

# 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 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 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 global economic, business, competitive and/or other factors; 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 indicated in this report, 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 any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## Non-GAAP Financial Measures

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

## Industry and Market Information

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



# Summary

Net Sales: Q4 '23 vs. Q4 '22 increased 7% to \$100mm compared to \$94mm driven by strongest domestic quarter ever offset by international business softness due to global economic uncertainty; FY up 3% to \$391mm vs. \$378mm 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 operating expense controls offset by gross margin decrease; FY up 6% to \$145mm compared to \$136mm prior year and within original guidance of \$145mm to \$155mm

In 2023 we supported more than 150 new and ongoing metal payment card programs for our customers (vs. 125 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

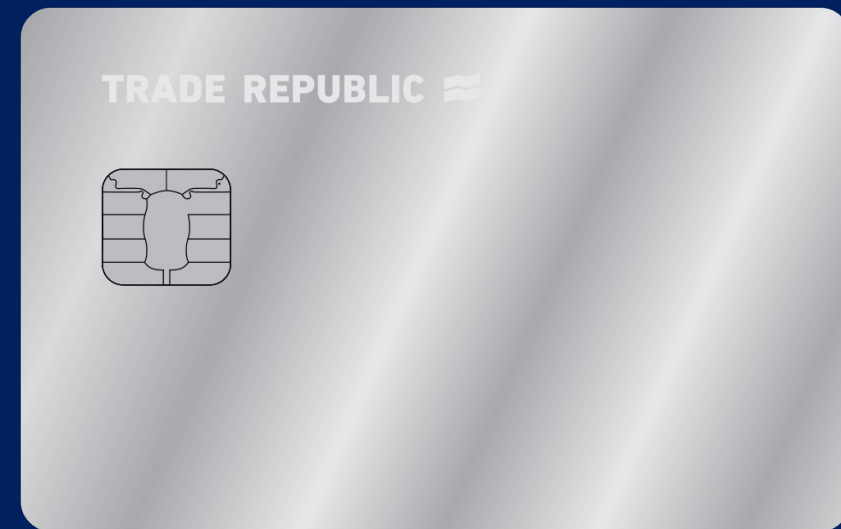
Full year 2024 net sales is expected to be in the range of \$408mm to \$428mm and adjusted EBITDA of \$147mm to \$157mm

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



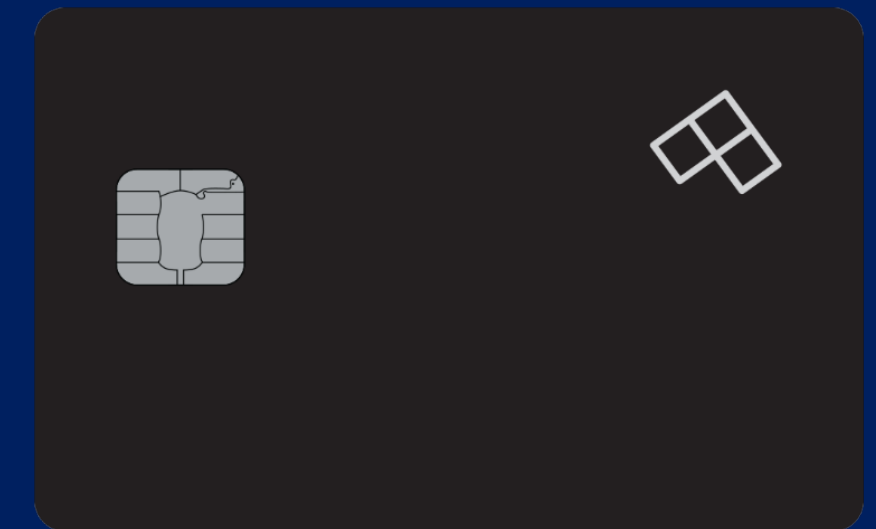
Trade Republic – Europe  
Echo Mirror



BMW – US  
Automobile Card



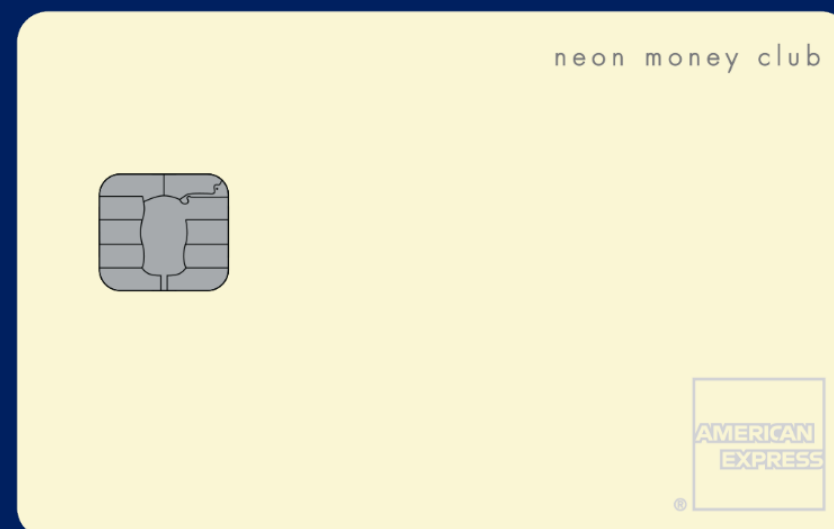
Fan Inc – US  
College Athlete Card



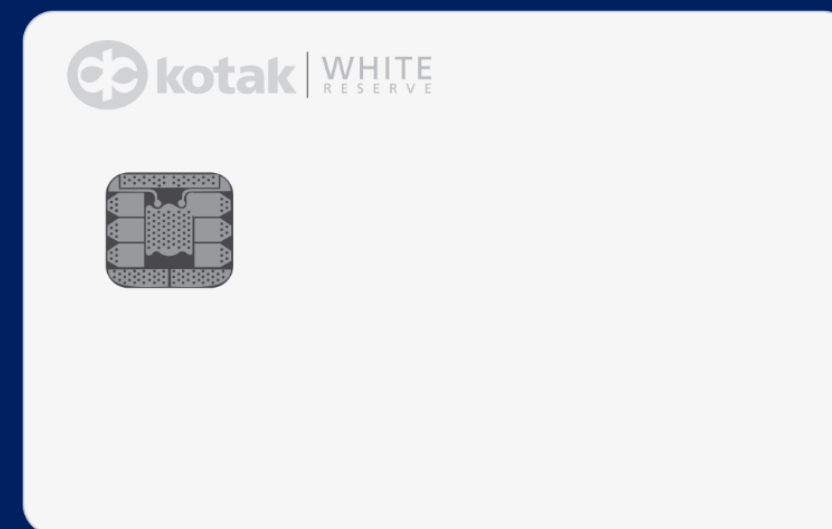
Step – US  
Credit Building Card



Regions Bank – US  
Traditional Bank



Neon Bank Club – US  
FinTech - Stock Market Rewards



Kotak – Asia  
India Expansion




Banque Palatine – Europe  
BPCE Subsidiary



# Key Highlights – Customers Marketing New Programs

**Trade Republic**  
56,948 followers  
1w · 🌐

The countdown begins. Waiting list position can now be tracked real-time in the app. [...see more](#)




🔄❤️👍 633 · 62 comments · 19 reposts

**Chainge Finance** @FinanceChainge

🔔 Exciting News!

The Chainge Hardware Cold Wallet, powered by @thisisarculus, has officially started shipping, and it's already in the hands of some thrilled Chaingers

🚀 Unbox yours, snap a pic, and drop it in the comments!




4:29 am · 25 Jan 2024 · 78.3K Views

**@aftabarab**

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

**Jonas | Delphibets.com** @Jonas\_dph · 31 Jan  
I want one so badly 🥰  
@thisisarculus x @radixdt



11:41 am · 31 Jan 2024 · 5,531 Views

**Venus Protocol** @VenusProtocol

🎉 Time to celebrate our 3rd Anniversary!

We're marking this milestone with the revolutionary #VenusV4, enhancing DeFi with superior risk management, user experience, Isolated Markets & at last, Venus Prime's deployment 🥳

- 👉 In partnership with Polyhedra, we unveil our 3rd Anniversary Campaign with their advanced zkBridge tech.
- 🛡️ In anticipation of releasing our upcoming Crypto to Fiat Gateway payment card, we're happy to announce the new Venus Hardware Crypto Wallet, powered by Arculus - a leap in secure, easy-to-use digital asset management.
- 🌟 Join our campaign by Dec 30th for a chance to win 1 of 500 exclusive Venus x Polyhedra Wallets or Venus Prime Tokens!

[galxe.com/Venus/campaign...](https://galxe.com/Venus/campaign...)

#Venus3rd #Anniversary #VenusPrime #DeFi #Crypto #Innovation \$XVS \$VAI @Venus\_Community @BNBCHAIN @thisisarculus @PolyhedraZK @zkBridge\_eco

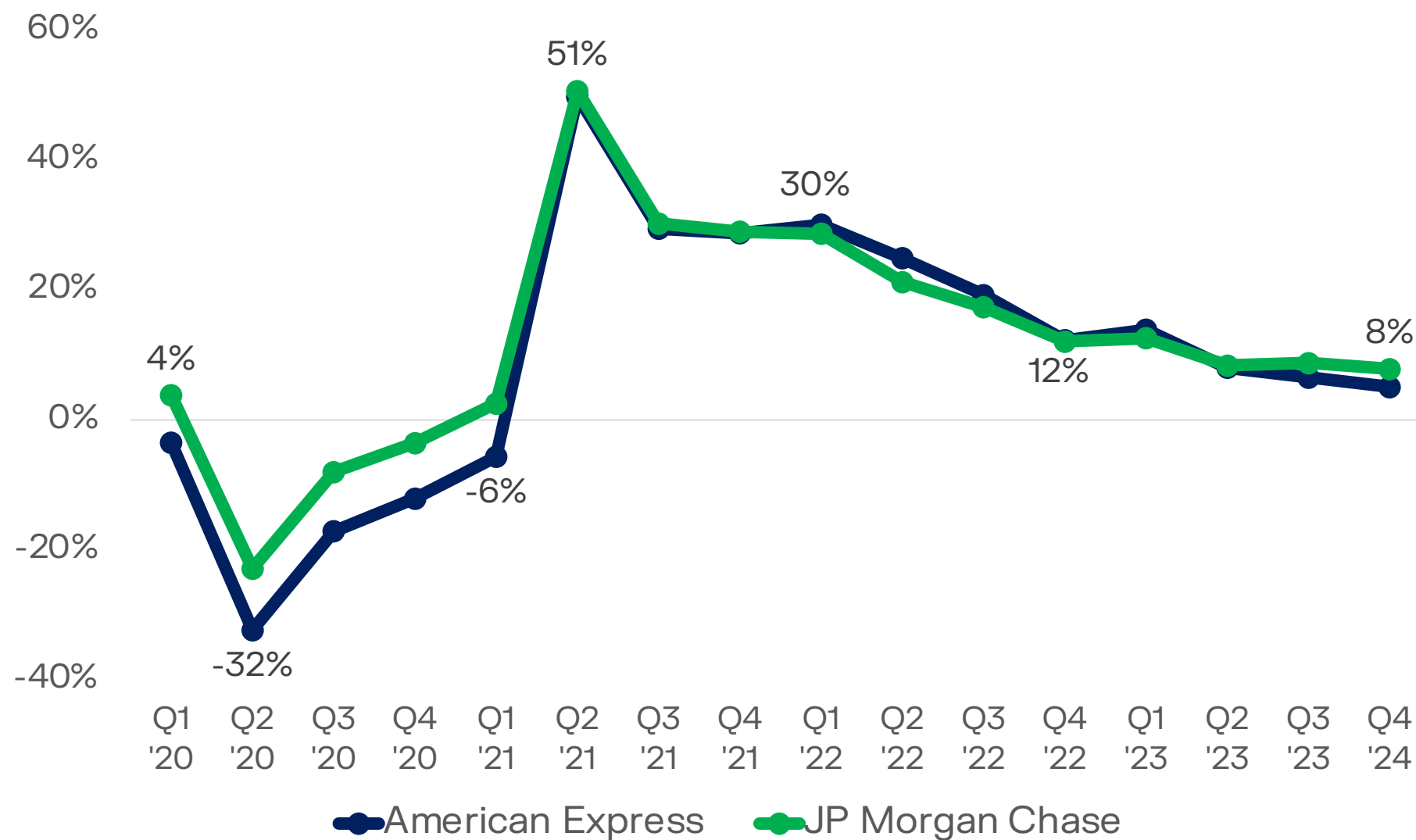



# Recent Trends across Payment Cards

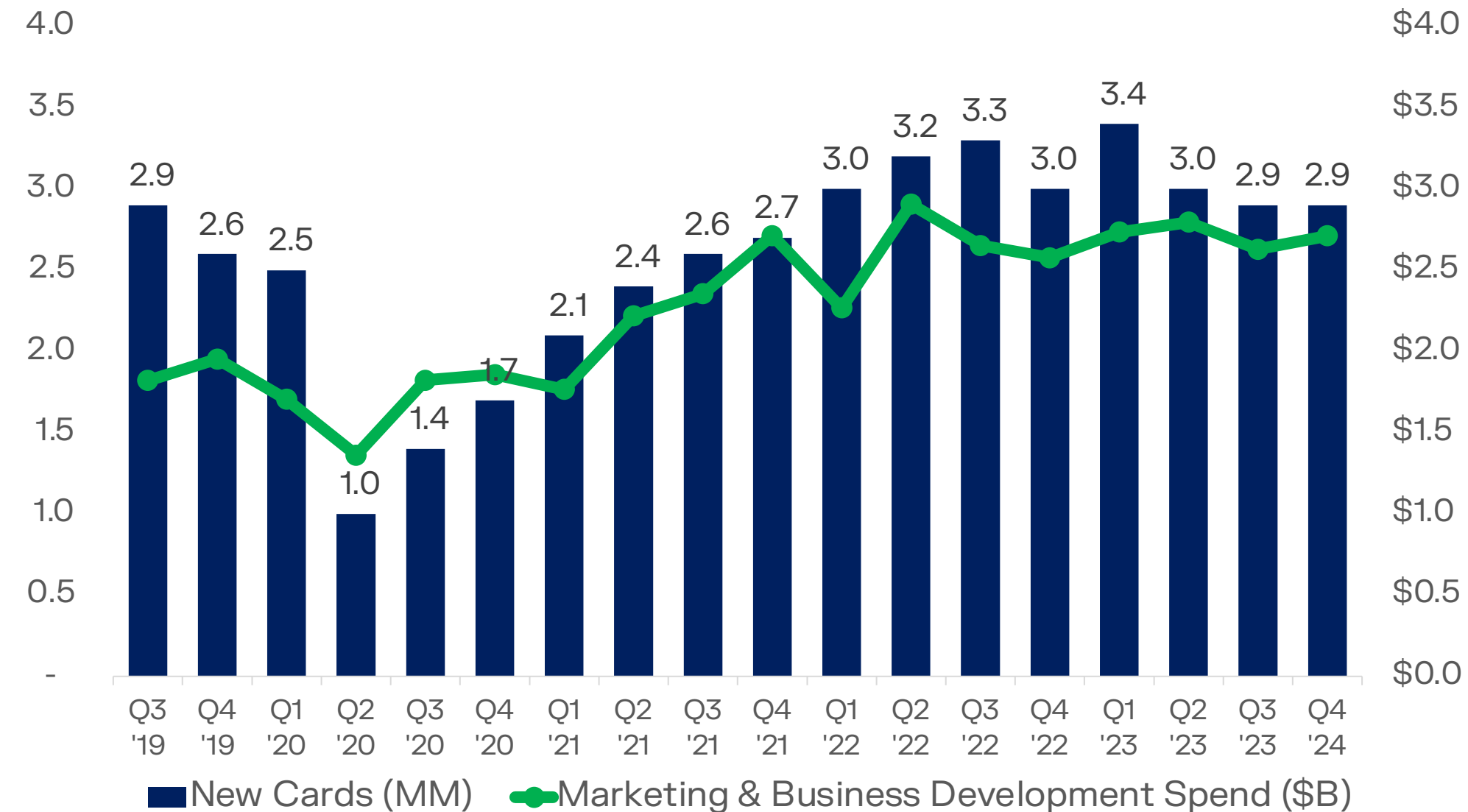
CompoSecure's Largest Customers Report Continued Purchase Volume Growth vs. Prior Year

American Express Completed Another Successful Acquisition Year Behind Robust Investments

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



New Card Acquisitions & Investment<sup>2</sup>



YoY Card Growth	43%	33%	27%	11%	13%	(6%)	(12%)	(3%)
YoY Marketing & Bus Dev Spend Growth	28%	31%	13%	(5%)	21%	(4%)	(1%)	5%

<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>



DISCOVER®

“From Capital One's founding days, we set out to build a payments and banking company powered by modern technology. Our **acquisition of Discover** is a singular opportunity to bring together two very successful companies with complementary capabilities and franchises, and to build a payments network that can **compete with 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 as technology continues to **transform the payments and banking marketplace**.” – *Richard Fairbank (Chairman & CEO)*<sup>2</sup>



“Overall, we remain fairly positive about the growth outlook. Consumer spending continues to be supported by a strong labor market and wage growth. Our base case scenario for **2024** reflects **healthy consumer spending** and recent spending dynamics.” – *Sachin Mehra (CFO)*<sup>1</sup>



# Arculus Capabilities

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

## Arculus Authenticate



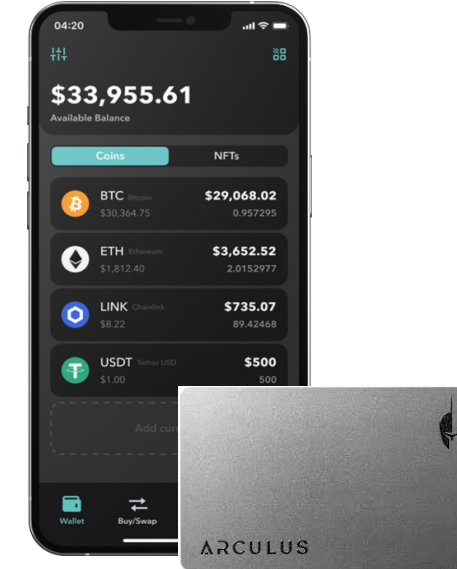
Hardware-bound PassKey authenticator

- 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 wallet

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

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

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

Capability

Use Cases

Example

Distribution Channels





# 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 enhanced authentication methods would save time and resources

80%

Think that creating a better experience for customer transactions is a key competitive advantage in the industry



# Financial Overview



# Q4 2023 Results

	Q4 '23	Q4 '22	% Change	Commentary
Net Sales	\$99.9mm	\$93.8mm	7%	Record domestic quarter offset by lower international sales
Gross Margin	52.9%	53.6%	(66 bps)	The decrease was primarily due to lower production efficiencies from new card constructions and customer designs
Net Income	\$31.0mm	\$22.4mm	39%	Includes \$5.9mm positive benefit when comparing Q4 '23 vs. Q4 '22 from re-valuation of warrant, earnout consideration, & derivatives liability driven by change in stock price
Adjusted EBITDA <sup>1</sup>	\$37.2mm	\$30.6mm	22%	Excludes net change from re-valuation of earnout & warrants  Q4 '23 includes (\$2.4mm) net impact from Arculus investment
Adjusted EBITDA Margin <sup>1</sup>	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	Commentary
Net Sales	\$390.6mm	\$378.5mm	3%	Record net sales year driven by continued strong US demand offset by international business impacted by global economic conditions
Gross Margin	53.5%	58.0%	(451 bps)	The decrease was primarily due to lower production efficiencies from new card constructions and customer designs
Net Income	\$112.5mm	\$131.8mm	(15%)	Includes \$20.4mm negative impact when comparing FY '23 vs. FY '22 from re-valuation of warrant, earnout consideration, & derivatives liability driven by change in stock price
Adjusted EBITDA <sup>1</sup>	\$145.0mm	\$136.2mm	6%	Excludes net change from re-valuation of earnout & warrants  FY '23 includes (\$14.2mm) net impact from Arculus investment
Adjusted EBITDA Margin <sup>1</sup>	37.1%	36.0%	114 bps	

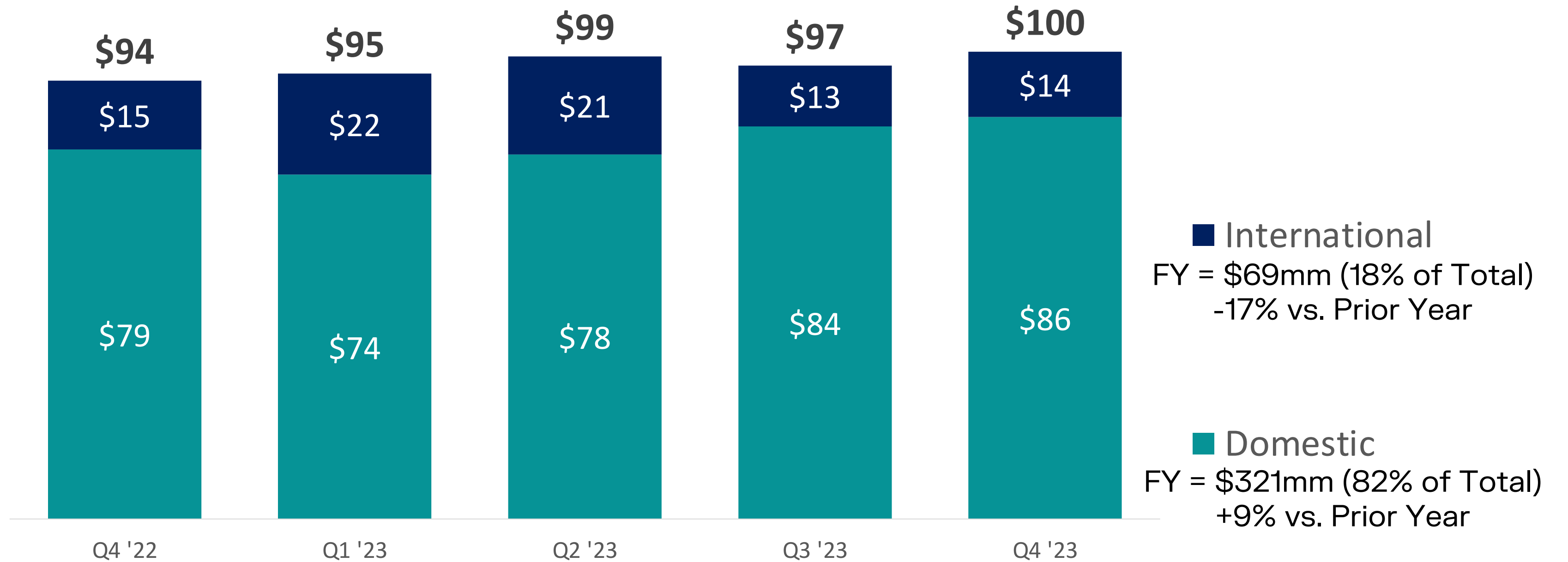
<sup>1</sup>Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial metrics. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation



# Net Sales Trend

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

*In millions*



■ International  
 FY = \$69mm (18% of Total)  
 -17% vs. Prior Year

■ Domestic  
 FY = \$321mm (82% of Total)  
 +9% vs. Prior Year

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>
Members' Equity	(206)	(292)
<b>Total liabilities and members' equity</b>	<b>\$201</b>	<b>\$163</b>

- Cash position is up nearly 3x to \$41mm at the end of 2023
- Continued investment in inventory to meet backlog demand
- Paid down term loan debt balance from \$233mm (as of Dec '22) to \$210mm (as of Dec '23) including \$8mm non-scheduled voluntary payment



# 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

	2023A	2022A
Net Cash Provided by Operating Activities	\$104	\$93
Acquisition of Property & Equipment	(11)	(9)
Tax Distribution to Members	(38)	(36)
Free Cash Flow (FCF)	55	47
Market Cap as of 12/31	429 <sup>1</sup>	377 <sup>2</sup>
<i>Yield: FCF / Market Cap</i>	<i>13%</i>	<i>13%</i>



# Q4 Earnings per Share: GAAP

	Three months ended 12/31/23		Three months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$31.0mm	\$31.0mm	\$22.4mm	\$22.4mm
Net Income used in EPS	\$3.3mm <sup>1</sup>	\$3.3mm <sup>2</sup>	\$2.2mm <sup>3</sup>	\$2.2mm <sup>4</sup>
Total Shares used in EPS	19.4mm	19.4mm	16.1mm	16.1mm
Earnings per Share	\$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
GAAP Net Income	\$112.5mm	\$112.5mm	\$131.8mm	\$131.8mm
Net Income used in EPS	\$19.2mm <sup>1</sup>	\$34.1mm <sup>2</sup>	\$18.7mm <sup>3</sup>	\$36.7mm <sup>4</sup>
Total Shares used in EPS	18.7mm	35.3mm	15.4mm	32.6mm
Earnings per Share	\$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
GAAP Net Income	\$31.0mm	\$31.0mm	\$22.4mm	\$22.4mm
Adjusted Net Income	\$23.1mm <sup>1</sup>	\$23.1mm <sup>1</sup>	\$17.7mm <sup>2</sup>	\$17.7mm <sup>2</sup>
Total Shares used in EPS	79.3mm <sup>3</sup>	90.4mm <sup>4</sup>	76.4mm <sup>3</sup>	88.3mm <sup>5</sup>
Adjusted EPS <sup>6</sup>	\$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
GAAP Net Income	\$112.5mm	\$112.5mm	\$131.8mm	\$131.8mm
Adjusted Net Income	\$88.0mm <sup>1</sup>	\$88.0mm <sup>1</sup>	\$83.0mm <sup>2</sup>	\$83.0mm <sup>2</sup>
Total Shares used in EPS	78.6mm <sup>3</sup>	90.4mm <sup>4</sup>	75.7mm <sup>3</sup>	88.0mm <sup>5</sup>
Adjusted EPS <sup>6</sup>	\$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



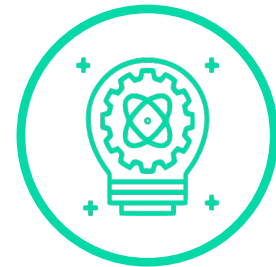
# 2024 Company Objectives

**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



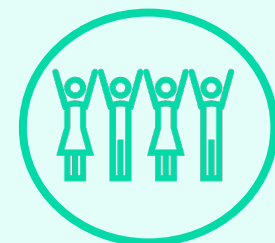
Drive Arculus Authenticate and Cold Storage by demonstrating to our customers the value proposition of both hardware and software solutions

**4** Enhance Efficiency



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

**5** Focus On Our People



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



# Investor Relations Contact

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# Appendix



# CompoSecure, Inc. (Nasdaq: CMPO)

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

As of December 31, 2023

<u> Holders </u>	<u> # of Shares Issued &amp; Outstanding </u>	<u> # of Shares Issued &amp; Outstanding </u>
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>
<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>1</sup> </u>
Merger Rollover Options	3.3mm	2.7mm
<b>Subtotal</b>	<b>82.7mm</b>	<b>82.1mm</b>
<u> Convertible Instruments </u>	<u> # of Shares Reserved for Conversion </u>	<u> # of Shares Reserved for Conversion (assuming net exercise) </u>
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				
Net Sales	\$100	\$94	\$391	\$378
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>
① Non-Cash Stock Comp Expense	5	4	18	11
② 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>
Adjusted EBITDA %	37%	33%	37%	36%

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

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



# Non-GAAP EPS Reconciliation

(Unaudited)

(\$mm)	<u>Three Months Ended</u> <u>12/31/2023</u>		<u>Twelve Months Ended</u> <u>12/31/2023</u>		<u>Twelve months ended</u> <u>12/31/2022</u>	
	<u>BASIC</u>	<u>DILUTED</u>	<u>BASIC</u>	<u>DILUTED</u>	<u>BASIC</u>	<u>DILUTED</u>
GAAP Net Income	\$31.0	\$31.0	\$112.5	\$112.5	\$131.8	\$131.8
Adjust for tax provision	3.9	3.9	4.6	4.6	4.4	4.4
Tax Provision	-6.4	-6.4	-24.4	-24.4	-22.4	-22.4
Tax Adjusted Net Income	\$28.5	\$28.5	\$92.7	\$92.7	\$113.8	\$113.8
Fair Value and Stock Based Compensation Adjustment	-\$5.4	-\$5.4	-\$4.7	-\$4.7	-\$30.8	-\$30.8
Total Adjusted Net Income	\$23.1	\$23.1	\$88.0	\$88.0	\$83.0	\$83.0
Class A + Class B Shares	79.3	79.3	78.6	78.6	75.7	75.7
Public & Private Warrants <sup>1</sup>	-	8.1	-	8.1	-	8.1
Equity Awards <sup>2</sup>	-	3.1	-	3.7	-	4.2
Total Shares	79.3	90.5	78.6	90.4	75.7	88.0
Adjusted EPS	\$0.29	\$0.25	\$1.12	\$0.97	\$1.10	\$0.94

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

