





CompoSecure, Inc.

Appendix A to Form 8937

Q2 2024 Exchange Rate Adjustment

The information contained in the attached Form 8937 and this Appendix A is intended to satisfy the public reporting requirements under Section 6045B of the Internal Revenue Code and is intended to provide only a general summary of the effect on a security holder's basis as a result of the below described exchange rate adjustment. Such information is not intended to be a complete analysis or description of all potential deferral or other tax consequences of the exchange rate adjustment. You should consult with your own tax advisor to determine the particular federal, state, local, or foreign income, reporting, or other tax consequences of the exchange rate adjustment applicable to you.

**Line 14:** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On May 6, 2024, CompoSecure, Inc. ("CompoSecure" or the "Company") announced a special cash dividend of \$0.30 per share to Class A stockholders and a corresponding distribution of \$0.30 per share was also announced for Class B unitholders of record as of May 20, 2024. Per the Indenture Agreement dated December 27, 2021, this dividend caused a required increase to the exchange rate of the 2026 Exchangeable Senior Notes. The increase in the exchange rate resulted in a deemed distribution per \$1,000 of the Exchangeable Senior Notes of \$9.77.

Such adjustment to the exchange rate is treated as a deemed distribution of property to the holders of the Exchangeable Senior Notes to which Section 301 applies by reason of Section 305(b)(2) and Section 305.

**Line 15:** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The taxable portion of a deemed distribution increases the basis of the notes in the hands of the taxpayer. The non-taxable portion of the deemed distribution does not affect the basis of the notes in the hands of the taxpayer. The table below shows the taxable and non-taxable portions of each deemed distributions per \$1,000 principal amount of the Exchangeable Senior Notes:

Deemed Distribution Date	Deemed Distribution	Taxable Portion (Deemed Dividend)	Non Taxable Portion
June 4, 2024	\$9.77	\$9.77	\$0.00

Tax characterization of the taxable portion:

<b>Deemed Distribution Date</b>	<b>Taxable Deemed Distribution</b>	<b>Ordinary Dividend (Box 1a)</b>	<b>Long-Term Capital Gain Distribution (Box 2a)</b>	<b>Unrecaptured Section 1250 Gain (Box 2b)</b>	<b>Section 199A Dividends (Box 5)</b>
June 4, 2024	\$9.77	\$9.77	\$0.00	\$0.00	\$9.77

**Line 16:** Describe the calculation of the change in basis and the date that supports the calculation, such as the market value of securities and valuation dates.

Under IRC Section 305(c) and Proposed Regulations enacted thereunder, the deemed dividend is calculated by comparing the value of the exchange right after CompoSecure paid the dividend described above, to the value of the exchange right after the exchange rate has been adjusted. Prior to the adjustment, the value of the exchange right for every \$1,000 of principal was determined to be \$77.06. Following the adjustment to the exchange rate, the value of the exchange right increased to \$86.83 per \$1,000 of principal. Accordingly, the amount of the deemed dividend is \$9.77.

In connection with this filing, a valuation firm was engaged to determine the change in value of the exchange right as a result of the change in the applicable exchange rate. The valuation professionals utilized a Binomial Lattice model to determine the values in the two scenarios and extrapolate the amount of the deemed dividend.

**Line 17:** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Sections 305(b)(2), 305(c), 301(c), 301(d), and 316.

**Line 18:** Can any resulting loss be recognized?

No, the transaction did not result in a loss.

**Line 19:** Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The reportable tax year is calendar year 2024.