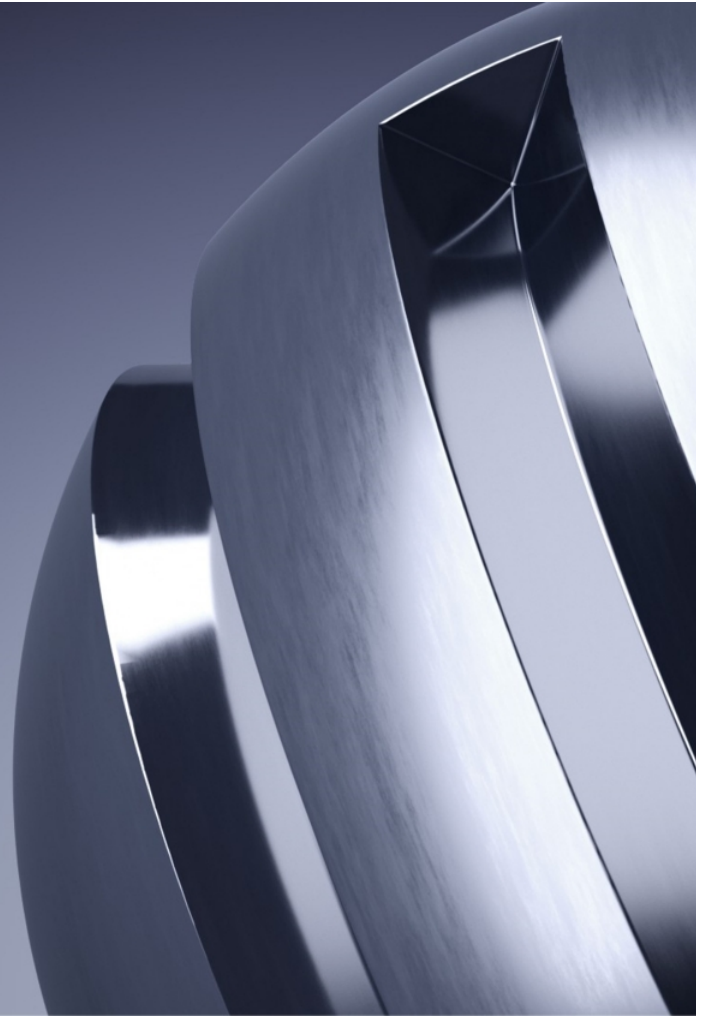
Sean Mansouri

720-330-2829

[ir@composesecure.com](mailto:ir@composesecure.com)



# Appendix



# CompoSecure, Inc. (Nasdaq: CMPO)

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

As of December 31, 2023

Holders	# of Shares Issued & Outstanding	# of Shares Issued & C
Public Shareholders: Class A	19.4mm	19.4mm
Historic CompoSecure Owners: Class B	60.0mm	60.0mm
<b>Subtotal</b>	<b>79.4mm</b>	<b>79.4mm</b>
Holders	# of Shares Reserved for Immediately Exercisable In-The-Money Options	# of Shares Reserved for Exercisable In-The-Mo (assuming net ex
Merger Rollover Options	3.3mm	2.7mm
<b>Subtotal</b>	<b>82.7mm</b>	<b>82.1mm</b>
Convertible Instruments	# of Shares Reserved for Conversion	# of Shares Reserved fo (assuming net ex
Public Warrants <sup>2</sup>	22.4mm	8.0mm
Exchangeable Notes <sup>3</sup>	11.3mm	11.3mm
<b>Grand Total</b>	<b>116.4mm</b>	<b>101.5mm</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> Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

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

<sup>3</sup> Assumes \$11.50 strike price with redemption (at company's discretion) after three years if FMV exceeds \$14.95



# Statement of Operations

(Unaudited)

(\$mm)	Q4 2023A	Q4 2022A	FY 2023A	FY 2022A
Revenue				
<b>Net Sales</b>	<b>\$100</b>	<b>\$94</b>	<b>\$391</b>	<b>\$378</b>
Cost of Sales	(47)	(44)	(182)	(158)
<b>Gross Profit</b>	<b>\$53</b>	<b>\$50</b>	<b>\$209</b>	<b>\$220</b>
Operating Expenses				
Selling, general and administrative	(22)	(25)	(90)	(105)
<b>Income from operations</b>	<b>\$31</b>	<b>\$25</b>	<b>\$119</b>	<b>\$115</b>
Other expense				
Other income (expense), net	0	(3)	(6)	17
<b>Net Income</b>	<b>\$31</b>	<b>\$22</b>	<b>\$113</b>	<b>\$132</b>



Source: Company financials

Note: Operating results have been derived from CompoSecure's consolidated financial statements for the three and twelve months ended December 31, 2023 and 2022 respectively



# Non-GAAP Adjusted EBITDA Reconciliation

(Unaudited)

\$mm	Q4 2023A	Q4 2022A	FY 2023A	FY 2022A
Net Income	\$31	\$22	\$113	\$132
Interest Expense	6	6	24	22
Depreciation and Amortization	2	2	8	9
Taxes	4	1	5	4
<b>Unadjusted EBITDA</b>	<b>\$43</b>	<b>\$31</b>	<b>\$150</b>	<b>\$167</b>
<b>1</b> Non-Cash Stock Comp Expense	5	4	18	11
<b>2</b> Mark-to-market Adjustments	-11	-4	-23	-42
Other	0	0	0	0
<b>Total EBITDA Adjustments</b>	<b>(\$6)</b>	<b>(\$0)</b>	<b>(\$5)</b>	<b>(\$31)</b>
<b>Adjusted EBITDA</b>	<b>\$37</b>	<b>\$31</b>	<b>\$145</b>	<b>\$136</b>
<b>Adjusted EBITDA %</b>	<b>37%</b>	<b>33%</b>	<b>37%</b>	<b>36%</b>

**1 Non-Cash Equity**  
Equity based e:  
equity incentive p

**2 Non-Cash Mark-**  
Related to chang  
for warrants, e  
assets.



Source: Company financials

# Non-GAAP EPS Reconciliation

(Unaudited)

(\$mm)	Three Months Ended		Twelve Months Ended		Twelve mo
	12/31/2023		12/31/2023		12/31
	BASIC	DILUTED	BASIC	DILUTED	BASIC
GAAP Net Income	\$31.0	\$31.0	\$112.5	\$112.5	\$131.8
Adjust for tax provision	3.9	3.9	4.6	4.6	4.4
Tax Provision	-6.4	-6.4	-24.4	-24.4	-22.4
Tax Adjusted Net Income	\$28.5	\$28.5	\$92.7	\$92.7	\$113.8
Fair Value and Stock Based Compensation Adjustment	-\$5.4	-\$5.4	-\$4.7	-\$4.7	-\$30.8
Total Adjusted Net Income	\$23.1	\$23.1	\$88.0	\$88.0	\$83.0
Class A + Class B Shares	79.3	79.3	78.6	78.6	75.7
Public & Private Warrants <sup>1</sup>	-	8.1	-	8.1	-
Equity Awards <sup>2</sup>	-	3.1	-	3.7	-
Total Shares	79.3	90.5	78.6	90.4	75.7
Adjusted EPS	\$0.29	\$0.25	\$1.12	\$0.97	\$1.10



Source: Company financials

<sup>1</sup> Assumes treasury stock method, valuation at assumed FMV of \$18.00

<sup>2</sup> Includes options, RSUs, and ESPP shares