

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 6, 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 2.02 Results of Operation and Financial Condition

On May 6, 2024, the CompoSecure, Inc. (the "Company") issued a press release announcing its financial results for the three months ended March 31, 2024, and provided an investor presentation to accompany the press release. The press release and business presentation provide business updates, including the declaration of a special cash dividend of \$0.30 per share to the Company's Class A stockholders and an accompanying distribution of \$0.30 per share to Class B unitholders of the Company's subsidiary, CompoSecure Holdings, L.L.C. The total amount of cash to be disbursed to Class A stockholders and Class B unitholders is expected to be approximately \$24.2 million. Both the special cash dividend and the distribution will be paid on June 11, 2024 to Class A stockholders and Class B unitholders of record as of May 20, 2024. 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 6, 2024
99.2	Investor Presentation, dated May 6, 2024
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: May 6, 2024

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

**CompoSecure Reports Record First Quarter 2024 Financial Results and Declares Special Cash Dividend**

Q1 Net Sales up 9% to \$104.0 Million; Q1 Net Income up 59% to \$17.1 Million; Q1 Adjusted EBITDA up 6% to \$37.8 Million

Declares Special Cash Dividend of \$0.30 per Share

SOMERSET, N.J., May 6, 2024 -- [CompoSecure, Inc.](#) (Nasdaq: CMPO), a leader in metal payment cards, security, and authentication solutions, today announced its operating results for the first quarter ended March 31, 2024.

"We are off to a strong start in 2024 as we generated a record quarter of revenue, driven by continued momentum in our domestic business," said Jon Wilk, President and CEO of CompoSecure. "We were excited to see several high-profile customer programs that garnered significant attention in the marketplace including a new, limited edition version of a payment card made from a recycled airplane and the Robinhood Gold Card. CompoSecure continues to generate meaningful free cash flow and ended the quarter with a cash balance of \$55 million, which has more than doubled from one year ago."

Mr. Wilk continued, "Given the Company's robust cash position, our Board of Directors has declared a special cash dividend of \$0.30 per share. This announcement reflects our commitment to rewarding CompoSecure shareholders as well as our confidence in continuing to generate strong free cash flow. We are pleased to incorporate another avenue for enhancing shareholder value into our capital allocation framework, which now encompasses organic growth investments, debt paydowns, securities repurchases, and consideration of additional dividends."

Q1 2024 Financial Highlights (vs. Q1 2023)

- **Net Sales:** Net Sales increased 9% to \$104.0 million compared to \$95.3 million. The increase was primarily driven by a record quarter for CompoSecure's metal payment card business.
- **Gross Profit:** Gross Profit increased 3% to \$55.2 million or 53.1% of Net Sales, compared to \$53.4 million or 56.0% of Net Sales. The decrease in gross margin was primarily due to inflationary pressure on wages as well as product mix.
- **Net Income/EPS:** Net Income increased 59% to \$17.1 million compared to \$10.7 million. The increase was primarily driven by higher net sales and changes to the fair value of warrant liabilities, earnout consideration liability and derivative liability. Net Income per share attributable to class A shareholders was \$0.20 (Basic) and \$0.17 (Diluted), compared to \$0.13 (Basic) and \$0.11 (Diluted) in the year-ago period.
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) increased 12% to \$23.1 million compared to \$20.6 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 \$0.25 (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 \$37.8 million compared to \$35.5 million, with the increase driven by higher Net Sales.

Liquidity and Capital Structure

- **Balance Sheet:** At March 31, 2024, CompoSecure had \$55.1 million of cash and cash equivalents and \$335.6 million of total debt, which included \$205.6 million of term loan, and \$130.0 million of exchangeable notes. This compares to cash and cash equivalents of \$41.2 million and total debt of \$340.3 million at December 31, 2023, and cash and cash equivalents of \$22.6 million and total debt of \$362.8 million at March 31, 2023. CompoSecure's secured debt leverage ratio was 1.34x at March 31, 2024 compared to 1.39x at December 31, 2023 and 1.60x at March 31, 2023.
 - **Shares Outstanding:** At March 31, 2024, CompoSecure had 80.6 million shares outstanding which included 20.6 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 SEC filings and the accompanying earnings presentation).
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Operational Highlights

- Strong domestic growth demonstrated by 26% increase in Net Sales compared to Q1 2023.
- Several high-profile customer card programs launched this quarter, including a new limited edition version of the Delta Reserve card made from a recycled airplane, the Robinhood Gold Card, Lloyds Bank in the UK, and Rogers Bank in Canada, among others.
- Product highlights:
 - o Echo Mirror Card now available in black and gold, in addition to silver
 - o Arculus Cold Storage multi-card/wallet support, allowing customer to split assets among multiple Arculus cards
 - o Arculus Cold Storage support for additional blockchains including XDC, Provenance, and Stellar as well as Ondo tokens and Polygon NFTs
- CompoSecure Leadership recognition:
 - o Tim Fitzsimmons, CFO, NJBIZ Leaders in Finance Award
 - o Greg Maes, COO, finalist, 2024 Manufacturing Leadership Awards

Special Cash Dividend

CompoSecure's Board of Directors (the "Board") has declared a special cash dividend of \$0.30 per share to Class A shareholders. The Company has also declared a corresponding distribution of \$0.30 per share to Class B unitholders of CompoSecure Holdings, L.L.C. Both the dividend and distribution will be payable on June 11, 2024 to Class A shareholders and Class B unitholders of record as of May 20, 2024 and will be funded by cash on the Company's balance sheet. The total amount of cash disbursed to Class A shareholders and Class B unitholders is expected to be approximately \$24.2 million. The Board may consider future special and recurring dividends and distribution payments in accordance with the Company's governance documents and borrowing arrangements.

2024 Financial Outlook

CompoSecure is reiterating its previously issued full year 2024 guidance, which calls for Net Sales for the full year to range between \$408-\$428 million and adjusted EBITDA to range between \$147-\$157 million.

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: Monday, May 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, fintech's 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 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 timing and amount of the special cash dividend; 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.

Corporate Contact

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Investor Relations Contact

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

	March 31, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 55,146	\$ 41,216
Accounts receivable, net	35,110	40,488
Inventories	55,197	52,540
Prepaid expenses and other current assets	5,252	5,133
Property and equipment, net	24,604	25,212
Right of use assets, net	6,964	7,473
Deferred tax asset	25,529	23,697
Derivative asset - interest rate swap	5,745	5,258
Deposits and other assets	24	24
TOTAL ASSETS	\$ 213,571	\$ 201,041
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 4,747	\$ 5,193
Accrued expenses	13,473	11,986
Commission payable	5,442	4,429
Bonus payable	3,405	5,616
Current portion of long-term debt	11,875	10,313
Current portion of lease liabilities	1,988	1,948
Current portion of tax receivable agreement liability	1,425	1,425
Long-term debt, net of deferred finance costs	192,299	198,331
Convertible notes, net of debt discount	127,959	127,832
Derivative liability - convertible notes redemption make-whole provision	722	425
Warrant liability	15,691	8,294
Earnout consideration liability	2,312	853
Lease liabilities, operating	5,655	6,220
Tax receivable agreement liability	23,949	23,949
Total stockholders' (deficit)	(197,371)	(205,773)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 213,571	\$ 201,041

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

	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 104,010	\$ 95,316
Operating expenses:		
Cost of sales	48,797	41,962
Selling, General and administrative	24,077	23,944
Total operating expenses	72,874	65,906
Income from operations	31,136	29,410
Total other (expense), net	(14,899)	(19,936)
Income before income taxes	16,237	9,474
Income tax benefit	836	1,263
Net income	17,073	10,737
Net income attributable to non-controlling interests	13,048	8,408
Net income attributable to CompoSecure, Inc	4,025	2,329
Net income per share attributable to Class A common stockholders - basic	\$ 0.20	\$ 0.13
Net income per share attributable to Class A common stockholders - diluted	\$ 0.17	\$ 0.11
Weighted average shares used to compute net income per share attributable to Class A common stockholders - basic (in thousands)	20,567	17,632
Weighted average shares used to compute net income per share attributable to Class A common stockholders - diluted (in thousands)	96,235	94,736

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

	Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 17,073	\$ 10,737
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,221	2,040
Stock-based compensation expense	4,397	4,022
Amortization of deferred finance costs	345	559
Change in fair value of earnout consideration liability	1,459	1,973
Revaluation of warrant liability	7,397	10,759
Change in fair value of derivative liability	297	708
Deferred tax (benefit) expense	(1,867)	(2,034)
Changes in assets and liabilities		
Accounts receivable	5,378	(1,915)
Inventories	(2,657)	(8,901)
Prepaid expenses and other assets	(119)	(373)
Accounts payable	(446)	8,367
Accrued expenses	1,486	2,069
Other liabilities	(1,213)	(3,114)
Net cash provided by operating activities	33,751	24,897
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,613)	(3,666)
Net cash used in investing activities	(1,613)	(3,666)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from employee stock purchase plan and exercise of equity awards	107	146
Payments for taxes related to net share settlement of equity awards	(3,476)	(2,409)
Payment of term loan	(4,688)	(330)
Distributions	(10,151)	(9,714)
Net cash used in financing activities	(18,208)	(12,307)
Net increase (decrease) in cash and cash equivalents	13,930	8,924
Cash and cash equivalents, beginning of period	41,216	13,642
Cash and cash equivalents, end of period	\$ 55,146	\$ 22,566
Supplementary disclosure of cash flow information		
Cash paid for interest expense	4,175	4,567
Supplemental disclosure of non-cash financing activity:		
Derivative asset - interest rate swap	452	(1,649)

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

	Three Months Ended March 31,			
	2024		2023	
Net income	\$	17,073	\$	10,737
Add:				
Depreciation		2,221		2,040
Interest expense, net (1)		5,746		6,496
Income tax benefit		(836)		(1,263)
EBITDA	\$	24,204	\$	18,010
Stock-based compensation		4,397		4,022
Mark to market adjustments (2)		9,153		13,440
Adjusted EBITDA	\$	<u>37,754</u>	\$	<u>35,472</u>

(1) Includes amortization of deferred financing cost for the three months ended March 31, 2024 and 2023, respectively.

(2) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability for the three months ended March 31, 2024 and 2023, respectively

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

	Three Months Ended March 31,	
	2024	2023
	(in thousands) except per share amounts	
Basic and Diluted:		
Net income	\$ 17,073	\$ 10,737
Less: benefit for income taxes	(836)	(1,263)
Income before Income taxes	16,237	9,474
Income tax expense (1)	(6,405)	(5,581)
Adjusted net income before adjustments	9,832	3,893
Add: mark-to-market adjustments (2)	8,856	12,732
Add: stock-based compensation	4,397	4,022
Adjusted net income	\$ 23,085	\$ 20,647
Common shares outstanding used in computing earnings per share, basic: Class A and Class B common shares (3)	80,525	77,591
Common shares outstanding used in computing earnings per share, diluted: Warrants (Public and Private) (4)	8,094	8,094
Equity awards	2,710	4,145
Total Shares outstanding used in computing adjusted earnings per share - diluted	91,329	89,830
Adjusted net income per share- basic	\$ 0.29	\$ 0.27
Adjusted net income per share- diluted	\$ 0.25	\$ 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 2024 Earnings Presentation

May 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, 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/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, 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.

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: Q1 '24 vs. Q1 '23 increased 9% to a record \$104mm compared to \$95mm driven by strongest domestic quarter ever offset by lower international net sales

Adjusted EBITDA¹: Q1 '24 vs. Q1 '23 increased 6% to \$38mm compared to \$35mm driven by higher net sales

High-profile customer card programs launched this quarter including limited edition American Express Delta Reserve, Robinhood Gold Card, and variety of fintechs and international banks

Card issuers reported growth in Q1 '24 and have maintained a positive outlook for the year ahead, indicating continued investments in customer acquisition and retention due to sustained consumer demand

Given strong cash generation, the Board of Directors declared a special cash dividend of \$0.30 per share reflecting commitment to delivering value to stockholders as well as confidence in continuing to generate strong free cash flow

Reiterating guidance for full year 2024 net sales expected to be in the range of \$408mm to \$428mm and adjusted EBITDA of \$147mm to \$157mm



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

Key Highlights – New Metal Card Programs



Delta Reserve (Amex) - US



Robinhood - US



Lloyds Bank - UK



Citibanamex - Mexico



TP Bank - Vietnam



Rogers Bank - Canada



Bradesco (Amex) - Brazil



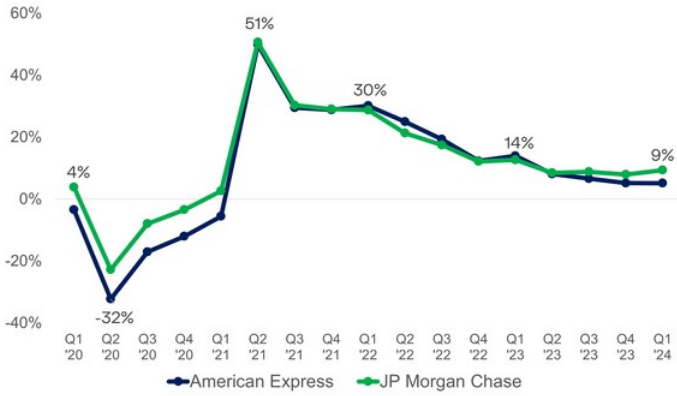
Atlas - US



Recent Trends across Payment Cards

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

Year over Year Purchase Volume Growth¹



American Express Hit 3.4mm New Cards in Q1 '24 Behind Robust Investments

New Card Acquisitions & Investment²



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

Card Issuer and Payment Network Sentiment



"We are pleased with this growth and continue to expect to exit the year with some further momentum reflecting our cycle of product refreshes. In the quarter, we acquired 3.4 million new cards, demonstrating the demand we are seeing for our products and the investments we've made. Importantly, acquisition of our premium fee-based products accounted for around 70% of new accounts and the spend revenue and credit profiles of our new card members continue to look strong.

On the marketing line, we increased investments to \$1.5 billion in the first quarter. We continue to be pleased with the strong, high-quality customer acquisition and engagement we see as a result of these actions, and we are on track to increase marketing spend in 2024 versus last year." – *Christophe Le Caillec (CFO)*¹

JPMORGAN CHASE & CO.

"Consumers remain financially healthy, supported by a resilient labor market. While cash buffers have largely normalized, balances are still above pre-pandemic levels and wages are keeping pace with inflation. When looking at a stable cohort of customers, overall spend is in line with the prior year." – *Jeremy Barnum (CFO)*¹



"Total company marketing expense of about \$1 billion for the quarter was up 13% year over year. Total company marketing drives growth and builds franchise in our Domestic Card and Consumer Banking businesses and builds and leverages the value of our brand. Our choices in Domestic Card are the biggest driver of total company marketing. We continue to see attractive growth opportunities in our Domestic Card business. Our opportunities are enhanced by our technology transformation. Our marketing continues to deliver strong new account growth across the domestic Card business..We continue to lean into marketing to drive resilient growth and enhance our Domestic Card franchise." – *Rich Fairbank (CEO)*¹



"There is a very long runway ahead and I remain excited about Visa's future growth opportunity in consumer payments. We continue to capture that growth by delivering innovative and secure payment solutions for buyers and sellers, including new credentials and issuance, tap-to-pay and e-commerce." – *Ryan McInerney (CEO)*



¹Q1 '24 Earnings Transcripts
²Q2 '24 Earnings Transcript

Arculus Capabilities

The Arculus Cold Storage wallet has recently launched multi-card/wallet support allowing customers to split assets among multiple cards

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 Overview



Q1 2024 Results

	Q1 '24	Q1 '23	% Change	Commentary
Net Sales	\$104.0mm	\$95.3mm	9%	Record domestic quarter offset by lower international sales
Gross Margin	53.1%	56.0%	(289 bps)	The decrease was primarily due to inflationary pressure on wages as well as product mix
Net Income	\$17.1mm	\$10.7mm	59%	Includes \$4.3mm positive benefit when comparing Q1 '24 vs. Q1 '23 from re-valuation of warrant, earnout consideration, & derivatives liability driven by change in stock price
Adjusted EBITDA¹	\$37.8mm	\$35.5mm	6%	Excludes net change from re-valuation of earnout & warrants Q1 '24 includes (\$1.8mm) net impact from Arculus investment
Adjusted EBITDA Margin¹	36.3%	37.2%	(92 bps)	

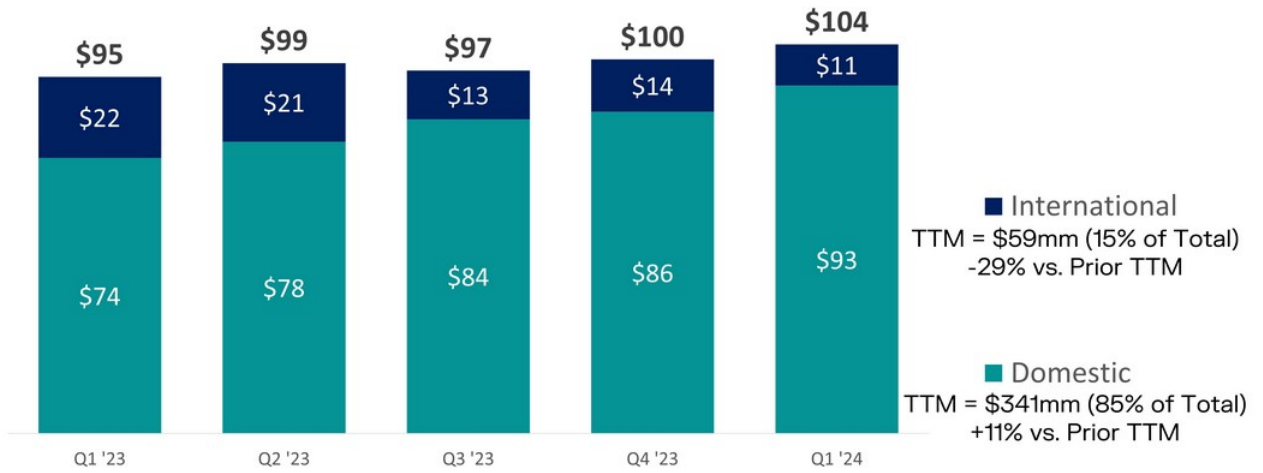


¹Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial metrics. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

Net Sales Trend

International mix for the trailing 12 months was 15% of total net sales, but is expected to increase in the balance of year to be more in line with long range view of business of approximately 20%

In millions



International	23%	21%	13%	14%	11%
Domestic	77%	79%	87%	86%	89%



Balance Sheet

(Unaudited)

(\$mm)	Q1 2024A	Q4 2023A
Assets		
Current Assets		
Cash & cash equivalents	\$55	\$41
Accounts receivable, net	35	40
Inventories	55	53
Prepaid expenses and other Current assets	5	5
Total Current Assets	150	139
Property and equipment, net	25	25
Deferred tax assets	26	24
Other assets	13	13
Total assets	\$214	\$201
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	\$5	\$5
Accrued expenses	13	12
Other current liabilities	12	14
Current portion of long-term debt	12	10
Total current liabilities	42	41
Long-term debt, net of deferred finance costs	192	198
Convertible Debt, net of debt discount	128	128
Other liabilities	49	40
Total liabilities	\$411	\$407
Members' Equity	(197)	(206)
Total liabilities and members' equity	\$214	\$201

Source: Company financials

Note: Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended March 31, 2024 and December 31, 2023 respectively



Statement of Cash Flows

(Unaudited)

(\$mm)	Q1 2024A	Q1 2023A
Cash flows from operating activities		
Net income	17	11
Depreciation	2	2
Equity based compensation	4	4
Amortization of deferred finance costs	1	1
Change in fair value of earnout, warrant and derivative	9	13
Accounts receivable	5	(2)
Accounts payable	0	8
Inventories	(3)	(9)
Prepaid expenses and other assets	0	0
Deferred tax expense (benefit)	(2)	(2)
Other liabilities	(1)	(3)
Accrued expenses	2	2
Net cash provided by operating activities	34	25
Cash flow from investing activities		
Acquisition of property and equipment	(2)	(4)
Net cash used in investing activities	(2)	(4)
Cash flow from financing activities		
Proceeds from employee stock purchase plan and exercise of equity awards	0	0
Payments for taxes related to net share settlement of equity awards	(3)	(2)
Payment of term loan	(5)	0
Tax distribution to members	(10)	(10)
Net cash used in financing activities	(18)	(12)
Net increase in cash and cash equivalents	14	9
Cash and cash equivalents, beginning of year	\$41	\$14
Cash and cash equivalents, end of year	\$55	\$23
Supplementary disclosure of cash flow information		
Cash paid during the year for interest	4	5
Non-cash, Derivative asset - interest rate swap	1	(2)

Source: Company financials

Note: Cash flows have been derived from CompoSecure's consolidated financial statements for the three months ended March 31, 2024 and 2023 respectively



Q1 Earnings per Share: GAAP

	Three months ended 3/31/24		Three months ended 3/31/23	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$17.1mm	\$17.1mm	\$10.7mm	\$10.7mm
Net Income used in EPS	\$4.0mm ¹	\$16.0mm ²	\$2.3mm	\$10.7mm
Total Shares used in EPS	20.6mm ³	96.2mm ⁴	17.6mm	94.7mm
Earnings per Share	\$0.20	\$0.17	\$0.13	\$0.11

Source: Company Financials

¹ 25.6% of net income of \$17.5mm of operating entities plus 100% of C-Corp net loss of \$0.5mm.

² 25.6% of net income of \$17.5mm of operating entities plus 100% of C-Corp net loss of \$0.5mm, plus exchangeable notes, equity awards and Class B shares of \$12.0mm

³ Weighted-average outstanding Class A Shares.

⁴ Outstanding Class A Shares 20.6mm plus equity awards 2.7mm, exchangeable notes 13.0mm and Class B units of 59.9mm



Q1 Adjusted Earnings per Share

	Three months ended 3/31/24		Three months ended 3/31/23	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$17.1mm	\$17.1mm	\$10.7mm	\$10.7mm
Adjusted Net Income	\$23.1mm ¹	\$23.1mm ¹	\$20.6mm ²	\$20.6mm ²
Total Shares used in EPS	80.5mm ³	91.3mm ⁴	77.6mm ³	89.8mm ⁵
Adjusted EPS ⁶	\$0.29	\$0.25	\$0.27	\$0.23

Source: Company Financials

¹ GAAP Net Income of \$17.1mm less Additional Tax Provision of \$7.2mm plus Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$13.2mm.

² GAAP Net Income of \$10.7mm less Additional Tax Provision of \$6.9mm plus Fair Value/Mark to Market Changes for Warrants and Earnouts and Equity Awards Adjustment of \$16.8mm.

³ Outstanding Class A plus Class B Shares.

⁴ Outstanding Class A plus Class B Shares plus 8.1mm Public Warrants (Converted Using Treasury Stock Method) and 2.7mm Equity Awards.

⁵ Outstanding Class A plus Class B Shares plus 8.1mm Public Warrants (Converted Using Treasury Stock Method) and 4.1mm 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.



2024 Guidance

Reaffirming full year net sales and adjusted EBITDA guidance

	2024F	2023A
Net Sales	\$408mm - \$428mm	\$391mm
<i>B/(W) vs. '23</i>	<i>+4% / +10%</i>	
Adjusted EBITDA¹	\$147mm - \$157mm	\$145mm
<i>B/(W) vs. '23</i>	<i>+1% / +8%</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

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



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Appendix



CompoSecure, Inc. (Nasdaq: CMPO)

Summary Equity Capitalization Table (with net exercise model)

As of March 31, 2024

Holders	# of Shares Issued & Outstanding	# of Shares Issued & Outstanding
Public Shareholders: Class A	20.6mm	20.6mm
Historic CompoSecure Owners: Class B	60.0mm	60.0mm
Subtotal	80.6mm	80.6mm
Holders	# of Shares Reserved for Immediately Exercisable In-The-Money Options	# of Shares Reserved for Immediately Exercisable In-The-Money Options (assuming net exercise) ¹
Merger Rollover Options	3.3mm	2.6mm
Subtotal	83.9mm	83.2mm
Convertible Instruments	# of Shares Reserved for Conversion	# of Shares Reserved for Conversion (assuming net exercise)
Public Warrants ²	22.4mm	8.1mm
Exchangeable Notes ³	11.3mm	11.3mm
Grand Total	117.6mm	102.6mm

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

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

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



Statement of Operations

(Unaudited)

(\$mm)	Q1 2024A	Q1 2023A	FY 2023A	FY 2022A
Revenue				
Net Sales	\$104	\$95	\$391	\$378
Cost of Sales	(49)	(42)	(182)	(159)
Gross Profit	\$55	\$53	\$209	\$220
Operating Expenses				
Selling, general and administrative	(24)	(24)	(90)	(105)
Income from operations	\$31	\$29	\$119	\$115
Other expense				
Other income (expense), net ¹	14	(18)	(6)	17
Net Income	\$17	\$11	\$113	\$132

Source: Company financials

Note: Operating results have been derived from CompoSecure's consolidated financial statements for the three months ended March 31, 2024 and 2023 and twelve months ended December 31, 2023 and 2022 respectively

Note: Totals may not sum due to rounding

¹ Includes other income (expense) and income tax (expense) benefit as presented in annual and interim financial statements



Non-GAAP Adjusted EBITDA Reconciliation

(Unaudited)

\$mm	Q1 2024A	Q1 2023A	FY 2023A	FY 2022A
Net Income	\$17.1	\$10.7	\$112.5	\$131.8
Interest Expense	5.7	6.5	24.1	22.5
Depreciation and Amortization	2.2	2.0	8.4	8.5
Tax benefit	(0.8)	(1.2)	4.6	4.4
Unadjusted EBITDA	\$24.2	\$18.0	\$149.6	\$167.2
1 Non-Cash Stock Comp Expense	4.4	4.0	17.5	11.5
2 Mark-to-market Adjustments	9.2	13.4	(22.1)	(42.5)
Total EBITDA Adjustments	13.6	17.4	(\$4.6)	(\$31.0)
Adjusted EBITDA	\$37.8	\$35.5	\$145.0	\$136.2
Adjusted EBITDA %	36.3%	37.2%	37.1%	35.9%

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

2 Non-Cash Mark-to-Market Adjustment:
Related to changes in fair value of liability for warrants, earnouts and derivative assets.



Source: Company financials

Non-GAAP EPS Reconciliation

(Unaudited)

(\$mm)	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	BASIC	DILUTED	BASIC	DILUTED
GAAP Net Income	\$17.1	\$17.1	\$10.7	\$10.7
Adjust for tax (benefit) expense	(0.8)	(0.8)	(1.2)	(1.2)
Tax Provision	(6.4)	(6.4)	(5.6)	(5.6)
Tax Adjusted Net Income	\$9.8	\$9.8	\$3.9	\$3.9
Stock Based Compensation and Fair Value Adjustment	\$13.2	\$13.2	\$16.7	\$16.7
Total Adjusted Net Income	\$23.1	\$23.1	\$20.6	\$20.6
Class A + Class B Shares	80.5	80.5	77.6	77.6
Public & Private Warrants ¹	-	8.1	-	8.1
Equity Awards ²	-	2.7	-	4.1
Total Shares	80.5	91.3	77.6	89.8
EPS	\$0.29	\$0.25	\$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