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**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): August 4, 2022**

**CompoSecure, Inc.**

**(Exact Name of Registrant as Specified in its Charter)**

<b>Delaware</b> <b>(State or Other Jurisdiction of Incorporation)</b>	<b>001-39687</b> <b>(Commission File Number)</b>	<b>85-2749902</b> <b>(IRS Employer Identification No.)</b>
<b>309 Pierce Street Somerset, New Jersey (Address of Principal Executive Offices)</b>		<b>08873</b> <b>(Zip Code)</b>

**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:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
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**Class A Common Stock, \$0.0001 par value  
Redeemable warrants, each whole warrant  
exercisable for one share of Class A Common  
Stock**

**CMPO  
CMPOW**

**Nasdaq Global Market  
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.

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

On August 4, 2022, CompoSecure, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended June 30, 2022 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

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release of the Company, dated August 4, 2022</u></a>
<a href="#"><u>99.2</u></a>	<a href="#"><u>Investor Presentation, dated August 2022</u></a>
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

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

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**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: August 4, 2022

By: /s/Timothy Fitzsimmons

Timothy Fitzsimmons  
Chief Financial Officer

**Exhibit 99.1****CompoSecure, Inc. Announces Record Second Quarter 2022 Financial Results and Raises 2022 Guidance**

- Second quarter Net Sales of \$97.2 million, up 54.9% year-over-year
- Second quarter Net Income of \$60.7 million, up 182.4% year-over-year
- Second quarter Adjusted EBITDA of \$39.7 million, up 45.2% year-over-year
- Arculus named most Innovative Cold Storage Wallet by ABI Research
- Raises 2022 full year fiscal guidance

**Somerset, NJ – August 4, 2022** – CompoSecure, Inc. (Nasdaq: CMPO), a leader in payment, security, and authentication solutions, today announced financial results for the second quarter ended June 30, 2022.

Jon Wilk, CompoSecure's President and CEO commented, "We had an outstanding quarter, and I am proud that we have achieved record results through strong sales execution, deep customer relationships, and international expansion. Looking ahead, we expect continued growth in our metal payment card business driven by both new customers and expansion of business from our existing base. In addition, we believe that we will benefit from ongoing card issuer trends such as the robust demand for travel and entertainment spending, and the high demand for premium metal card products."

He continued, "Current challenges in the digital asset market, including crypto exchanges freezing or limiting withdrawals, are driving an increased need for consumers to control their private keys, and we are encouraged by recent partnerships for security, authentication, and cold storage leveraging our Arculus platform. At the same time, this market cycle has created uncertainty in timing for our anticipated Arculus ramp up since some of our partners and targets have been impacted. As we have stated, we continue to be thoughtful about how we are running the business and remain focused on margins while simultaneously managing our investments to capture long-term value for our shareholders. We are confident that our Arculus platform is well positioned to meet the current and anticipated needs of the market."

Mr. Wilk added, "We have delivered exceptional results through the first half of the year while navigating a dynamic environment. Given our performance and continued confidence in the strength of our sales pipeline, we are raising our 2022 full fiscal year guidance."

**Second Quarter 2022 Financial Highlights**

- **Net Sales:** Net Sales for the second quarter of 2022 were \$97.2 million, up 54.9 % compared to \$62.7 million in the second quarter of 2021, and grew 15.0% sequentially from the first quarter of 2022



- **Net Income:** Net Income for the second quarter of 2022 was \$60.7 million compared to a net income of \$21.5 million in the second quarter of 2021.
- **Adjusted EBITDA:** Adjusted EBITDA for the second quarter of 2022 was \$39.7 million, compared to \$27.3 million for the second quarter of 2021, up 45.2% year over year.
- **Gross Profit/Margin:** Gross Profit for the second quarter of 2022 was \$58.9 million, compared to \$35.1 million for the second quarter of 2021. Gross margin for the second quarter of 2022 was 60.6%, compared to 56.0% for the second quarter of 2021.
- **Earnings Per Share:** Net Income Per Share attributable to Class A common stockholders for the second quarter of 2022 was \$.56 per share (basic) and \$.52 per share (diluted).
- **Change in EPS Accounting Policy:** Adopted alternative method under U.S. GAAP for calculating basic and diluted EPS by allocating changes in fair value adjustments of mark-to-market instruments among the public company and operating subsidiaries to better reflect the actual economic impact of conversion of such instruments on net income on a per share basis.

## Second Quarter 2022 Highlights

- Record Net Sales driven by strong sales execution, new customers and expansion of business from existing base.
- Strong international growth with second quarter international Net Sales of \$27.1 million, 71.0% higher than second quarter of 2021 due to expansion of international sales team, distributor growth, and demand for premium payment cards in international markets.
- Arculus ranked as the most innovative Cold Storage Wallet by ABI Research and included as one of the top three leaders for storing cryptocurrency and other digital assets.
- InBestGo, a Latin American based fintech, has selected CompoSecure to launch a metal credit card that combines premium payment card technology and best-in-class digital authentication; Separately, InBestGo to white label the Arculus cold storage wallet, giving their users the option to securely custody their own keys for their digital assets.

## Financial Outlook

- **Full Year 2022 Guidance:** The Company is raising its full fiscal year 2022 guidance. For the full year 2022 the Company now expects Net Sales to be in the range of \$355mm to \$380mm (up from \$336mm to \$376mm) and full year 2022 Adjusted EBITDA guidance to be in the range of \$110mm to \$120mm (up from \$100mm to \$110mm).

## Conference Call and Webcast

CompoSecure will host a webcast and simultaneous conference call today at 5:00 p.m. Eastern Time to review the Company's financial results for the second quarter ended June 30, 2022. To access the webcast, please register at [CompoSecure Q1 Earnings Webcast](#). You may also [register to access via a conference call](#). A live webcast of the conference call will be accessible from the Investors section of our website at <https://ir.composecure.com/news-events/events>.

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## About CompoSecure

Founded in 2000, CompoSecure (Nasdaq: CMPO) is a technology partner to market leaders, fintechs and consumers enabling trust for millions of people around the globe. The company combines elegance, simplicity and security to deliver exceptional experiences and peace of mind in the physical and digital world. CompoSecure's innovative payment card technology and metal cards with Arculus security and authentication capabilities deliver unique, premium branded experiences, enable people to access and use their financial and digital assets, and ensure trust at the point of a transaction. For more information, please visit [www.composecure.com](http://www.composecure.com) and [www.GetArculus.com](http://www.GetArculus.com).

## Forward-Looking Statements

This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although 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 outcome of any legal proceedings that may be instituted against the Company or others; the impacts of the ongoing COVID-19 pandemic; 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 conditions (including the rapidly evolving conflict between Russia and the Ukraine), business, and/or competitive factors; future exchange and interest rates; and other risks and uncertainties included under "Risk Factors" in other Company 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.

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## 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 and Adjusted EBITDA 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. 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 and Adjusted EBITDA should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA and Adjusted EBITDA 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 and Adjusted EBITDA for the quarters and years ended June 30, 2022 and June 30, 2021.

### Contacts:

Anthony Piniella  
Head of Communications, CompoSecure  
Phone: 908.898.8887  
Email: [ir@composecure.com](mailto:ir@composecure.com)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 97,199	\$ 62,743	\$ 181,382	\$ 126,465
Operating expenses:				
Cost of sales	38,347	27,633	73,771	57,039
Selling, General and administrative	<u>24,431</u>	<u>10,739</u>	<u>43,209</u>	<u>18,796</u>
Total operating expenses	<u>62,778</u>	<u>38,372</u>	<u>116,980</u>	<u>75,835</u>
Income from operations	34,421	24,371	64,402	50,630
Total other income (expense), net	<u>29,039</u>	<u>(2,891)</u>	<u>26,509</u>	<u>(5,928)</u>
Income before income taxes	<u>63,460</u>	<u>21,480</u>	<u>90,911</u>	<u>44,702</u>
Income tax provision	<u>(2,802)</u>	<u>-</u>	<u>(3,345)</u>	<u>-</u>
Net income	<u>60,658</u>	<u>21,480</u>	<u>87,566</u>	<u>44,702</u>
Net income attributable to non-controlling interests	<u>52,184</u>	<u>-</u>	<u>75,628</u>	<u>-</u>
Net income attributable to CompoSecure, Inc	<u>\$ 8,474</u>	<u>\$ 21,480</u>	<u>\$ 11,938</u>	<u>\$ 44,702</u>
Net income per share attributable to Class A common stockholders - basic	\$ 0.56	n/a	\$ 0.80	n/a
Net income per share attributable to Class A common stockholders - diluted	\$ 0.52	n/a	\$ 0.75	n/a
Weighted average shares used to compute net income per share attributable to Class A common stockholders - basic	15,052	n/a	14,993	n/a
Weighted average shares used to compute net income per share attributable to Class A common stockholders - diluted	32,363	n/a	32,341	n/a

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

	Six Months Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 87,566	\$ 44,702
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,567	5,173
Equity-based compensation expense	4,020	784
Amortization of deferred finance costs	1,252	774
Change in fair value of earnout consideration liability	(19,041)	-
Revaluation of warrant liability	(18,041)	-
Change in fair value of derivative liability	61	-
Deferred tax expense	3,094	-
Changes in assets and liabilities		
Accounts receivable	(17,282)	(20,542)
Inventories	(2,938)	(192)
Prepaid expenses and other assets	(1,144)	(515)
Accounts payable	(201)	(1,600)
Deposits and other assets	-	(3,681)
Accrued expenses	10,262	2,125
Other liabilities	(782)	180
Net cash provided by operating activities	51,393	27,206
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(3,504)	(1,251)
Net cash used in investing activities	(3,504)	(1,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit	10,000	-
Payment of line of credit	-	(5,000)
Payment of teen loan	(16,878)	(12,000)
Distributions	(25,731)	(14,602)
Payment of issuance cost related to business combination	(23,833)	-
Net cash used in financing activities	(56,442)	(31,602)
Net decrease in cash and cash equivalents	(8,553)	(5,647)
Cash and cash equivalents, beginning of period	21,944	13,422
Cash and cash equivalents, end of period	\$ 13,391	\$ 7,775
Supplementary disclosure of cash flow information		
Cash paid for interest expense	\$ 9,638	\$ 5,136
Supplemental disclosure of non-cash financing activity:		
Derivative asset - interest rate swap	\$ 5,590	\$ -

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	(unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,391	\$ 21,944
Accounts Receivable, net	45,208	27,925
Inventories	28,743	25,806
Prepaid expenses and other current assets	3,740	2,596
Property and equipment, net	21,114	22,177
Right of use asset, net	9,286	5,246
Deferred tax asset	24,777	25,650
Derivative asset - interest rate swap	5,590	-
Deposits and other assets	10	10
<b>TOTAL ASSETS</b>	<b>\$ 151,859</b>	<b>\$ 131,354</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current portion of long-term debt	\$ 4,997	12,500
Current portion of lease liabilities	1,664	1,119
Accounts payable	6,857	7,058
Accrued expenses	23,482	13,220
Deferred issuance costs	-	23,107
Bonus payable	2,676	3,512
Long-term debt, net of deferred finance costs	224,787	233,132
Convertible notes, net of debt discount	127,119	126,897
Derivative liability - convertible notes	613	552
Warrant liability	17,230	35,271
Line of credit	25,000	15,000
Earnout liability	19,386	38,427
Lease liabilities	8,257	4,709
Tax receivable agreement liability	24,897	24,500
Total stockholders' (deficit)	(335,106)	(407,650)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 151,859</b>	<b>\$ 131,354</b>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$ 60,658	\$ 21,481	\$ 87,566	\$ 44,703
Add:				
Depreciation	2,217	2,587	4,567	5,173
Interest expense, net	5,547	2,891	10,513	5,928
Taxes	2,802	-	3,345	-
EBITDA	\$ 71,224	\$ 26,959	\$ 105,991	\$ 55,804
Equity compensation expense	3,014	343	4,020	784
Mark to market adjustments (1)	(34,586)	-	(37,021)	-
Adjusted EBITDA	\$ 39,652	\$ 27,302	\$ 72,990	\$ 56,588

(1) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability for the quarter and year ended June 30, 2022.

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**Exhibit 99.2**



## Q2 2022 EARNINGS PRESENTATION

August 4, 2022



## 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 outcome of any legal proceedings that may be instituted against the Company or others; the impacts of the ongoing COVID-19 pandemic; 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 uncertain business, macroeconomic or political conditions (including the rapidly evolving conflict between Russia and the Ukraine), business, and/or competitive factors; future exchange and interest rates; and other risks and uncertainties included under "Risk Factors" in other Company 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.

### Non-GAAP Financial Measures

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### 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 – Q2 2022

Net Sales of \$97mm, 55% higher than Q2 '21 driven by continued strong sales execution, deep customer relationships, and growth across both domestic (+50%) and international (+71%)

Adjusted EBITDA<sup>1</sup> of \$40mm, 45% higher than Q2 '21 due to net sales momentum and a constant focus on process improvement

Current challenges in the digital asset market, including crypto exchanges freezing or limiting withdrawals, are driving an increased need for consumers to control their private keys, and we are encouraged by recent partnerships for security, authentication, and cold storage leveraging our Arculus platform

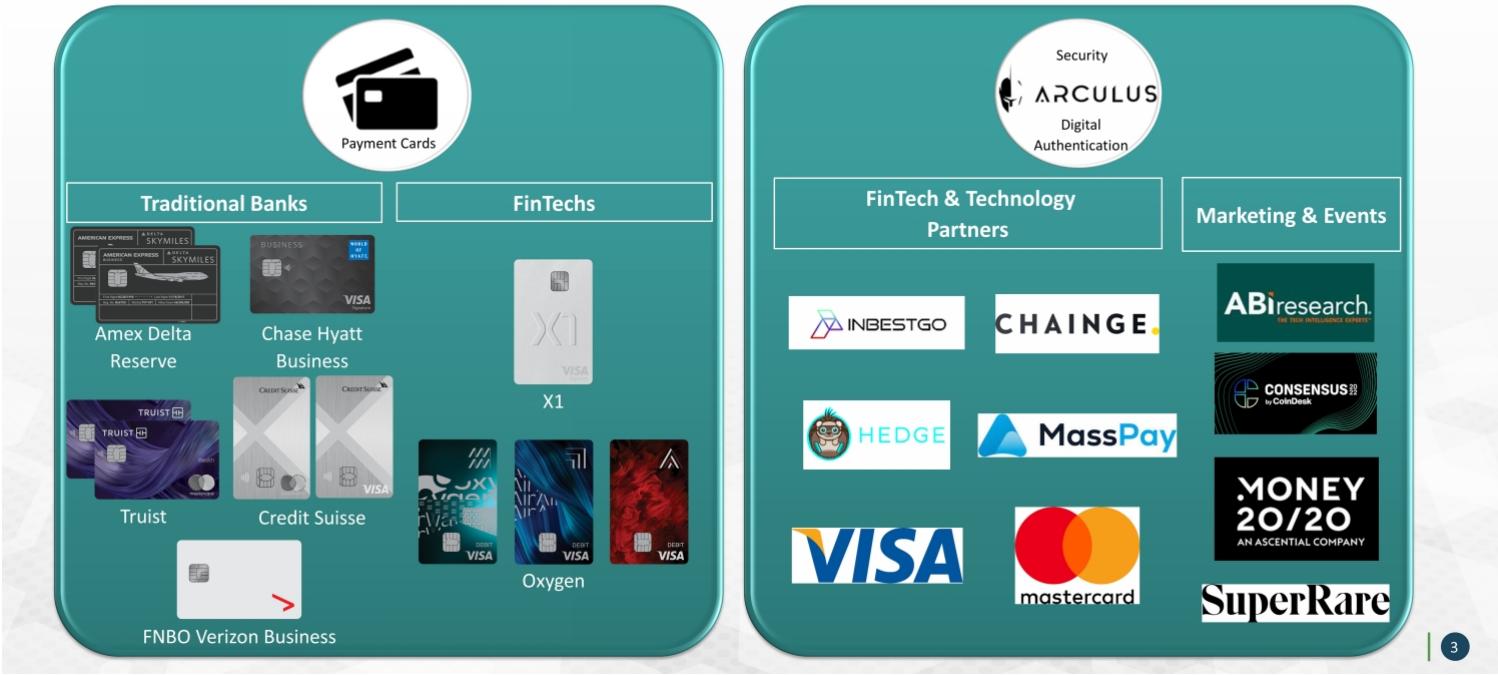
This market cycle has created uncertainty in timing for our Arculus ramp up since some of our partners and targets have been impacted, but we remain focused on margins and managing investments to capture long-term value for our shareholders and are confident that the Arculus platform will deliver against market needs

Raising 2022 full year guidance; now expect Net Sales to be in the range of \$355mm to \$380mm (up from \$336mm to \$376mm) and Adjusted EBITDA<sup>1</sup> to be in the range of \$110mm to \$120mm (up from \$100mm to \$110mm)

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

## Company Highlights

CompoSecure is driving strong partnership momentum across the payment card and Arculus ecosystems

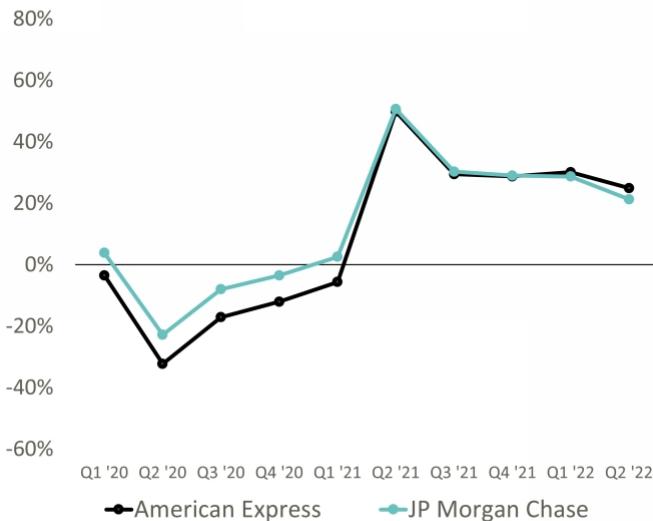


## Positive Trends & Momentum across Payment Cards

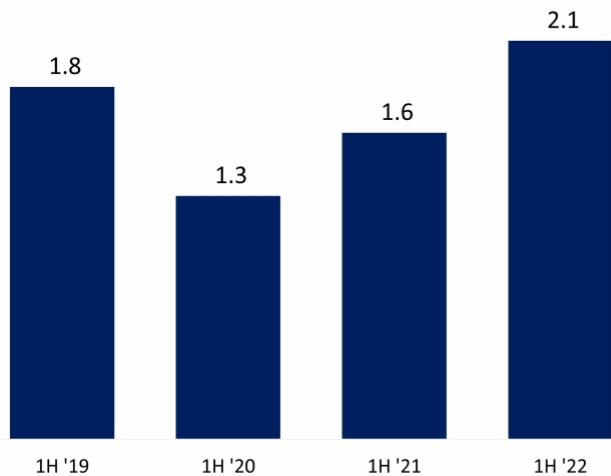
CompoSecure's Largest Customers Continue to Report Strong Growth after Pandemic Slowdown

"Banks Spend Big to Boost Credit-Card Sign-Ups, Defying Recession Fears"<sup>2</sup>

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



### US Credit Card Solicitations (B)<sup>3</sup>



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

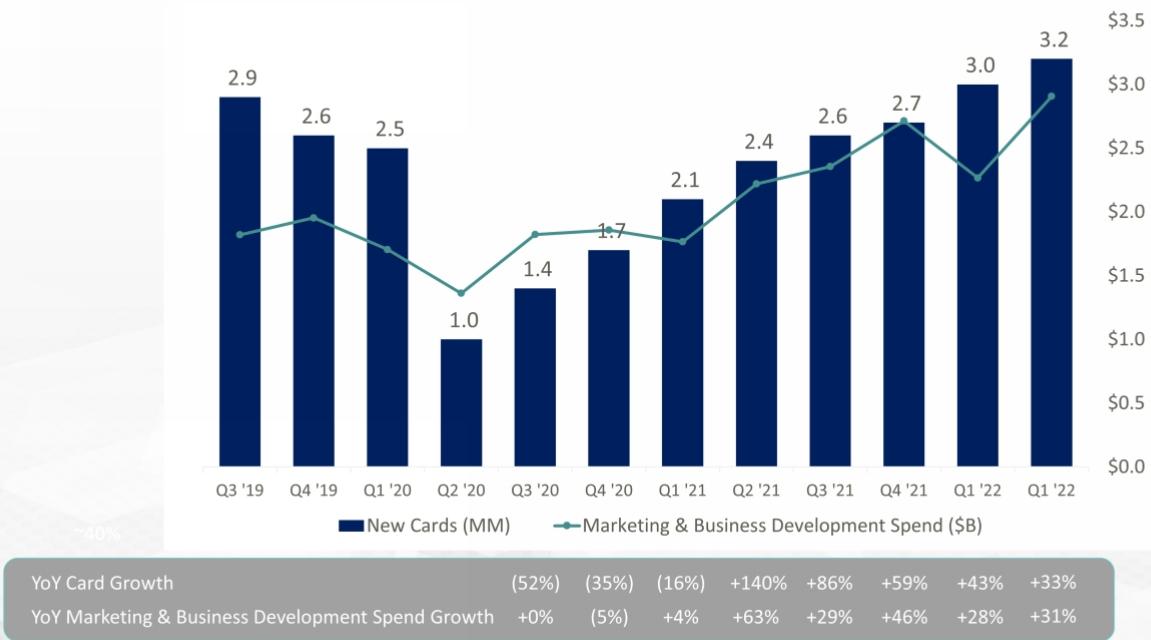
<sup>2</sup> Wall Street Journal – 8/2/22

<sup>3</sup> Mintel Comperemedia – Note: Data are Estimates

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## Positive Trends & Momentum across Payment Cards

American Express continues to report strong card acquisition numbers and investment to grow the business



YoY Card Growth

(52%) (35%) (16%) +140% +86% +59% +43% +33%

YoY Marketing & Business Development Spend Growth

+0% (5%) +4% +63% +29% +46% +28% +31%

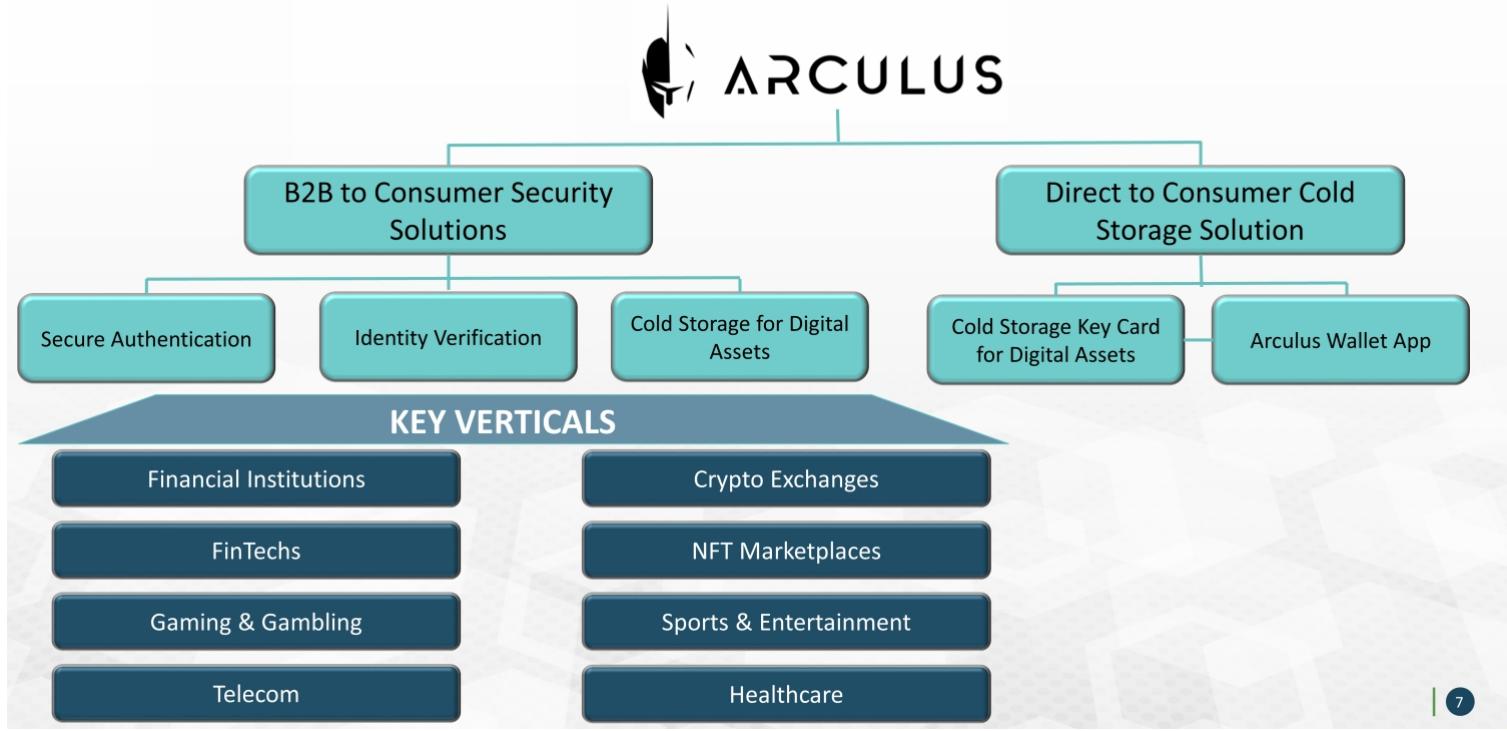
Source: American Express Earnings Presentations

5

## ABI Research Projects Strong Metal Payment Cards Growth to Continue as Traditional Banks and FinTechs Look to Differentiate their Premium Offerings



## The Arculus Platform Offers a Broad Range of Security & Authentication Solutions Targeting a Variety of Verticals



## Payment, Security, & Authentication Solutions

### CORE OFFERING

#### Payment Card



Available Now

#### Digital Asset Cold Storage Card



Available Now

#### Secure Authentication Card



Available Now

### HYBRID PRODUCTS

#### Payment + Secure Authentication Card



Available Now

#### Digital Asset Cold Storage + Secure Authentication Card



Expected Available Q3 '22

#### Payment + Digital Asset Cold Storage Card



Expected Available Q4 '22

#### Payment + Digital Asset Cold Storage + Secure Authentication Card



Expected Available 2023

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## Crypto Winter Drives Consumer Need for Enhanced Protection of Digital Assets

 coinbase

"Coinbase warns customers they may lose crypto if company goes bankrupt"<sup>1</sup>

 finblox

"Finblox withdrawal restrictions trigger concerns from the community"<sup>3</sup>

 HOO

"Hong Kong crypto platforms freeze accounts as turmoil deepens"<sup>5</sup>

 CoinDCX

"CoinDCX freezes cryptocurrency withdrawals causing panic among investors"<sup>7</sup>

 CoinLoan

"CoinLoan is the latest to limit user withdrawals"<sup>9</sup>

May 11

June 13

June 17

June 17

June 20

June 23

June 24

July 4

July 5

July 6

"Big crypto lender Celsius freezes all account withdrawals"<sup>2</sup>

"Crypto lender Babel Finance freezes all account withdrawals"<sup>4</sup>

"CoinFlex latest crypto exchange on withdrawal freeze"<sup>6</sup>

"Keys lost in the Vault: Singapore crypto exchange freezes withdrawals"<sup>8</sup>

"Crypto broker Voyager Digital files for bankruptcy as industry falters"<sup>10</sup>

 Celsius

 BABEL FINANCE

 CoinFLEX

 VAULD

 VOYAGER

<sup>1</sup> New York Post

<sup>2</sup> The Wall Street Journal

<sup>3</sup> CoinTelegraph

<sup>4</sup> The Wall Street Journal

<sup>5</sup> Nikkei Asia

<sup>6</sup> Yahoo Finance

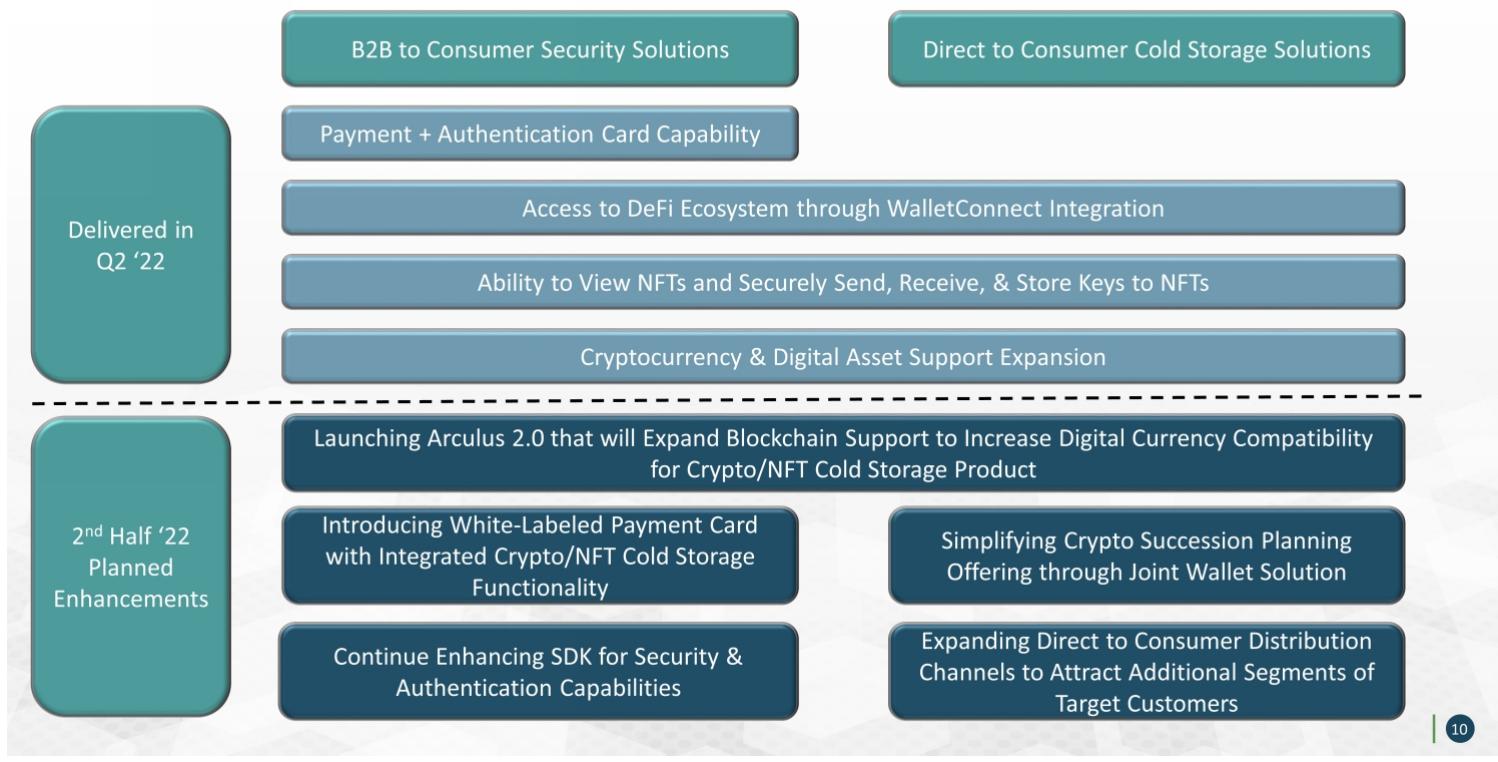
<sup>7</sup> ET Now

<sup>8</sup> CoinTelegraph

<sup>9</sup> Coin Desk

<sup>10</sup> The Washington Post

## Arculus Capability Roadmap



## Arculus Well Positioned for Growth

1 Current Challenges in the Digital Asset Market Drive an Increased Need for Consumers to Control their Private Keys

2 We are Encouraged by Recent Partnerships for Security, Authentication, and Cold Storage Leveraging our Arculus Platform

3 This Market Cycle has Created Uncertainty in Timing for Anticipated Arculus Ramp Up since some Partners and Targets have been Impacted

4 Remain Focused on Margins while Simultaneously Managing our Investments to Capture Long-Term Value for Shareholders

5 Confident that our Arculus Platform is Well Positioned to Meet the Current & Anticipated Needs of the Market



## Q2 2022 Results

	Q2 '22	Q2 '21	% Change	Commentary
<b>Net Sales</b>	\$97mm	\$63mm	55%	Increased momentum across domestic & international
<b>Gross Margin</b>	61%	56%	459bps	Process efficiencies mitigating increasing supply chain costs
<b>Net Income</b>	\$61mm	\$21mm	182%	\$35mm increase from re-valuation of earnout & warrants
<b>Adjusted EBITDA<sup>1</sup></b>	\$40mm	\$27mm	45%	Excludes \$35mm increase from re-valuation of earnout & warrants
<b>Adjusted EBITDA Margin<sup>1</sup></b>	41%	43%	(272 bps)	Includes (~\$7mm) net impact from Arculus investment

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

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## June YTD 2022 Results

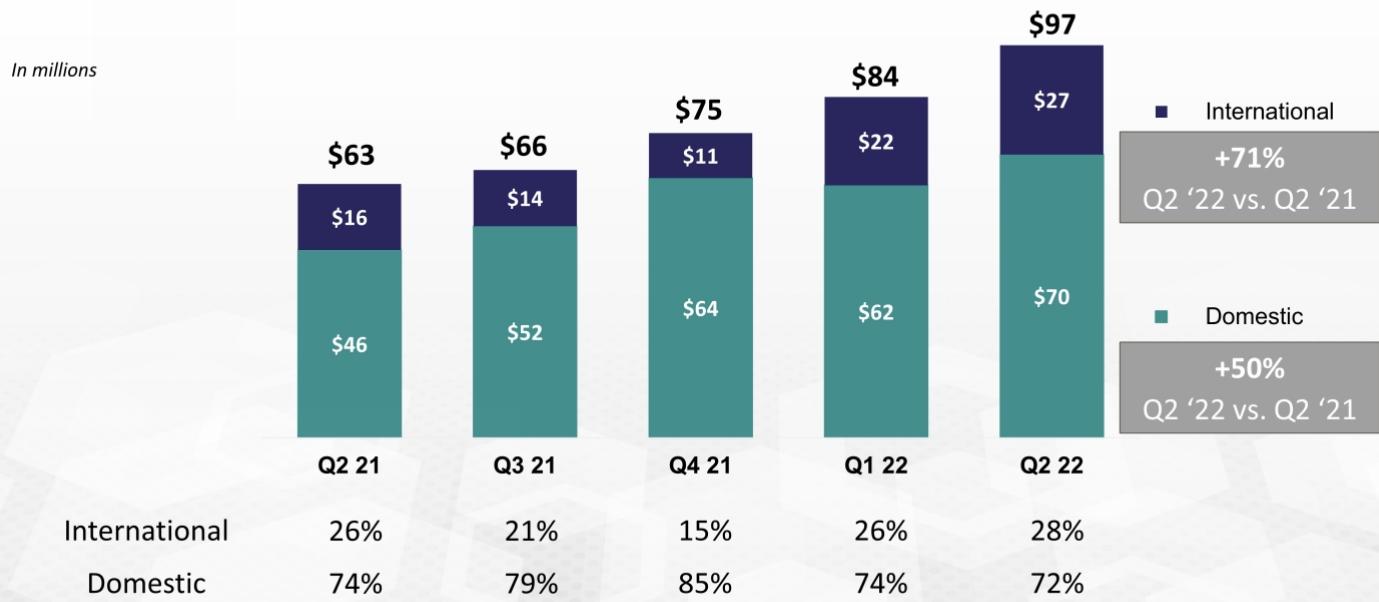
	1H '22	1H '21	% Change	Commentary
<b>Net Sales</b>	\$181mm	\$127mm	43%	Increased momentum across traditional banks & FinTechs
<b>Gross Margin</b>	59%	55%	443bps	Process efficiencies mitigating increasing supply chain costs
<b>Net Income</b>	\$88mm	\$45mm	96%	\$37mm increase from re-valuation of earnout & warrants
<b>Adjusted EBITDA<sup>1</sup></b>	\$73mm	\$57mm	29%	Excludes \$37mm increase from re-valuation of earnout & warrants
<b>Adjusted EBITDA Margin<sup>1</sup></b>	40%	45%	(450 bps)	Includes (~\$10mm) net impact from Arculus investment

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

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## Net Sales Trend

Domestic and international are both contributing to CompoSecure's growth



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## Earnings per Share: GAAP

	Three months ended 6/30/22		Six months ended 6/30/22	
	Basic	Diluted	Basic	Diluted
<b>GAAP Net Income</b>	\$61mm	\$61mm	\$88mm	\$88mm
<b>Net Income used in EPS</b>	\$8mm <sup>1</sup>	\$17mm <sup>2</sup>	\$12mm <sup>3</sup>	\$24mm <sup>4</sup>
<b>% of Total Net Income</b>	14.0%	27.5%	13.6%	27.6%
<b>Total Shares used in EPS</b>	15mm <sup>5</sup>	32mm <sup>6</sup>	15mm <sup>5</sup>	32mm <sup>6</sup>
<b>Earnings per Share</b>	\$0.56	\$0.52	\$0.80	\$0.75

Source: Company Financials

<sup>1</sup> 19.9% of Operating Net Income of \$65.1mm less 100% of C-Corp Costs of \$4.5mm<sup>2</sup> 34.7% of Operating Net Income of \$65.1mm less 100% of C-Corp Costs of \$4.5mm less Interest on Dilutive Convertible Debt of \$0.8mm<sup>3</sup> 19.9% of Operating Net Income of \$94.4mm less 100% of C-Corp Costs of \$6.8mm<sup>4</sup> 34.7% of Operating Net Income of \$94.4mm less 100% of C-Corp Costs of \$6.8mm less Interest on Dilutive Convertible Debt of \$1.6mm<sup>5</sup> Weighted Average Class A Shares of 15.1mm<sup>6</sup> Weighted Average Class A Shares of 15.1mm plus 4.3mm Outstanding Options (Assuming Exercise Net of Strike Price) plus 13.0mm Shares from Convertible Debt Conversion

## Earnings per Share: Non-GAAP

	Three months ended 6/30/22		Six months ended 6/30/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$61mm	\$61mm	\$88mm	\$88mm
Net Income Adjusted for Fair Value & Stock Based Comp	\$25mm <sup>1</sup>	\$25mm <sup>1</sup>	\$46mm <sup>2</sup>	\$46mm <sup>2</sup>
% of Total Net Income	100.0%	100.0%	100.0%	100.0%
Total Shares used in EPS	76mm <sup>3</sup>	88mm <sup>4</sup>	76mm <sup>3</sup>	88mm <sup>4</sup>
Non-GAAP Earnings per Share <sup>5</sup>	\$0.33	\$0.29	\$0.60	\$0.52

Source: Company Financials

<sup>1</sup> GAAP Net Income of \$60.7mm less Additional Tax Provision of \$3.9mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$31.4mm<sup>2</sup> GAAP Net Income of \$87.6mm less Additional Tax Provision of \$8.9mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$33.1mm<sup>3</sup> Outstanding Class A plus Class B Shares<sup>4</sup> Outstanding Class A plus Class B Shares plus 8.1mm Public and Private Warrants (Converted Using Treasury Stock Method) and 4.3mm Options (Assuming Exercise Net of Strike Price)<sup>5</sup> Non-GAAP EPS is a non-GAAP financial measure. For reconciliation of Non-GAAP EPS to the most directly comparable measure prepared in accordance with GAAP, please see the Appendix

## 2022 Guidance

Increasing full year net sales and adjusted EBITDA guidance

Updated 2022E

Prior 2022E

2021

**Net Sales**

\$355mm - \$380mm

\$336mm - \$376mm

\$268mm

*B/(W) vs. Prior '22E*      *+\$19MM / +\$4mm*

*B/(W) vs. '21*      *+32% / +42%*

**Adjusted EBITDA<sup>1</sup>**

\$110mm - \$120mm

\$100mm - \$110mm

\$102mm

*B/(W) vs. Prior '22E*      *+\$10mm / +\$10mm*

*B/(W) vs. '21*      *+7% / +17%*

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

## Strategic Priorities

### 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

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908-898-8887  
[ir@composecure.com](mailto:ir@composecure.com)





## APPENDIX

## Environmental Initiatives

CompoSecure continues to implement environmental projects across the manufacturing process



1<sup>st</sup> Metal Card Manufacturer to Receive ICMA EcoLabel Standard Program

Achieved ISO 14001 Certifications

Obtained Certification for UL's Environmental Claim Validation Program

Carbon Neutral in June 2022

Evaluating New Equipment to Reduce Water Consumption in Q3 2022

Continuing Waste Recycling Process

Use of Recycled Material - Stainless Steel (65%)

Investigating Recycled Polymers

# CompoSecure, Inc. (Nasdaq: CMPO)

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

As of June 30, 2022

**Enterprise Value at de-SPAC was \$1,179mm<sup>1</sup> and the current Enterprise Value is \$861mm<sup>2</sup>**

<b>Holders</b>	<b># of Shares Issued &amp; Outstanding</b>	<b># of Shares Issued &amp; Outstanding</b>
Public Shareholders & PIPE Investors (Class A)	9.3mm	9.3mm
Roman Sponsor (Class A)	5.8mm	5.8mm
Historic CompoSecure Owners (Class B)	61.0mm	61.0mm
<b>Subtotal</b>	<b>76.1mm</b>	<b>76.1mm</b>
<b>Holders</b>	<b># of Shares Reserved for Immediately Exercisable In-The-Money Options</b>	<b># of Shares Reserved for Immediately Exercisable In-The-Money Options (assuming net exercise)<sup>3</sup></b>
Merger Rollover Options	5.1mm	4.6mm
<b>Total</b>	<b>81.2mm</b>	<b>80.7mm</b>
<b>Convertible Instruments</b>	<b># of Shares Reserved for Conversion</b>	<b># of Shares Reserved for Conversion (assuming net exercise)</b>
Public Warrantholders <sup>4</sup>	11.6mm	4.2mm
Roman Sponsor Warrantholders <sup>4</sup>	10.8mm	3.9mm
Exchangeable Noteholders	11.3mm	11.3mm
<b>Grand Total</b>	<b>115.0mm</b>	<b>100.1mm</b>

Notes: The table above excludes shares which may be issued in the future for contingent "earnout", equity incentive plan, employee stock purchase plan, and 401K plan

<sup>1</sup> Includes Net Debt of \$243mm + Convertible of \$130mm. Equity of 80.6mm shares @ \$10.00 price/share

<sup>2</sup> Includes Net Debt of \$237mm + Convertible of \$130mm. Equity of 80.7mm shares @ \$6.13 price/share as of market close 8/3/22

<sup>3</sup> Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

<sup>4</sup> Assumes treasury stock method, valuation at assumed FMV of \$18.00

## Balance Sheets (Unaudited)

	(\$mm)	Q2 2022A	Q4 2021
<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents	\$13.4	\$21.9	
Accounts receivable, net	45.2	27.9	
Inventories	28.7	25.8	
Prepaid expenses and other Current assets	3.7	2.6	
<b>Total Current Assets</b>	<b>91.1</b>	<b>78.3</b>	
Property and equipment, net	21.1	22.2	
Deferred tax assets	24.8	25.7	
Other assets	14.9	5.3	
<b>Total Assets</b>	<b>\$151.9</b>	<b>\$131.4</b>	
<b>Liabilities and Stockholders Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$6.9	\$7.1	
Accrued expenses	26.2	39.8	
Other current liabilities	1.7	1.1	
Current portion of long-term debt	5.0	12.5	
<b>Total Current Liabilities</b>	<b>39.7</b>	<b>60.5</b>	
Long-term debt, net of deferred finance costs	224.8	233.1	
Line of credit	25.0	15.0	
Convertible Debt, net of debt discount	127.7	127.4	
Other liabilities	69.8	102.9	
<b>Total Liabilities</b>	<b>\$487.0</b>	<b>\$539.0</b>	
Stockholders Equity	(335.1)	(407.6)	
<b>Total Liabilities and Stockholders Equity</b>	<b>\$151.9</b>	<b>\$131.4</b>	

Source: Company financials

Note: Financial position has been derived from CompoSecure's consolidated financial statements for the quarters ended June 30, 2022 and December 31, 2021 respectively.

## Statements of Operations (Unaudited)

(\$mm)	YTD Jun 2022A	YTD Jun 2021A
<b>Revenue</b>		
<b>Net Sales</b>	<b>\$181.4</b>	<b>\$126.5</b>
Cost of Sales	(73.8)	(57.0)
<b>Gross Profit</b>	<b>\$107.6</b>	<b>\$69.4</b>
<b>Operating Expenses</b>		
Selling, general and administrative	(43.2)	(18.8)
<b>Income from operations</b>	<b>\$64.4</b>	<b>\$50.6</b>
<b>Other expense</b>		
Other income (expense), net	23.2	(5.9)
<b>Net Income</b>	<b>\$87.6</b>	<b>\$44.7</b>

Source: Company financials

Note: Operating results have been derived from CompoSecure's consolidated financial statements for the quarters ended June 30, 2022 and 2021 respectively

## Statements of Cash Flows (Unaudited)

(\$mm)	YTD Jun 2022A	YTD Jun 2021A
<b>Cash flows from operating activities</b>		
Net income	\$87.6	\$44.7
Depreciation	4.6	5.2
Equity compensation expense	4.0	0.8
Inventory reserve	0.0	0.0
Amortization of deferred finance costs	1.3	0.8
Warrant Liability Revaluation	(18.0)	0.0
Earnout Revaluation	(19.0)	0.0
Accounts receivable	(17.3)	(20.5)
Inventories	(2.9)	(0.2)
Prepaid expenses and other assets	(1.1)	(0.5)
Other liabilities	2.2	(5.1)
Accrued expenses	10.3	2.1
<b>Net cash provided by operating activities</b>	<b>\$51.4</b>	<b>\$27.2</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(3.5)	(1.3)
<b>Net cash used in investing activities</b>	<b>(\$3.5)</b>	<b>(\$1.3)</b>
<b>Cash flows from financing activities</b>		
Business combination and PIPE financing		
Proceeds from line of credit	10.0	
Payment of line of credit		(5.0)
Proceeds from term loan		
Payment of term loan	(16.9)	(12.0)
Distributions		
Deferred finance costs related to debt origination		
Issuance cost related to business combination	(23.8)	
Tax Distribution to members	(25.7)	(14.6)
<b>Net cash used in financing activities</b>	<b>(\$56.4)</b>	<b>(\$31.6)</b>
<b>Net increase (decrease) cash, cash equivalents and restricted cash</b>	<b>(8.6)</b>	<b>(5.6)</b>
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	<b>\$21.9</b>	<b>\$13.4</b>
<b>Cash, cash equivalents and restricted cash, end of year</b>	<b>\$13.4</b>	<b>\$7.8</b>
<b>Supplementary disclosure of cash flow information</b>		
Cash paid during the year for interest	9.6	5.1
Derivative asset - interest rate swap	5.6	

Source: Company financials

Note: Cash flows have been derived from CompoSecure's consolidated financial statements for the quarters ended June 30, 2022 and 2021 respectively

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## Non-GAAP Adjusted EBITDA Reconciliation (Unaudited)

\$mm	Q2 2022A	Q2 2021A	YTD Jun 2022A	YTD Jun 2021A
Net Income	\$60.7	\$21.5	\$87.6	\$44.7
Interest Expense	5.5	2.9	10.5	5.9
Depreciation and Amortization	2.2	2.6	4.6	5.2
Taxes	2.8		3.3	
<b>Unadjusted EBITDA</b>	<b>\$71.2</b>	<b>\$27.0</b>	<b>\$106.0</b>	<b>\$55.8</b>
<b>1 Non-Cash Stock Comp Expense</b>	<b>3.0</b>	<b>0.3</b>	<b>4.0</b>	<b>0.8</b>
<b>2 Mark to Market Adjustments</b>	<b>-34.6</b>		<b>-37.0</b>	
<b>Total EBITDA Adjustments</b>	<b>(\$31.6)</b>	<b>\$0.3</b>	<b>(\$33.0)</b>	<b>\$0.8</b>
<b>Adjusted EBITDA</b>	<b>\$39.7</b>	<b>\$27.3</b>	<b>\$73.0</b>	<b>\$56.6</b>
<b>Adjusted EBITDA %</b>	<b>40.8%</b>	<b>43.5%</b>	<b>40.2%</b>	<b>44.7%</b>

Source: Company financials

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## Non-GAAP EPS Reconciliation (Unaudited)

(\$mm)	<u>Three months ended 6/30/2022</u>		<u>Six months ended 6/30/2022</u>	
	<u>BASIC</u>	<u>DILUTED</u>	<u>BASIC</u>	<u>DILUTED</u>
GAAP Net Income	\$60.7	\$60.7	\$87.6	\$87.6
Add back tax provision	2.8	2.8	3.3	3.3
Tax Provision on 100% of Taxable Income	-6.7	-6.7	-12.2	-12.2
<b>Adjusted Net Income</b>	<b>\$56.8</b>	<b>\$56.8</b>	<b>\$78.7</b>	<b>\$78.7</b>
Fair Value and Stock Based Compensation Adjustment	-\$31.4	-\$31.4	-\$33.1	-\$33.1
<b>Adjusted Net Income</b>	<b>\$25.4</b>	<b>\$25.4</b>	<b>\$45.7</b>	<b>\$45.7</b>
Class A + Class B Shares	76.0	76.0	76.0	76.0
Public & Private Warrants <sup>1</sup>	-	8.1	-	8.1
Options <sup>2</sup>	-	4.3	-	4.3
<b>Total Shares</b>	<b>76.0</b>	<b>88.4</b>	<b>76.0</b>	<b>88.4</b>
<b>Non-GAAP EPS</b>	<b>\$0.33</b>	<b>\$0.29</b>	<b>\$0.60</b>	<b>\$0.52</b>

Source: Company financials

<sup>1</sup> Assumes treasury stock method, valuation at assumed FMV of \$18.00<sup>2</sup> Assumes exercise net of strike price, valuation at assumed FMV of \$10.00