

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 3, 2023

CompoSecure, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

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

001-39687
(Commission
File Number)

85-2749902
(IRS Employer
Identification No.)

08873
(Zip Code)

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

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

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

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

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

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

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

Emerging growth company

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

Item 2.02 Results of Operation and Financial Condition

On May 3, 2023, CompoSecure, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended March 31, 2023 and provided an investor presentation to accompany the press release. Copies of the press release and the investor presentation are furnished herewith as Exhibits 99.1 and 99.2, respectively.*

Item 7.01 Regulation FD Disclosure

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

Item 9.01 Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of the Company, dated May 3, 2023
99.2	Investor Presentation, dated May 2023
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

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

SIGNATURE

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

COMPOSECURE, INC.

Date: May 3, 2023

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



CompoSecure Reports First Quarter 2023 Financial Results

Reiterates 2023 Net Sales and Adjusted EBITDA Guidance

SOMERSET, N.J., May 3, 2023 -- [CompoSecure, Inc.](#) (Nasdaq: CMPO), a leader in metal payment cards, security, and authentication solutions, today announced its financial and operating results for the first quarter ended March 31, 2023.

"2023 is off to a solid start driven by strong sales execution, deep customer engagement, and continued demand for our premium metal cards," said Jon Wilk, President and CEO of CompoSecure. "In addition, we remain encouraged by recent positive card-issuer sentiment that underscores consumer and business resilience even in the face of slower macroeconomic growth."

"This quarter, we were extremely pleased to extend a key contract with one of our largest customers. Looking ahead, we are reiterating our net sales and adjusted EBITDA guidance for 2023 based on our expectation of continued sales execution. As always, we remain focused on a prudent approach to capital allocation while simultaneously delivering innovative offerings to the market that can deliver long term shareholder value."

Q1 2023 Financial Highlights (vs. Q1 2022)

- **Net Sales:** Net Sales increased 13% to \$95.3 million compared to \$84.2 million, with the increase primarily driven by strong sales execution and continued growth in the Company's premium payment card business.
 - **Gross Profit:** Gross Profit increased 9% to \$53.4 million or 56.0% of Net Sales, compared to \$48.8 million or 57.9%.
 - **Net Income/EPS:** Net Income was \$10.7 million compared to \$26.9 million. Net income for Q1 2023 was primarily impacted by non-cash expenses of \$13.4 million related to the fair value of the Company's warrants, earnout consideration and derivative liabilities, which was driven by improvement in the Company's stock price; and \$4 million in stock-based compensation. Net Income per share attributable to class A common stockholders was \$0.13 (Basic) and \$0.11 (Diluted), compared to \$0.23 (Basic) and \$0.23 (Diluted) in the year-ago period.
 - **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) was \$20.6 million compared to \$20.4 million in the year-ago period. Adjusted EPS (a non-GAAP measure), which includes both class A and class B shares, was \$0.27 (Basic) and \$0.23 (Diluted) compared to \$0.27 (Basic) and \$0.23 (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 \$35.5 million compared to \$33.3 million, with the increase primarily driven by Net Sales growth.
-

Recent Operational Highlights

- Extended a contract with one of its largest customers, American Express, through July 2026.
- Demonstrated continued metal payment card success with card launches including Rocket Mortgage, Xapo Bank, Papara prepaid card, H-E-B grocery, and UMB private bank.
- Advancements on Arculus implementations including progress on a pilot for payment plus authentication with a major crypto exchange, working with NBC Banq to deliver an all-in-one payment with digital asset cold storage, Change Finance launching a self-custody hardware cold storage wallet powered by Arculus, and inbestgo going live with Arculus cold storage wallet for their customers in Latin America.
- Enhanced Arculus B2B and B2C functionality to cryptographically include support for more than 10K coins, implemented enhanced security for card to mobile device communication, and launched B2C cold storage wallet sales in Canada with additional international locations anticipated in the second quarter.

2023 Financial Outlook

The Company is reaffirming its guidance for full year 2023 results, with net sales expected to be in the range of \$400-\$425 million and adjusted EBITDA expected to be in the range of \$145-\$155 million.

Conference Call

The Company 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, May 3, 2023

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 the Company's website at <https://ir.composesecure.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 and 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 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 other economic, business, and/or competitive 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, including those under "Risk Factors" in filings that have been made or will be made with the Securities and Exchange Commission. The Company undertakes no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Use of Non-GAAP Financial Measures

This press release includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and that may be different from non-GAAP financial measures used by other companies. The Company believes EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS are useful to investors in evaluating the Company's financial performance. The Company uses these measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and to measure incentive compensation, as we believe that these non-GAAP financial measures depict the true performance of the business by encompassing only relevant and controllable events, enabling the Company to evaluate and plan more effectively for the future. 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, 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 and Adjusted EPS 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 Adjusted EPS 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 GAAP measures to these non-GAAP measures for the quarter ended March 31, 2023.

Corporate Contact

Anthony Piniella
Head of Communications, CompoSecure
(908) 898-8887
apiniella@composecure.com

Investor Relations Contact

Sean Mansouri, CFA
Elevate IR
(720) 330-2829
ir@composecure.com

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	<u>(unaudited)</u>	
ASSETS		
Cash and cash equivalents	\$ 22,566	\$ 13,642
Accounts Receivable, net	39,187	37,272
Inventories	51,275	42,374
Prepaid expenses and other current assets	4,197	3,824
Property and equipment, net	24,282	22,655
Right of use asset, net	8,960	8,932
Deferred tax asset	28,328	25,569
Derivative asset - interest rate swap	6,957	8,651
Deposits and other assets	24	24
TOTAL ASSETS	<u>\$ 185,776</u>	<u>\$ 162,943</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of long-term debt	\$ 18,750	14,372
Current portion of lease liabilities	1,884	1,846
Current portion of tax receivable agreement liability	2,367	2,367
Accounts payable	15,494	7,127
Accrued expenses	12,223	10,154
Commission payable	4,951	3,317
Bonus payable	3,429	8,177
Long-term debt, net of deferred finance costs	212,009	216,276
Convertible notes, net of debt discount	127,466	127,348
Derivative liability - convertible notes	993	285
Warrant liability	27,100	16,341
Earnout liability	17,063	15,090
Lease liabilities	7,757	7,766
Tax receivable agreement liability	25,445	24,475
Total stockholders' (deficit)	(291,155)	(291,998)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 185,776</u>	<u>\$ 162,943</u>

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

	Three Months Ended March 31,	
	2023	2022
Net sales	\$ 95,316	\$ 84,183
Operating expenses:		
Cost of sales	41,962	35,424
Selling, General and administrative	23,944	18,777
Total operating expenses	65,906	54,201
Income from operations	29,410	29,982
Total other income (expense), net	(19,936)	(2,531)
Income before income taxes	9,474	27,451
Income tax benefit (provision)	1,263	(543)
Net income	10,737	26,908
Net income attributable to non-controlling interests	8,408	23,514
Net income attributable to CompoSecure, Inc	\$ 2,329	\$ 3,394
Net income per share attributable to Class A common stockholders - basic	\$ 0.13	\$ 0.23
Net income per share attributable to Class A common stockholders - diluted	\$ 0.11	\$ 0.23
Weighted average shares used to compute net income per share attributable to Class A common stockholders - basic (in thousands)	17,632	14,934
Weighted average shares used to compute net income per share attributable to Class A common stockholders - diluted (in thousands)	94,736	14,934

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

	Three Months Ended March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 10,737	\$ 26,908
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,040	2,349
Stock-based compensation expense	4,022	1,006
Amortization of deferred finance costs	559	620
Change in fair value of earnout consideration liability	1,973	(4,107)
Revaluation of warrant liability	10,759	1,424
Change in fair value of derivative liability	708	248
Deferred tax (benefit) expense	(2,034)	543
Changes in assets and liabilities		
Accounts receivable	(1,915)	(10,659)
Inventories	(8,901)	(1,392)
Prepaid expenses and other assets	(373)	(4,423)
Accounts payable	8,367	(2,248)
Accrued expenses	2,069	3,422
Other liabilities	(3,114)	(1,782)
Net cash provided by operating activities	24,897	11,909
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(3,666)	(1,417)
Net cash used in investing activities	(3,666)	(1,417)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from employee stock purchase plan and exercise of equity awards	146	-
Payments for taxes related to net share settlement of equity awards	(2,409)	-
Proceeds from line of credit	-	10,000
Payment of term loan	(330)	(3,125)
Distributions	(9,714)	-
Payment of issuance cost related to business combination	-	(23,833)
Net cash used in financing activities	(12,307)	(16,958)
Net increase (decrease) in cash and cash equivalents	8,924	(6,466)
Cash and cash equivalents, beginning of period	13,642	21,944
Cash and cash equivalents, end of period	\$ 22,566	\$ 15,478
Supplementary disclosure of cash flow information		
Cash paid for interest expense	\$ 4,567	\$ 4,734
Supplemental disclosure of non-cash financing activity:		
Derivative asset - interest rate swap	\$ 6,957	\$ 4,036

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

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 10,737	\$ 26,908
Add (less):		
Depreciation	2,040	2,349
Interest expense, net	6,496	4,966
Income tax (benefit) expense	(1,263)	543
EBITDA	\$ 18,010	\$ 34,766
Stock-based compensation	4,022	1,006
Mark to market adjustments (1)	13,440	(2,435)
Adjusted EBITDA	\$ 35,472	\$ 33,337

(1) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability for the quarter ended March 31, 2023 and March 31, 2022.

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

	Three Months Ended March 31,		Three Months Ended March 31,	
	2023		2022	
	(in thousands) except per share amounts			
	Basic	Diluted	Basic	Diluted
Net income	\$ 10,737	\$ 10,737	\$ 26,908	\$ 26,908
(Less) add: (benefit) provision for income taxes	(1,263)	(1,263)	543	543
Income before Income taxes	9,474	9,474	27,451	27,451
Income tax expense (1)	(5,581)	(5,581)	(5,420)	(5,420)
Adjusted net income before adjustments	3,893	3,893	22,031	22,031
Add (less): mark-to-market adjustments (2)	12,732	12,732	(2,682)	(2,682)
Add: stock-based compensation	4,022	4,022	1,006	1,006
Adjusted net income	\$ 20,647	\$ 20,647	\$ 20,355	\$ 20,355
Common shares outstanding used in computing earnings per share, basic: Class A and Class B common shares (3)	77,591	77,591	76,071	76,071
Common shares outstanding used in computing earnings per share, diluted: Warrants (Public and Private) (4)	-	8,094	-	8,094
Equity awards	-	4,145	-	4,331
Total Shares outstanding used in computing adjusted earnings per share	77,591	89,830	76,071	88,496
Adjusted earnings per share (5)	\$ 0.27	\$ 0.23	\$ 0.27	\$ 0.23

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.

Q1 2023 Earnings Presentation

May 3, 2023



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 other economic, business, and/or competitive 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 other 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 and Adjusted EPS are useful to investors in evaluating the Company's financial performance. The Company uses these measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and to measure incentive compensation, as we believe that these non-GAAP financial measures depict the true performance of the business by encompassing only relevant and controllable events, enabling the Company to evaluate and plan more effectively for the future. 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, 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 and Adjusted EPS 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 Adjusted EPS 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 and Adjusted EPS for the quarters ended March 31, 2023 and March 31, 2022.

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.



Key Highlights

Q1 '23 vs. Q1 '22: Net Sales increased 13% to \$95.3mm compared to \$84.2mm driven by strong sales execution and demand from traditional financial institutions and FinTechs. Adjusted EBITDA¹ increased 6% to \$35.5mm compared to \$33.3mm

The company extended its contract through July 2026 with one of its largest customers, American Express, to continue manufacturing its premium metal payment cards

Card issuers continue to report strong growth and have positive outlook while maintaining investment in strong value propositions/rewards for prospects and customers despite the macroeconomic challenges

Expanded Arculus technology capabilities and drove awareness of B2B and B2C product offerings highlighted by recent product launches, expanded cold storage wallet token support, international expansion, and industry trade show presence

Reaffirming full year 2023 guidance of \$400mm to \$425mm in Net Sales and \$145mm to \$155mm in Adjusted EBITDA



¹Adjusted 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

Positive Trends & Momentum across Payment Cards

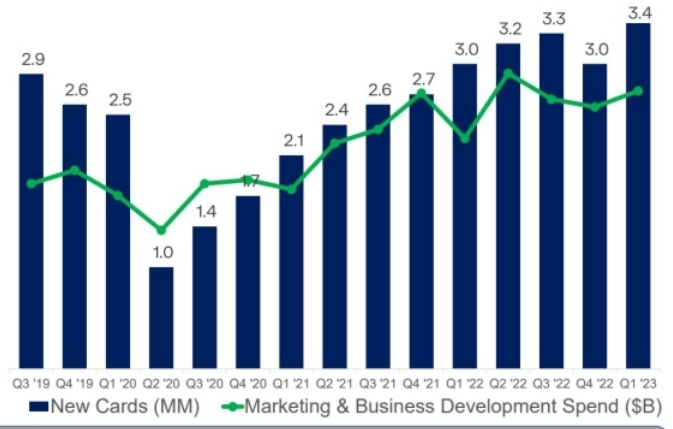
CompoSecure's Largest Customers Continue to Report Strong Purchase Volume Growth vs. Prior Year

Year over Year Purchase Volume Growth¹



American Express Reached an All-Time High in New Card Acquisitions in Q1 '23

New Card Acquisitions & Investment²



YoY Card Growth	(52%)	(35%)	(16%)	140%	86%	59%	43%	33%	27%	11%	13%
YoY Marketing & Bus Dev Spend Growth	0%	(5%)	4%	63%	29%	46%	28%	31%	13%	(5%)	21%



¹American Express & JP Morgan Chase Earnings Presentations
²American Express Earnings Presentations

Credit Card Acquisition Offer & Rewards Landscape

Issuers have maintained bonuses and rewards given to card members to incentivize acquisition, spend, and retention despite the macroeconomic challenges



¹Source: WalletHub

Large Issuers and Payment Networks Confident in Growth



"Through it all, we've continued to attract and retain high-quality customers and our strategic investments have resulted in the momentum we've seen throughout last year and into 2023. We feel good about the decisions we're making around growth, risk management and the economic environment. Our key metrics are strong. The market opportunities we see in our core businesses are plentiful. And our strategy of investing in value proposition innovations, customer acquisitions and global merchant coverage continues to drive our growth." – *Steve Squeri (Chairman & CEO)*



"We continue to see attractive growth opportunities in our Domestic Card business. Our opportunities are enhanced by our technology transformation, and we're leaning into marketing to drive resilient growth. As always, we're keeping a close eye on competitor actions and potential marketplace risks. We are seeing the success of our marketing and strong growth in domestic card new accounts, purchase volume and loans across our card business and strong momentum and our decade-long focus on heavy spenders at the top of the marketplace continues." – *Richard Fairbank (Chairman & CEO)*

Source: Q1 '23 Earnings Transcripts

JPMORGAN
CHASE & CO.

"Touching quickly on the health of U.S. consumers and small businesses based on our data. Both continue to show resilience and remain on the path to normalization as expected, but we continue to monitor their activity closely. Spend remains solid, and we have not observed any notable pullback throughout the quarter" – *Jeremy Barnum (CFO)*



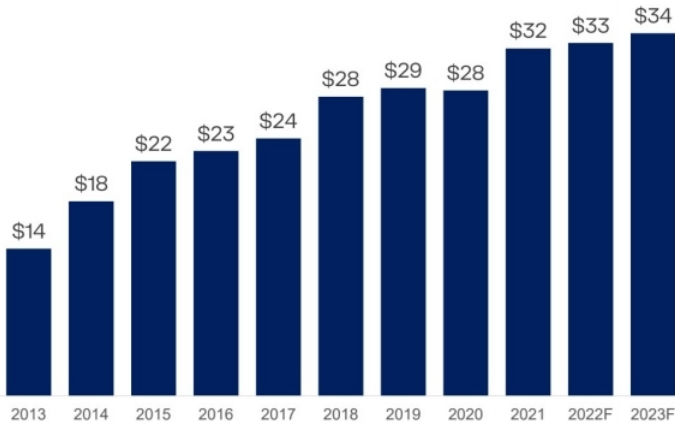
"While we are monitoring a number of macro and geopolitical factors, our base-case scenario assumes consumer spending remains resilient and cross-border travel continues to recover. For the year, our outlook has improved modestly, reflecting our stronger-than-expected performance in Q1." – *Sachin Mehra (CFO)*

Fraud Losses

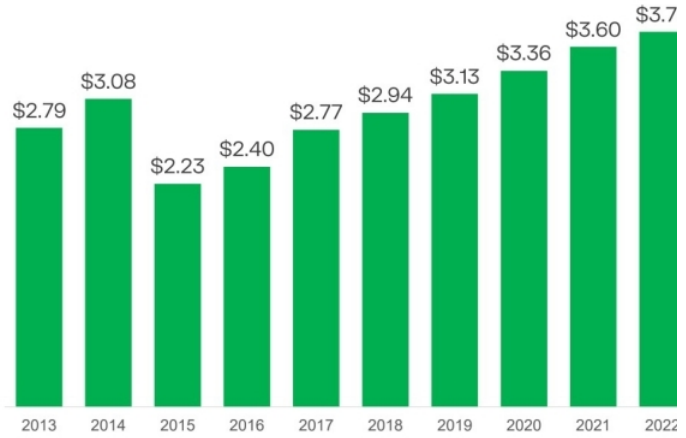
Global fraud losses have accelerated along with the total cost of fraud, highlighting the need for better security and authentication capabilities

Global Credit & Debit Card Fraud¹

In billions



Total Cost of Each Dollar of Fraud Losses²



¹Source: Nilson Report: 2022
²Source: LexisNexis Risk Solutions

Passwordless Authentication Market Revenue Worldwide

The market is large and projected to grow rapidly over the coming years as consumers and businesses look for methods to secure their identities and assets through biometrics, PINs, and security tokens

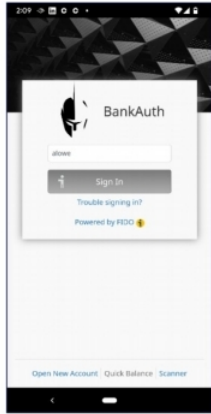
In billions



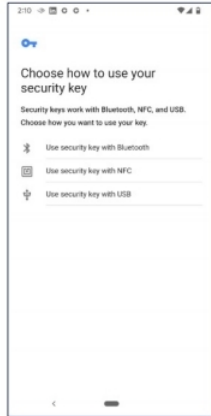
Source: Statista

Arculus Secure Authentication

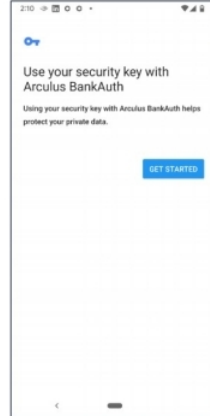
Provides passwordless login and/or step-up verification



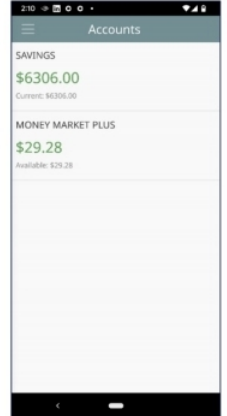
Simply tap an Arculus-powered card for secure log-in



Easy set-up process for FIDO2 compatible app

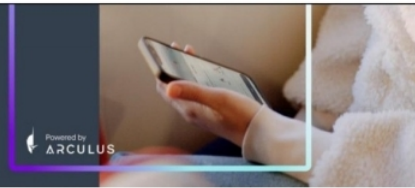


Secure NFC connection

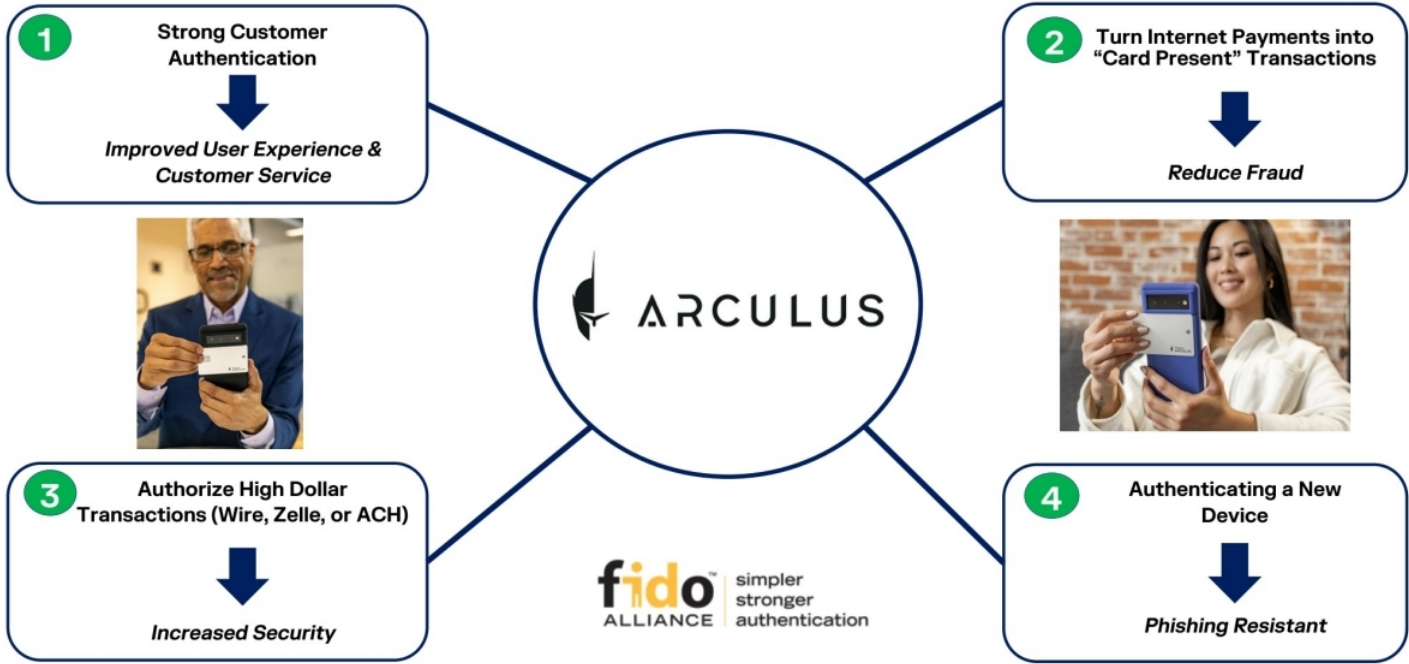


Can be used for step-up authentication

Multi-factor authentication solutions for your customers with our premium metal card technology.



Critical Use Cases to Penetrate Passwordless Authentication Market



The Arculus Platform Offers a Broad Range of Security & Authentication Solutions for B2B & B2C

Secure Authentication Card



Digital Asset Cold Storage Card



Payment (Credit/Debit) + Secure Authentication Card



Payment (Credit/Debit) + Digital Asset Cold Storage Card



Company Highlights

Payment Card

Rocket Mortgage

H-E-B

UMB

Xapo

Papara

Ness Well

Arculus

CHAINGE

COINZOOM

NBC BANQ

INBESTGO

Partnerships

Expanded Token Support

CONSENSUS 2023

Finovate Europe

Conferences

Consumer Cold Storage Int'l Expansion

Education Campaign



Financial Overview



Q1 2023 Results

	Q1 '23	Q1 '22	% Change	Commentary
Net Sales	\$95.3mm	\$84.2mm	13%	Strong sales execution and continued demand for premium payment cards
Gross Margin	56%	58%	(194 bps)	Higher materials costs in-line with expectation of the mid-50s
Net Income	\$10.7mm	\$26.9mm	(60%)	\$13.4mm Q1 '23 change in fair value of warrant, earnout consideration, & derivatives liability driven by stock price improvement
Adjusted EBITDA ¹	\$35.5mm	\$33.3mm	6%	Excludes Q1 '23 \$13.4mm net decrease from re-valuation of earnout & warrant Q1 '23 includes (\$4.5mm) net impact from Arculus investment
Adjusted EBITDA Margin ¹	37%	40%	(239 bps)	

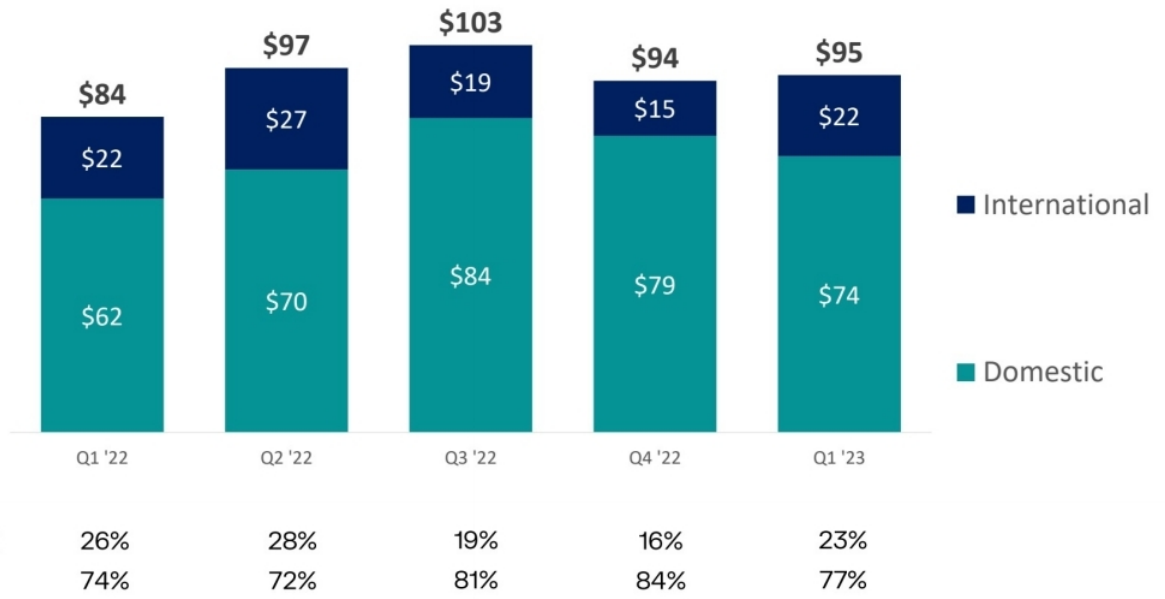


¹Adjusted EBITDA is a non-GAAP financial metric. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

Net Sales Trend

International mix returned to mid-20 percent mix which is in line with long range view of business

In millions



Earnings per Share: GAAP

	Three months ended 3/31/23		Three months ended 3/31/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$10.7mm	\$10.7mm	\$26.9mm	\$26.9mm
Net Income used in EPS	\$2.3mm ¹	\$10.7mm ²	\$3.4mm ³	\$3.4mm ³
Total Shares used in EPS	17.6mm	94.7mm	14.9mm	14.9mm
Earnings per Share	\$0.13	\$0.11	\$0.23	\$0.23

Source: Company Financials

¹23.5% of Net Income of \$10.7mm plus 100% of C-Corp Costs of \$0.2mm

²23.5% of Net Income of \$10.7mm plus 100% of C-Corp Costs of \$0.2mm plus dilutive securities of \$8.4mm

³19.6% of Net Income of \$26.9mm less 100% of C-Corp Costs of \$2.3mm



Adjusted Earnings per Share

	Three months ended 3/31/23		Three months ended 3/31/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$10.7mm	\$10.7mm	\$26.9mm	\$26.9mm
Adjusted Net Income	\$20.6mm ¹	\$20.6mm ¹	\$20.4mm ²	\$20.4mm ²
Total Shares used in EPS	77.6mm ³	89.8mm ⁴	76.1mm ³	88.5mm ⁵
Adjusted EPS ⁶	\$0.27	\$0.23	\$0.27	\$0.23

Source: Company Financials

¹ GAAP Net Income of \$10.7mm less Additional Tax Provision of \$6.8mm plus Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$16.8mm

² GAAP Net Income of \$26.9mm less Additional Tax Provision of \$4.9mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$1.7mm

³ Outstanding Class A plus Class B Shares

⁴ Outstanding Class A plus Class B Shares plus 8.1mm Public and Private Warrants (Converted Using Treasury Stock Method) and 4.1mm dilutive equity awards

⁵ Outstanding Class A plus Class B Shares plus 8.1mm Public and Private Warrants (Converted Using Treasury Stock Method) and 4.3mm dilutive equity awards

⁶ 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



2023 Guidance

Reaffirming full year net sales and adjusted EBITDA guidance

	2023E	2022
Net Sales	\$400mm - \$425mm	\$378mm
<i>B/(W) vs. '22</i>	<i>+6% / +12%</i>	
Adjusted EBITDA¹	\$145mm - \$155mm	\$136mm
<i>B/(W) vs. '22</i>	<i>+7% / +14%</i>	



¹Adjusted 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

Strategic Priorities

A leader in Metal Payment Cards, Security, Storage, and Authentication Technology

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

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

Enhance Arculus capabilities (blockchain support, payment card integration, & channel expansion) to drive adoption across key B2B verticals given demand for multi-factor authentication security solutions

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

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



Investor Relations Contact

ir.composesecure.com

Sean Mansouri
720-330-2829
ir@composesecure.com



Appendix



CompoSecure, Inc. (Nasdaq: CMPO)

Summary Equity Capitalization Table (with net exercise model)

As of March 31, 2023

Current Enterprise Value is \$952mm¹

Holders	# of Shares Issued & Outstanding	# of Shares Issued & Outstanding
Public Shareholders (including PIPE & Sponsor): Class A	18.4mm	18.4mm
Historic CompoSecure Owners: Class B	59.9mm	59.9mm
Subtotal	78.3mm	78.3mm
Holders	# of Shares Reserved for Immediately Exercisable In-The-Money Options	# of Shares Reserved for Immediately Exercisable In-The-Money Options (assuming net exercise) ²
Merger Rollover Options	3.9mm	3.3mm
Total	82.2mm	81.6mm
Convertible Instruments	# of Shares Reserved for Conversion	# of Shares Reserved for Conversion (assuming net exercise)
Public Warrantheolders ³	11.6mm	4.2mm
Roman Sponsor Warrantheolders ³	10.8mm	3.9mm
Exchangeable Noteholders ⁴	11.3mm	11.3mm
Grand Total	115.9mm	101.0mm

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

¹ Includes Net Debt of \$210mm + Convertible of \$130mm. Equity of 81.6mm shares @ \$7.50 price/share as of market close 4/28

² Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

³ Assumes treasury stock method, \$11.50 strike price, & valuation at assumed FMV of \$18.00

⁴ Assumes \$11.50 strike price with redemption (at company's discretion) after three years if FMV exceeds \$14.95



Balance Sheet

(Unaudited)

(\$mm)	Q1 2023A	Q4 2022A
Assets		
Current Assets		
Cash & cash equivalents	\$23	\$14
Accounts receivable, net	39	37
Inventories	51	42
Prepaid expenses and other Current assets	4	4
Total Current Assets	117	97
Property and equipment, net	24	23
Deferred tax assets	28	26
Other assets	16	18
Total assets	\$186	\$163
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$15	\$7
Accrued expenses	12	10
Other current liabilities	10	13
Current portion of long-term debt	19	14
Total Current Liabilities	57	45
Long-term debt, net of deferred finance costs	212	216
Line of credit	0	0
Convertible Debt, net of debt discount	128	128
Other liabilities	80	66
Total Liabilities	\$477	\$455
Stockholders' Equity	(291)	(292)
Total Liabilities and Stockholders' equity	\$186	\$163

Source: Company Financials

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



Statement of Operations

(Unaudited)

(\$mm)	Q1 2023A	Q1 2022A
Revenue		
Net Sales	\$95	\$84
Cost of Sales	(42)	(35)
Gross Profit	\$53	\$49
Operating Expenses		
Selling, general and administrative	(24)	(19)
Income from operations	\$29	\$30
Other expense		
Other income (expense), net	(19)	(3)
Net Income	\$11	\$27

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



Statement of Cash Flows

(Unaudited)

(\$mm)	Q1 2023A	Q1 2022A
Cash flows from operating activities		
Net income	\$11	\$27
Depreciation	2	2
Equity compensation expense	4	1
Amortization of deferred finance costs	1	1
Change in fair value of earnout, warrant and derivative	13	(2)
Accounts receivable	(2)	(11)
Accounts payable	8	(2)
Inventories	(9)	(1)
Prepaid expenses and other assets	(0)	(4)
Deferred tax expense (benefit)	(2)	1
Other liabilities	(3)	(2)
Accrued expenses	2	3
Net cash provided by operating activities	\$25	\$12
Cash flows from investing activities		
Acquisition of property and equipment	(4)	(1)
Net cash used in investing activities	(\$4)	(\$1)
Cash flows from financing activities		
Proceeds from term loan	0	10
Payment of Tax receivable agreement liability	0	0
Payments for taxes related to net share settlement of equity awards	(2)	0
Payment of term loan	(0)	(3)
Issuance cost related to business combination	0	(24)
Tax Distribution to members	(10)	0
Net cash used in financing activities	(\$12)	(\$17)
Net increase (decrease) cash, cash equivalents and restricted cash	9	(6)
Cash, cash equivalents and restricted cash, beginning of year	\$14	\$22
Cash, cash equivalents and restricted cash, end of year	\$23	\$15
Supplementary disclosure of cash flow information		
Cash paid during the year for interest	5	5
Derivative asset - interest rate swap	7	4

Source: Company financials

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



Non-GAAP Adjusted EBITDA Reconciliation

(Unaudited)

\$mm	Q1 2023A	Q1 2022A
Net Income	\$11	\$27
Interest Expense	6	5
Depreciation and Amortization	2	2
Taxes	-1	1
Unadjusted EBITDA	\$18	\$35
1 Non-Cash Stock Comp Expense	4	1
2 Mark-to-market Adjustments	13	-2
Total EBITDA Adjustments	\$17	(\$1)
Adjusted EBITDA	\$35	\$33
Adjusted EBITDA %	37%	40%

1 Non-Cash Stock Option Expense: Non-cash stock option 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 derivative assets.



Source: Company financials

Non-GAAP EPS Reconciliation

(Unaudited)

(\$mm)	Three months ended 3/31/2023		Three months ended 3/31/2022	
	BASIC	DILUTED	BASIC	DILUTED
GAAP Net Income	\$10.7	\$10.7	\$26.9	\$26.9
Adjust for Tax Provision	-1.3	-1.3	0.5	0.5
Tax Provision	-5.6	-5.6	-5.4	-5.4
Tax Adjusted Net Income	\$3.9	\$3.9	\$22.0	\$22.0
Fair Value and Stock Based Compensation Adjustment	\$16.8	\$16.8	-\$1.7	-\$1.7
Total Adjusted Net Income	\$20.6	\$20.6	\$20.4	\$20.4
Class A + Class B Shares	77.6	77.6	76.1	76.1
Public & Private Warrants ¹	-	8.1	-	8.1
Dilutive Equity Awards ²	-	4.1	-	4.3
Total Shares	77.6	89.8	76.1	88.5
EPS	\$0.27	\$0.23	\$0.27	\$0.23



Source: Company financials

¹ Assumes treasury stock method, valuation at assumed FMV of \$18.00

² Includes options, RSUs, and ESPP shares