

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): March 1, 2023

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 March 1, 2023, CompoSecure, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and fiscal year ended December 31, 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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of the Company, dated March 1, 2023
99.2	Investor Presentation, dated March 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: March 1, 2023

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



**CompoSecure Reports Record Full Year 2022 Financial Results
and Issues 2023 Outlook**

FY Net Sales up 41% to \$378.5 Million; FY Net Income up 58% to \$131.8 Million; FY Adj. EBITDA up 33% to \$136.2 Million

Q4 Net Sales up 25% to \$93.8 Million; Q4 Net Income up 12% to \$22.4 Million; Q4 Adj. EBITDA up 44% to \$30.6 Million

Expects 2023 Net Sales Between \$400-\$425 Million; Adj. EBITDA Between \$145-\$155 Million

SOMERSET, N.J., March 1, 2023 -- CompoSecure, Inc. (Nasdaq: CMPO), a leader in metal payment cards, security, and authentication solutions, today announced its financial and operating results for the fourth quarter and full year ended December 31, 2022.

“Our fourth quarter performance capped off a remarkable year for CompoSecure. For the full year 2022, we established records across all key financial metrics and demonstrated impressive domestic, international and fintech customer growth,” said Jon Wilk, President and CEO of CompoSecure. “Our ability to deliver these results despite the uncertain macroeconomic conditions speaks to the durability of our business driven by deep customer relationships, best-in-class products, and strong sales execution. Looking ahead, we are well positioned to continue driving organic growth, which is supported by positive card issuer trends. We also remain committed to prudent investments in product innovation across payment card and security technologies to deliver long term shareholder value.”

Full Year 2022 Financial Highlights (vs. FY 2021)

- **Net Sales:** Net Sales increased 41% to \$378.5 million compared to \$267.9 million.
- **Gross Profit:** Gross Profit increased 52% to \$219.6 million or 58% of Net Sales, compared to \$144.8 million or 54.1%.
- **Net Income/EPS:** Net Income increased 58% to \$131.8 million compared to \$83.4 million. Net Income per share attributable to class A common stockholders was \$1.21 (Basic) and \$1.13 (Diluted).
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) was \$83.0 million. Adjusted EPS (a non-GAAP measure), which includes both class A and class B shares, was \$1.10 (Basic) and \$0.94 (Diluted) (see reconciliation of non-GAAP measures shown in table below).

- **Adjusted EBITDA:** Adjusted EBITDA (a non-GAAP measure) increased 33% to \$136.2 million compared to \$102.3 million.
- **Balance Sheet:** As of December 31, 2022, the Company had \$13.6 million of cash and cash equivalents and \$363 million of total debt, which includes \$233 million of term loan, and \$130 million of exchangeable notes.
- **Shares Outstanding:** As of December 31, 2022, the Company had approximately 76.7 million shares outstanding which includes approximately 16.4 million class A shares and approximately 60.3 million class B shares (for more information on shares outstanding, both Basic and Diluted, please refer to the Company's 10-K and the accompanying earnings presentation).

Q4 2022 Financial Highlights (vs. Q4 2021)

- **Net Sales:** Net Sales increased 25% to \$93.8 million compared to \$75.3 million, with the increase primarily driven by strong sales execution, growth from new and existing programs, and continued international demand.
- **Gross Profit:** Gross Profit increased 28% to \$50.3 million or 53.6% of Net Sales, compared to \$39.3 million or 52.2%. The increase in Gross Profit and margin was primarily driven by improved operational efficiencies and volume.
- **Net Income/EPS:** Net Income increased 12% to \$22.4 million compared to \$20.0 million. Net Income per share attributable to class A common stockholders was \$0.14 (Basic) and \$0.14 (Diluted).
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) was \$17.7 million. Adjusted EPS (a non-GAAP measure), which includes both class A and class B shares, was \$0.23 (Basic) and \$0.20 (Diluted) (see reconciliation of non-GAAP measures shown in table below).
- **Adjusted EBITDA:** Adjusted EBITDA (a non-GAAP measure) increased 44% to \$30.6 million compared to \$21.2 million, with the increase primarily driven by Net Sales growth, margin expansion, as well as managing investments related to Arculus.

Recent Operational Highlights

- Enhanced security for cardholders:
 - Secure Authentication – received approval from Visa and Mastercard to add secure authentication to payment cards using FIDO2 technology and working on pilots with several customers.
 - Biometric Card – includes a fingerprint sensor on a metal payment card delivering enhanced security at the point of a transaction.
 - Dynamic CVV – converts the 3-digit CVV code from a static number printed on the back of the metal card to a tiny e-ink screen that refreshes the CVV periodically.
- Launched innovative payment card designs:
 - LED Card – makes the issuing bank logo light up with LEDs when a contactless transaction is initiated at the point of sale.

- Lux Glass™ Card – CompoSecure is the first to manufacture a transparent payment card made of Corning® Gorilla® Glass with a metal bezel.
- Echo Mirror™ Card – a buffed stainless-steel payment card with a mirror-like finish, and a protective coating.
- Enhancing Arculus cold storage wallet B2B and B2C functionality to include support for more than 10K coins, superior security for card to mobile device communication, and expanded wallet connect and Defi access.
- Successfully completed and received independent SOC 2 Type 2 audit attestation.

2023 Financial Outlook

CompoSecure expects Net Sales for the full year 2023 to range between \$400-\$425 million and expects Adjusted EBITDA in 2023 to range between \$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, March 1, 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.composesecure.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 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 Russian 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.

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 quarters and years ended December 31, 2022 and December 31, 2021.

Corporate Contact

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Investor Relations Contact

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>(unaudited)</u>	
ASSETS		
Cash and cash equivalents	\$ 13,642	\$ 21,944
Accounts Receivable, net	37,272	27,925
Inventories	42,374	25,806
Prepaid expenses and other current assets	3,824	2,596
Property and equipment, net	22,655	22,177
Right of use asset, net	8,932	5,246
Deferred tax asset	25,569	25,650
Derivative asset - interest rate swap	8,651	-
Deposits and other assets	24	10
TOTAL ASSETS	\$ 162,943	\$ 131,354
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of long-term debt	\$ 14,372	12,500
Current portion of lease liabilities	1,846	1,119
Accounts payable	7,127	7,058
Accrued expenses	10,154	10,131
Deferred issuance costs	-	23,107
Commission payable	3,317	3,089
Bonus payable	8,177	3,512
Long-term debt, net of deferred finance costs	216,276	233,132
Convertible notes, net of debt discount	127,348	126,897
Derivative liability - convertible notes	285	552
Warrant liability	16,341	35,271
Line of credit	-	15,000
Earnout liability	15,090	38,427
Lease liabilities	7,766	4,709
Tax receivable agreement liability	26,842	24,500
Total stockholders' (deficit)	(291,998)	(407,650)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 162,943	\$ 131,354

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

	Three Months Ended December 31,		Years Ended December 31,	
	2022	2021	2022	2021
Net sales	\$ 93,790	\$ 75,300	\$ 378,476	\$ 267,948
Operating expenses:				
Cost of sales	43,514	36,025	158,832	123,099
Selling, General and administrative	25,425	30,076	104,749	63,424
Total operating expenses	68,939	66,101	263,581	186,523
Income from operations	24,851	9,199	114,895	81,425
Total other income (expense), net	(1,872)	9,962	21,280	1,132
Income before income taxes	22,979	19,161	136,175	82,557
Income tax provision	(622)	857	(4,360)	857
Net income	22,357	20,018	131,815	83,414
Net income attributable to non-controlling interests	20,113	16,864	113,158	80,260
Net income attributable to CompoSecure, Inc	\$ 2,243	\$ 3,154	\$ 18,657	\$ 3,154
Net income per share attributable to Class A common stockholders -basic	\$ 0.14	\$ 0.21	\$ 1.21	\$ 0.21
Net income per share attributable to Class A common stockholders - diluted	\$ 0.14	\$ 0.12	\$ 1.13	\$ 0.12
Weighted average shares used to compute net income per share attributable to Class A common stockholders - basic	16,059	14,930	15,372	14,930
Weighted average shares used to compute net income per share attributable to Class A common stockholders - diluted	16,059	94,570	32,555	94,570

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

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 131,815	\$ 83,414
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	8,575	10,428
Equity-based compensation expense	11,465	6,113
Amortization of deferred finance costs	2,345	1,654
Inventory Reserve	1,668	600
Change in fair value of earnout consideration liability	(23,337)	(9,575)
Revaluation of warrant liability	(18,930)	(3,485)
Change in fair value of derivative liability	(266)	-
Deferred tax expense (benefit)	3,193	(857)
Changes in assets and liabilities		
Accounts receivable	(9,347)	(19,133)
Inventories	(18,237)	3,792
Prepaid expenses and other assets	(1,228)	(1,519)
Accounts payable	68	4,637
Deposits	(14)	-
Accrued expenses	23	1,665
Other liabilities	4,990	46
Net cash provided by operating activities	<u>92,783</u>	<u>77,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(9,053)	(4,746)
Net cash used in investing activities	<u>(9,053)</u>	<u>(4,746)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Business combination and PIPE financing	-	60,826
Proceeds from convertible notes	-	127,400
Proceeds from employee stock purchase plan and exercise of equity awards	82	-
Proceeds from Term Loan	-	250,000
Payment of line of credit	(15,000)	(5,000)
Deferred finance costs related to debt origination	-	(1,860)
Payment of term loan	(16,878)	(240,000)
Payment of Tax receivable agreement liability	(110)	-
Distributions pursuant to the business combination	-	(218,300)
Distributions to Holdings's members	(36,293)	(22,334)
Payment of issuance cost related to business combination	(23,833)	(15,244)
Net cash used in financing activities	<u>(92,032)</u>	<u>(64,512)</u>
Net decrease in cash and cash equivalents	<u>(8,302)</u>	<u>8,522</u>
Cash and cash equivalents, beginning of period	<u>21,944</u>	<u>13,422</u>
Cash and cash equivalents, end of period	<u>\$ 13,642</u>	<u>\$ 21,944</u>
Supplementary disclosure of cash flow information		
Cash paid for interest expense	\$ 21,379	\$ 10,101
Supplemental disclosure of non-cash financing activity:		
Derivative asset - interest rate swap	\$ 8,651	\$ -
Issuance costs payable	\$ -	\$ 23,107

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

	Three Months Ended December 31,		Years Ended December 31,	
	2022	2021	2022	2021
Net income	\$ 22,357	\$ 20,018	\$ 131,815	\$ 83,414
Add:				
Depreciation	1,998	2,615	8,575	10,428
Interest expense, net	6,182	3,098	22,544	11,928
Taxes	622	(857)	4,360	(857)
EBITDA	\$ 31,159	\$ 24,874	\$ 167,294	\$ 104,913
Special management bonus expense	-	4,384	-	4,384
Equity compensation expense	3,730	4,989	11,465	6,113
Mark to market adjustments (1)	(4,310)	(13,060)	(42,533)	(13,060)
Adjusted EBITDA	<u>\$ 30,579</u>	<u>\$ 21,187</u>	<u>\$ 136,226</u>	<u>\$ 102,350</u>

(1) Includes the changes in fair value of warrant liability, derivative liabilities and earnout consideration liability.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022		2022	
	(in thousands) except per share amounts			
	Basic	Diluted	Basic	Diluted
Net income	\$ 22,357	\$ 22,357	\$ 131,815	\$ 131,815
Add: provision for income taxes	622	622	4,360	4,360
Income before Income taxes	22,979	22,979	136,175	136,175
Income tax expense (1)	(4,784)	(4,784)	(22,423)	(22,423)
Adjusted net income	18,195	18,195	113,752	113,752
Less: mark-to-market adjustments (2)	(4,227)	(4,227)	(42,267)	(42,267)
Add: stock-based compensation	3,730	3,730	11,465	11,465
Adjusted net income	\$ 17,698	\$ 17,698	\$ 82,950	\$ 82,950
Common shares outstanding used in computing earnings per share, basic: Class A and Class B common shares (3)	76,384	76,384	75,697	75,697
Common shares outstanding used in computing earnings per share, diluted: Warrants (Public and Private) (4)	-	8,094	-	8,094
Options and restricted common shares	-	3,859	-	4,183
Total Shares outstanding used in computing adjusted earnings per share	76,384	88,337	75,697	87,974
Adjusted earnings per share (5)	\$ 0.23	\$ 0.20	\$ 1.10	\$ 0.94

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.

###

Q4 and Full Year 2022 Earnings Presentation

March 1, 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 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 intend, or expect. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including 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 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 such 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 be aware of 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 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 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 factors (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 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

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 the 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 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 business performance and 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 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 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 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 the reconciliation of 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 variety of 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 performance. 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, 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 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 and twelve months ended December 31, 2022 and December 31, 2021.

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 trends are based on information from independent industry organizations and other third-party sources, data from our internal research and management estimates. Management estimates are based on 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 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 of information, 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 reported by our competitors or from information found in current or future studies conducted by market research institutes, consultancy firms or independent sources.



Key Highlights

Full Year '22 vs. Full Year '21: Net Sales increased 41% to \$378mm (\$370mm to \$380mm guidance range) compared to \$268mm driven by both domestic (+35%) and international (+68%) customers. Net income increased 58% to \$132mm compared to \$82mm. Adjusted EBITDA¹ increased 33% to \$136mm (\$130mm to \$137mm guidance range) compared to \$102mm.

Q4 '22 vs. Q4 '21: Net Sales increased 25% to \$94mm compared to \$75mm driven primarily by strong sales execution from new and existing programs, and continued international demand. Net Income increased 12% to \$22mm compared to \$20mm. Adjusted EBITDA¹ increased 44% to \$31mm compared to \$21mm.

Strong first year as a public company exceeding expectations on Revenue and EBITDA despite a challenging macro environment and major stock indices down significantly for year.

Product innovation and security enhancements for our customers and the industry (credit and debit cards that can be used for authentication tokens, Biometric cards, and Dynamic CVV) and new payment card form factors (LED card, Lux Glass Mirror, and the Airplane card made from a decommissioned 747).

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.

Payment Card Update


Payment Cards

Existing	New	
 Chase - Disney	 Porsche	 Scheels
 Chase - Marriott	 Automata	 OCBC
 Cap One - Venture X Business	 Cloudwalk	 VakifBank

- Shipped approximately 30mm payment cards globally 2022 vs. 22mm in 2021
- Continued growth from new and existing traditional banking and fintech customers
- Unveiled new payment card tech innovation to deliver distinct experiences to consumers
- Dedicated to sustainability through environmental initiatives, received official certifications, and achieved carbon neutrality
- CEO and Chief Innovation & Product Officer recognized for leadership and innovation
- Company received awards for being a Best Workplace for 3rd year in a row and further
- Achieved SOC 2 Type 2 compliance

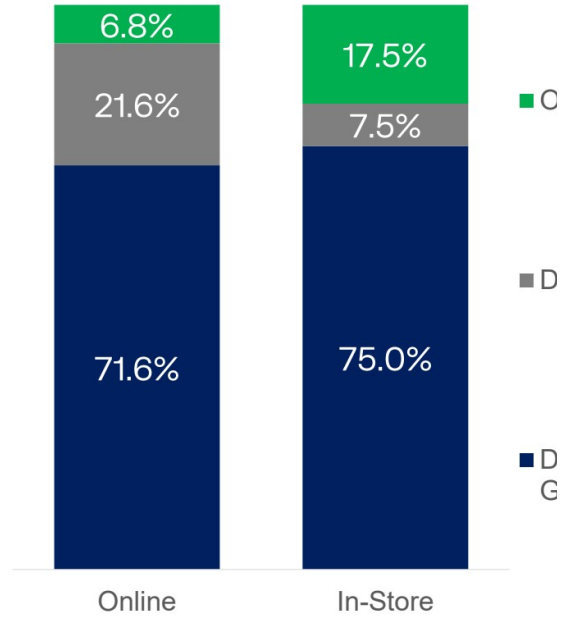
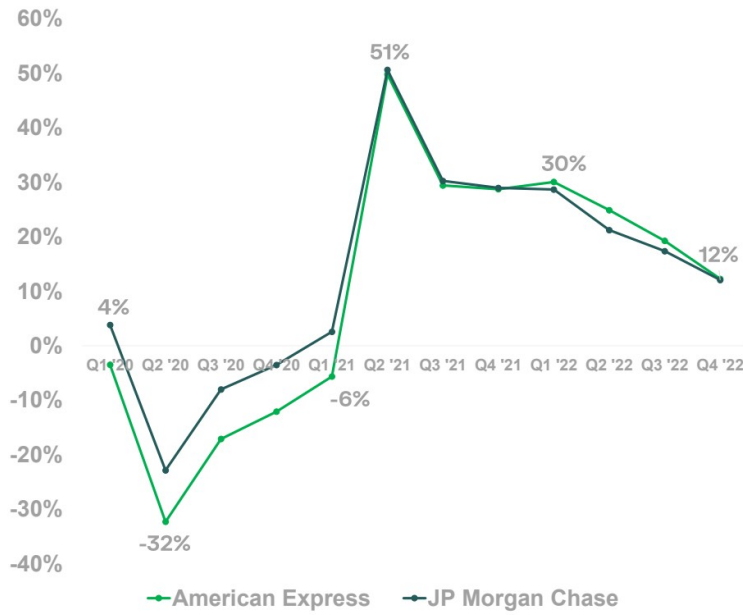


Positive Trends & Momentum across Payment Carc

CompoSecure's Largest Customers Continue to Report Over 12% Purchase Volume Growth vs. Prior Year

Physical Cards Remain the Most Used Payment both Online and In-Store

Year over Year Purchase Volume Growth¹

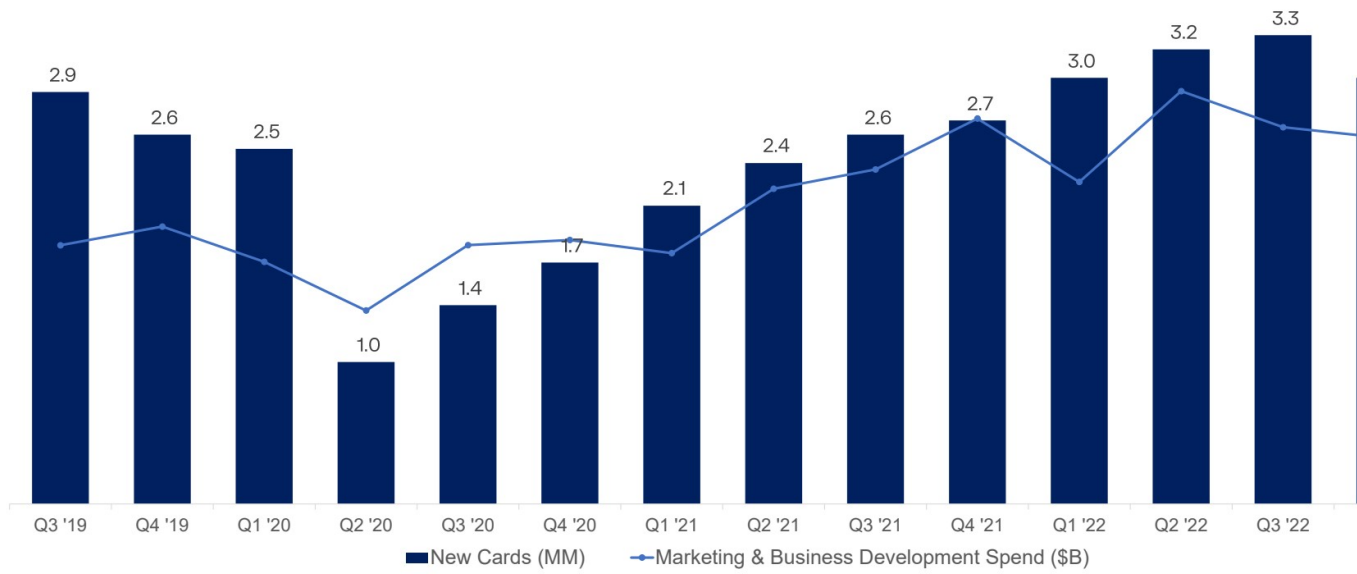


¹American Express & JP Morgan Chase Earnings Presentations
²PYMNTS – Digital Economy Payments: The Ascent of Digital Wallets (Feb 2023)



Positive Trends & Momentum across Payment Carc

American Express continues to grow acquisitions year over year



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



Source: American Express Earnings Presentations

Large Issuers and Payment Networks Confident in C



"Our 2022 performance shows that our strategy is working...based on our performance to date and what we see for 2023, I'm even more confident in our ability to achieve our aspirations for double-digit annual revenue growth and mid-teens EPS growth in 2024 and beyond" – *Steve Squeri (Chairman & CEO)*¹

JPMORGAN
CHASE & CO.

"While we are ready for a range of scenarios, our expectation is for another strong performance. Looking forward, we expect to continue to post strong returns in the near term, and we remain confident in our ability to deliver on our through-the-cycle ROTCE" – *Jeremy Barnum (CFO)*¹



"In our domestic card business, we continue to lean into marketing to drive resilient growth. We're keeping a close eye on competitor actions and potential marketplace risks. We're 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 in our decade-long focus on heavy spenders at the top of the marketplace continues" – *Andrew Young (CFO)*¹



"Well, we went through what we call our plan assumptions on the last call for the full year, and you had assumed no recession. As you can see, trends have been remarkably stable. The same is true around the world, they've indexed in the near term almost four quarters right now, and there's no change in trend. That's reflected in our strong outlook" – *Vasant Prabhu (CFO)*²



¹ Q4 '22 Earnings Transcript
² Q1 '23 Earnings Transcript

CompoSecure's Payment Card Innovation

Pioneering technology has enabled the introduction of distinguishing features to further instill quality, durability, exclusivity, and status

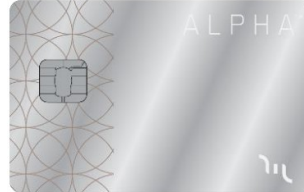
Lux Glass

Corning Gorilla Glass w/Metal Frame



Echo Mirror

Buffed Stainless Steel with Mirror Finish



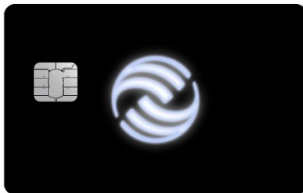
Airplane

Aluminum from Retired Boeing 747 Fuselage



LED

Logo Lights up when Transact at POS Terminal



Ceramic Metal Hybrid

Premium Ceramic Coated Metal



Biometrics

Fingerprint Sensor for Additional Security



Dyna

CVV
Dyna
Additio



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

Secure Authentication Card



Digital Asset Cold Storage Card



Payment (Credit/Debit) + Secure Authentication Card

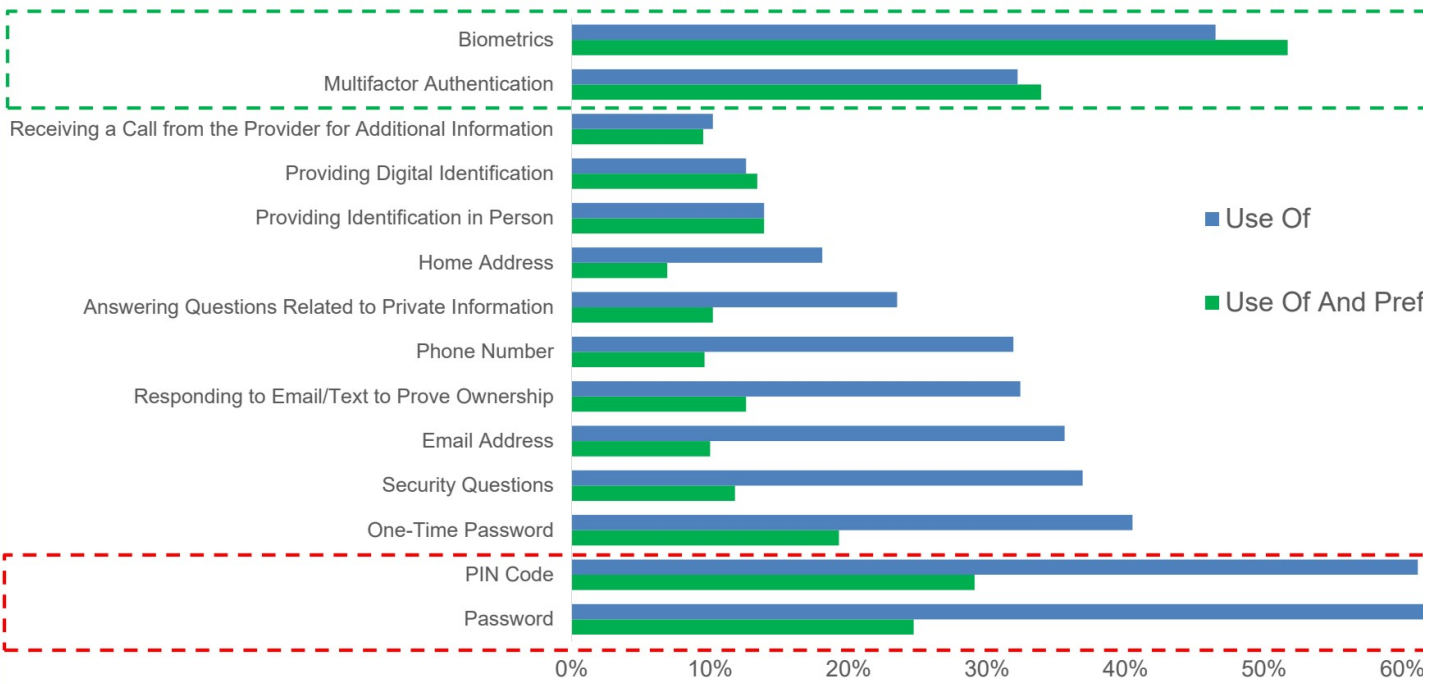


Payment (Credit/Debit) + Digital Asset Cold Storage Card



Market Opportunity for Arculus Secure Authentication

Advanced identity authentication measures (vs. PIN & passwords) are necessary and preferred consumers to ensure security and integrity of sensitive information, especially for online transa



Source: PYMNTS: "Consumer Authentication Preferences" - January 2023

Arculus Update



**Pilot for Global
Cryptocurrency Exchange
/ BaaS Provider**



- Security and digital authentication solution centered around FIDO2, Visa, & Mastercard can help banks and consumers protect their accounts with two or factor authentication
- We are initiating a pilot with a global Banking as a Service provider for a payment + authentication program for a major crypto exchange with over 100M card holders
- Enhancing Arculus cold storage wallet B2B and B2C functionality to include support for 10K coins, and security for card to mobile device communication. Expanded wallet connect and Defi access.
- Utilizing cold storage for crypto provides protection against exchanges going bankrupt or freezing withdrawals
- Recognized as top innovator in cold storage wallet industry
- Expanding distribution of consumer cold storage product to key international markets



Arculus Partners Leveraging Social Media to Promo

INBESTGO

¿Te preocupa la seguridad de tus criptos?

PROTÉGELAS CON
ARCULUS

ALMACENA TUS
CRIPOTOMONEDAS DE
FORMA FÁCIL Y SEGURA

por solo
\$99.99

QUIERO MI ARCULUS

ARCULUS es una billetera de almacenamiento en frío de criptomonedas y NFTs que mantiene tus claves privadas accesibles solo para ti.

La tarjeta Arculus, junto con la aplicación Arculus Wallet, brindan una solución segura y fácil de usar para almacenar y administrar tus activos digitales.

1:50

Search

Change_677B7D2F55
Beginner mode

Pulse Credit card News

Get your Change
Black Label Package

1x hardware cold wallet
1x virtual credit card

Swap Margin Trading Earn

MELD @MELD_Defi

#25DaysOfMELD Day 17 is here!

We're happy to announce our partners leading cold storage wallet solution, to of for our MELD Debit Card.

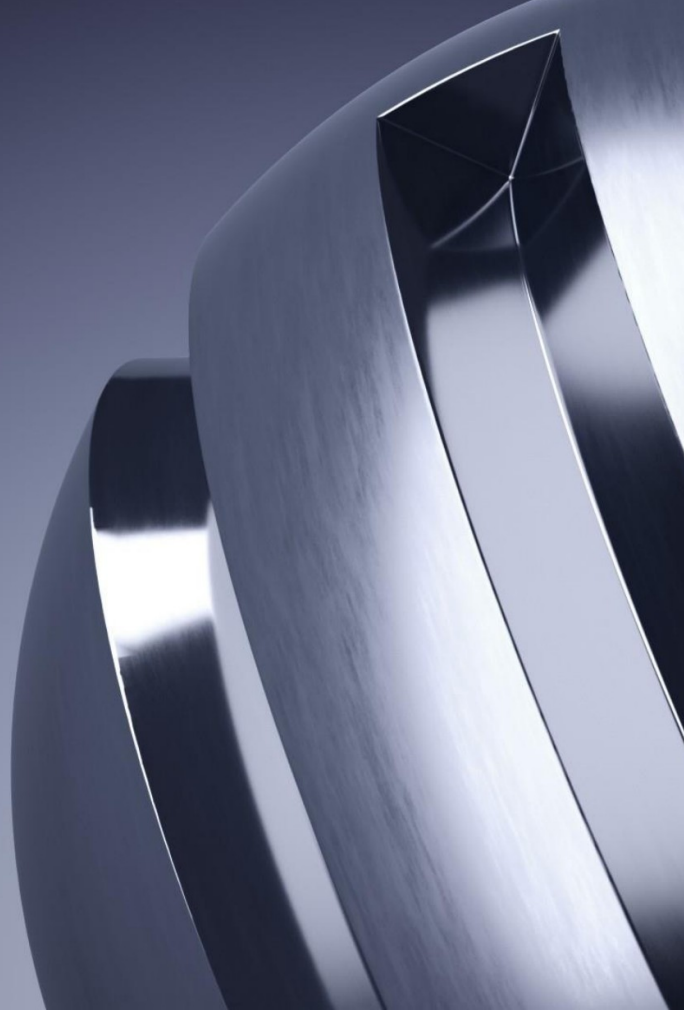
Partnership Anno
MELD + ARCU

12:32 PM · Dec 17, 2022 · 15.4K Views

401 Retweets 3 Quote Tweets 582 Likes



Financial Overview



Full Year 2022 Results

	FY '22	FY '21	% Change	Comm
Net Sales	\$378mm	\$268mm	41%	Demand for pre cards, strong sa increased intern
Gross Margin	58%	54%	398 bps	Economics of sc efficiencies mitiq supply chain cos
Net Income	\$132mm	\$83mm	58%	\$42.3mm net inc valuation of earr
Adjusted EBITDA¹	\$136mm	\$102mm	33%	Excludes \$42.3r from re-valuation warrants FY '22 includes (impact from Arc
Adjusted EBITDA Margin¹	36%	38%	(220 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

Q4 2022 Results

	Q4 '22	Q4 '21	% Change	Comm
Net Sales	\$94mm	\$75mm	25%	Demand for pre cards, strong sa increased interr
Gross Margin	54%	52%	145 bps	Economics of sc efficiencies miti supply chain co:
Net Income	\$22mm	\$20mm	12%	\$4.2mm net inc valuation of ear
Adjusted EBITDA ¹	\$31mm	\$21mm	44%	Excludes \$4.2m from re-valuatic warrants Q4 '22 includes impact from Arc
Adjusted EBITDA Margin ¹	33%	28%	447 bps	

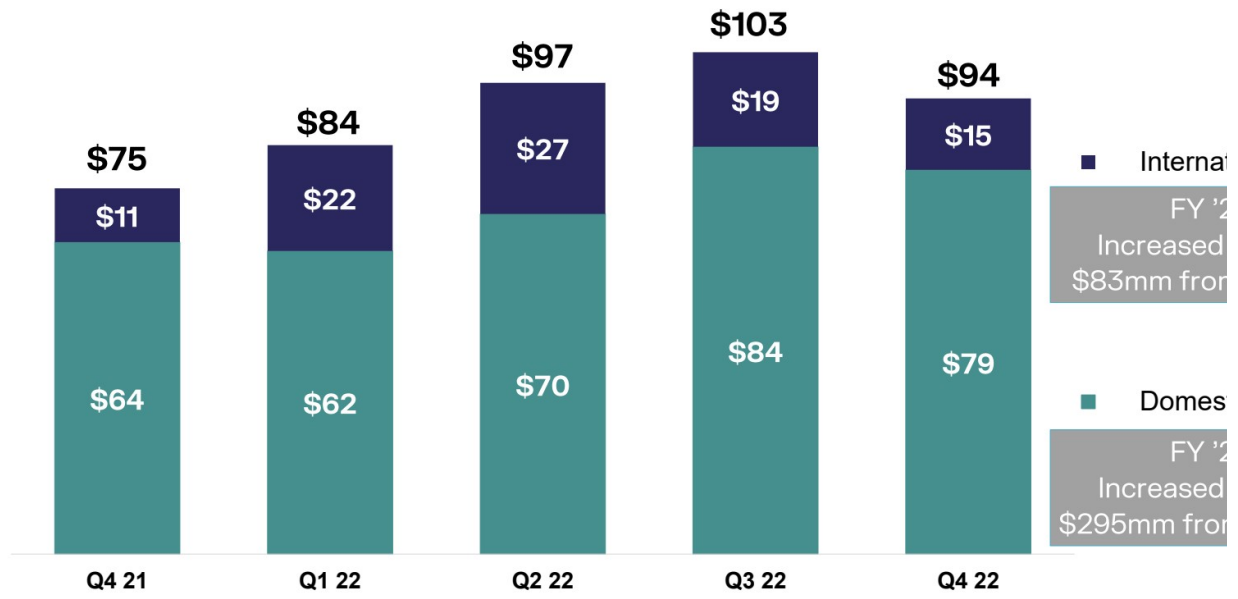


¹Adjusted EBITDA is a non-GAAP financial metric. For a reconciliation of Adjusted EBITDA to the most-comparable GAAP metric, please see the Appendix to this presentation

Net Sales Trend

Domestic and international continue to contribute to CompoSecure's growth

In millions



	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
International	15%	26%	28%	19%	16%
Domestic	85%	74%	72%	81%	84%



Earnings per Share: GAAP

	Three months ended 12/31/22		Twelve months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$22mm	\$22mm	\$132mm	\$132mm
Net Income used in EPS	\$2mm ¹	\$2mm ²	\$19mm ³	\$37mm ⁴
% of Total Net Income	10.0%	10.0%	14.2%	27.8%
Total Shares used in EPS	16.1mm ⁵	16.1mm ⁶	15.4mm ⁵	32.6mm ⁷
Earnings per Share	\$0.14	\$0.14	\$1.21	\$1.13

Source: Company Financials

¹21.4% of Operating Net Income of \$25.6mm less 100% of C-Corp Costs of \$3.2mm

²21.4% of Operating Net Income of \$25.6mm less 100% of C-Corp Costs of \$3.2mm

³21.4% of Operating Net Income of \$144.0mm less 100% of C-Corp Costs of \$12.2mm

⁴35.1% of Operating Net Income of \$144.0mm less 100% of C-Corp Costs of \$12.2mm less Interest on Dilutive Convertible Debt of \$2.5mm

⁵Weighted Average Class A Shares of 16.1mm and 15.4mm for the three months and twelve months, respectively

⁶Weighted Average Class A Shares of 16.1mm for three months

⁷Weighted Average Class A Shares of 15.4mm for twelve months plus 4.2mm dilutive equity awards plus 13.0mm Shares from Convertible Debt Conversion



Adjusted Earnings per Share

	Three months ended 12/31/22		Twelve months ended 12/31/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$22mm	\$22mm	\$132mm	\$132mm
Adjusted Net Income	\$18mm ¹	\$18mm ¹	\$83mm ²	\$83mm ²
% of GAAP Net Income	79%	79%	63%	63%
Total Shares used in EPS	76.4mm ³	88.3mm ⁴	75.7mm ³	88.0mm ⁵
Adjusted EPS⁶	\$0.23	\$0.20	\$1.10	\$0.94

Source: Company Financials

¹ GAAP Net Income of \$22.4mm less Additional Tax Provision of \$4.2mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$0.5mm

² GAAP Net Income of \$131.8mm less Additional Tax Provision of \$18.1mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$30.8mm

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 3.9mm dilutive equity awards

⁵ Outstanding Class A plus Class B Shares plus 8.1mm Public and Private Warrants (Converted Using Treasury Stock Method) and 4.2mm 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

Full year net sales and adjusted EBITDA guidance

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



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 FinTech

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

Enhance Arculus capabilities (blockchain support, payment card integration, & channel expansion) to drive growth 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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Appendix



CompoSecure, Inc. (Nasdaq: CMPO)

Summary Equity Capitalization Table (with net exercise model)

As of December 31, 2022

Current Enterprise Value is \$900mm¹

<u>Holders</u>	<u># of Shares Issued & Outstanding</u>	<u># of Shares Issued &</u>
Public Shareholders (including PIPE & Sponsor): Class A	16.4mm	16.4mm
Historic CompoSecure Owners: Class B	60.3mm	60.3mm
Subtotal	76.7mm	76.7mm
<u>Holders</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options</u>	<u># of Shares Reserved for Exercisable In-The-Money Options (assuming net exercise)</u>
Merger Rollover Options	4.6mm	4.0mm
Total	81.3mm	80.7mm
<u>Convertible Instruments</u>	<u># of Shares Reserved for Conversion</u>	<u># of Shares Reserved for Conversion (assuming net exercise)</u>
Public Warrantholders ³	11.6mm	4.2mm
Roman Sponsor Warrantholders ³	10.8mm	3.9mm
Exchangeable Noteholders ⁴	11.3mm	11.3mm
Grand Total	115.0mm	100.1mm

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 \$219mm + Convertible of \$130mm. Equity of 80.7mm shares @ \$6.82 price/share as of market close 2/24

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)	Q4 2022A	Q4 2021
Assets		
Current Assets		
Cash & cash equivalents	\$14	\$22
Accounts receivable, net	37	28
Inventories	42	26
Prepaid expenses and other Current assets	4	3
Total Current Assets	97	78
Property and equipment, net	23	22
Deferred tax assets	26	26
Other assets	18	5
Total assets	\$163	\$131
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	\$7	\$7
Accrued expenses	10	40
Other current liabilities	13	1
Current portion of long-term debt	14	13
Total current liabilities	45	61
Long-term debt, net of deferred finance costs	216	233
Line of credit	0	15
Convertible Debt, net of debt discount	128	127
Other liabilities	66	103
Total liabilities	\$455	\$539
Members' Equity	(292)	(408)
Total liabilities and members' equity	\$163	\$131



Source: Company financials

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

Statement of Operations

(Unaudited)

(\$mm)	Q4		FY
	Q4 2022A	Q4 2021A	FY 2022A
Revenue			
Net Sales	\$94	\$75	\$378
Cost of Sales	(44)	(36)	(159)
Gross Profit	\$50	\$39	\$220
Operating Expenses			
Selling, general and administrative	(25)	(30)	(105)
Income from operations	\$25	\$9	\$115
Other expense			
Other income (expense), net	(2)	11	17
Net Income	\$22	\$20	\$132



Source: Company financials

Note: Operating results have been derived from CompoSecure's consolidated financial statements for the twelve months ended December 31, 2022 and 2021 respectively

Statement of Cash Flows

(Unaudited)

(\$mm)	FY 2022A	FY 2021A
Cash flows from operating activities		
Net income	\$132	\$83
Depreciation	9	10
Equity compensation expense	11	6
Inventory reserve	2	1
Amortization of deferred finance costs	2	2
Mark-to-market adjustments	(23)	(10)
Change in assets and liabilities	(19)	(3)
Accounts receivable	(9)	(19)
Inventories	(18)	4
Prepaid expenses and other assets	(1)	(2)
Other liabilities	8	4
Accrued expenses	0	2
Net cash provided by operating activities	\$93	\$78
Cash flows from investing activities		
Acquisition of property and equipment	(9)	(5)
Net cash used in investing activities	(9)	(5)
Cash flows from financing activities		
Business combination and PIPE financing		61
Proceeds from convertible notes		127
Proceeds from employee stock purchase plan and exercise of equity awards	0	
Proceeds from line of credit	0	0
Payment of line of credit	(15)	(5)
Proceeds from term loan	0	250
Payment of Tax receivable agreement liability	(0)	
Payment of term loan	(17)	(240)
Distributions	0	(218)
Deferred finance costs related to debt origination	0	(2)
Issuance cost related to business combination	(24)	(15)
Tax Distribution to members	(36)	(22)
Net cash used in financing activities	(\$92)	(\$65)
Net increase (decrease) cash, cash equivalents and restricted cash	(8)	9
Cash, cash equivalents and restricted cash, beginning of year	\$22	\$13
Cash, cash equivalents and restricted cash, end of year	\$14	\$22
Supplementary disclosure of cash flow information		
Cash paid during the year for interest	21	10
Issuance costs payable		23
Derivative asset - interest rate swap	9	

Source: Company financials

Note: Cash flows have been derived from CompoSecure's consolidated financial statements for the twelve months ended December 31, 2022 and 2021 respectively



Non-GAAP Adjusted EBITDA Reconciliation

(Unaudited)

\$mm	Q4 2022A	Q4 2021A	FY 2022A	FY 2021A	
Net Income	\$22	\$20	\$132	\$83	
Interest Expense	6	3	23	12	
Depreciation and Amortization	2	3	9	10	
Taxes	1	-1	4	-1	
Unadjusted EBITDA	\$31	\$25	\$167	\$105	
① Non-Cash Stock Comp Expense	4	4	11	10	① Non-Cash Stock cash stock opti equity incentive
② Mark-to-market Adjustments	-4	-8	-43	-13	② Non-Cash Mar Related to chan for warrants, assets.
Total EBITDA Adjustments	(\$1)	(\$4)	(\$31)	(\$3)	
Adjusted EBITDA	\$31	\$21	\$136	\$102	
Adjusted EBITDA %	33%	28%	36%	38%	



Source: Company financials

Non-GAAP EPS Reconciliation

(Unaudited)

(\$mm)	Three months ended 12/31/2022		Twelve month:
	BASIC	DILUTED	BASIC
GAAP Net Income	\$22.4	\$22.4	\$131.8
Add back tax provision	0.6	0.6	4.4
Tax Provision on 100% of Taxable Income	-4.8	-4.8	-22.4
Adjusted Net Income	\$18.2	\$18.2	\$113.8
Fair Value and Stock Based Compensation Adjustment	-\$0.5	-\$0.5	-\$30.8
Adjusted Net Income	\$17.7	\$17.7	\$83.0
Class A + Class B Shares	76.4	76.4	75.7
Public & Private Warrants ¹	-	8.1	-
Dilutive Equity Awards ²	-	3.9	-
Total Shares	76.4	88.3	75.7
EPS	\$0.23	\$0.20	\$1.10



Source: Company financials

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

² Includes options, RSUs, and ESPP shares