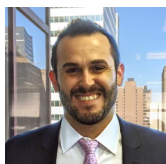


Arculus: A wallet bridging security and usability



David Grider

LEAD DIGITAL ASSET STRATEGIST

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CompoSecure Holdings, LLC ("CompoSecure," or the "Company") designs and manufactures metal payment cards for many of the world's leading financial institutions. The Company was the first to produce a metal card in 2003 in partnership with American Express and has since forged deep relationships with additional issuers/resellers such as JP Morgan Chase, Capital One, and Fiserv (Slide 12). The Company produces cards for a variety of proprietary and co-branded programs and has demonstrated a history of improving security and customer experience through various design improvements. The Company is now leveraging its experience in secure payment hardware solutions to enter the digital asset space starting with the launch of its Arculus Cold Storage Wallet.

- **CompoSecure enters SPAC deal.** CompoSecure and Roman DBDR Tech Acquisition Corp. (NASDAQ: DBDR), a special purpose acquisition company, recently entered into a definitive merger agreement valuing the combined entity at approximately \$1.2 billion. The transaction is expected to close in Q3 2021 and proceeds from the transaction will be used to implement its growth strategy centered around the centered around the cryptocurrency cold storage and security solution, Arculus (Slide 3).
- **Crypto goes mainstream.** Digital assets have emerged as an entirely new asset class for institutional and retail investors alike. There are an estimated 100 million users across all cryptoassets and in 2020, crypto surpassed \$1 trillion in total market cap (Slide 21). Recently, rising demand for cryptoassets has led to an increase in hacking activity across the entire digital asset landscape. As crypto becomes increasingly ubiquitous, the need for better security options becomes paramount (Slide 22).

- **Demand for better wallets.** Wallets are tools employed by crypto users to store, manage, and swap cryptoassets. There are several types of wallets exchange based, digital, hardware, and paper all of which suffer from the historically inevitable tradeoff between usability and security (Slide 8). "Cold Storage" hardware devices have become increasingly popular as digital asset holders seek secure storage solutions that are offline and offer the highest security level (Slide 24). Unfortunately, most of these hardware solutions are cumbersome USB-like devices and require a connection to a desktop, leading to a subpar user experience.
- **Arculus wants to bridge the best features of hot and cold wallets.** Arculus is three factor authentication (3FA) security platform created with the mission to promote digital asset adoption by offering a simple, secure way to buy, sell, and store digital assets. The envisioned platform is a multi year endeavor that commences with the launch of the Arculus Cold Storage wallet in Q3 2021. The wallet is comprised of a mobile interface through which a user can easily manage and transact their digital assets and a metal card that is applied as the third level of authentication and is where any private keys are stored in an "air gapped" environment (Slide 16).
- **CompoSecure is positioned to bring Arculus to life.** A byproduct of its successful legacy business is a unique foundation upon which the Company can build its Arculus platform. The Company's manufacturing capacity can satisfy high scaling requirements, and its proprietary manufacturing processes may result in favorable unit economics for the Arculus hardware product. Further, the Company can tap into its longstanding relationships with premier card issuers to sell its wallet product via the Arculus brand or a white labeled solution (Slide 26).
- **Risks.** Unforeseen regulatory hurdles that raise costs and create unanticipated operational burdens, an inability to sustain and ultimately leverage business relationships with key partners, degradation of relationships with American Express or JP Morgan Chase, increased competition from within the crypto space, and slower than anticipated mass adoption of hardware wallets (Slide 31).

Bottom Line: The Arculus Cold Storage Wallet has yet to launch, so we lack tangible KPIs to observe, but it does appear that CompoSecure is skating to where the puck is going within the crypto industry. We expect operational cold storage wallets to gain popularity for long-term investors and digital assets traders who are cautious about leaving their assets on an exchange or a non-custodial hot wallet. If CompoSecure successfully leverages its payments industry relationships and achieves its projected unit economics, the Arculus business has the potential to make waves in crypto security.

Key slides from this report...

Cover Page (Slide 1)...

		<p>FSInsight 150 East 52nd St., 3rd Floor New York, NY 10022</p>		<p>July 28, 2021</p>	
<p>Arculus</p>		<p>Arculus: A wallet bridging security and usability</p>			
<p>Digital Assets Research David Grider, CFA^{AC} @David_Grid Sean Farrell @SeanMFarrell</p>		<p>CompoSecure Holdings, LLC ("CompoSecure," or the "Company") designs and manufactures metal payment cards for many of the world's leading financial institutions. The Company was the first to produce a metal card in 2003 in partnership with American Express and has since forged deep relationships with additional issuers/resellers such as JP Morgan Chase, Capital One, and Fiserv (Slide 12). The Company produces cards for a variety of proprietary and co-branded programs and has demonstrated a history of improving security and customer experience through various design improvements. The Company is now leveraging its experience in secure payment hardware solutions to enter the digital asset space starting with the launch of its Arculus Cold Storage Wallet.</p> <ul style="list-style-type: none"> • CompoSecure enters SPAC deal. CompoSecure and Roman DBDR Tech Acquisition Corp. (NASDAQ: DBDR), a special purpose acquisition company, recently entered into a definitive merger agreement valuing the combined entity at approximately \$1.2 billion. The transaction is expected to close in Q3 2021 and proceeds from the transaction will be used to implement its growth strategy centered around the cryptocurrency cold-storage and security solution, Arculus (Slide 3). • Crypto goes mainstream. Digital assets have emerged as an entirely new asset class for institutional and retail investors alike. There are an estimated 100 million users across all cryptoassets and in 2020, crypto surpassed \$1 trillion in total market cap (Slide 21). Recently, rising demand for cryptoassets has led to an increase in hacking activity across the entire digital asset landscape. As crypto becomes increasingly ubiquitous, the need for better security options becomes paramount (Slide 22). • Demand for better wallets. Wallets are tools employed by crypto users to store, manage, and swap cryptoassets. There are several types of wallets – exchange-based, digital, hardware, and paper – all of which suffer from the historically inevitable tradeoff between usability and security (Slide 8). "Cold Storage" hardware devices have become increasingly popular as digital asset holders seek secure storage solutions that are offline and offer the highest security level (Slide 24). Unfortunately, most of these hardware solutions are cumbersome USB-like devices and require a connection to a desktop, leading to a subpar user experience. • Arculus wants to bridge the best features of hot and cold wallets. Arculus is three-factor authentication (3FA) security platform created with the mission to promote digital asset adoption by offering a simple, secure way to buy, sell, and store digital assets. The envisioned platform is a multi-year endeavor that commences with the launch of the Arculus Cold Storage wallet in Q3 2021. The wallet is comprised of a mobile interface through which a user can easily manage and transact their digital assets and a metal card that is applied as the third level of authentication and is where any private keys are stored in an "air-gapped" environment (Slide 16). • CompoSecure is positioned to bring Arculus to life. A byproduct of its successful legacy business is a unique foundation upon which the Company can build its Arculus platform. The Company's manufacturing capacity can satisfy high scaling requirements, and its proprietary manufacturing processes may result in favorable unit economics for the Arculus hardware product. Further, the Company can tap into its longstanding relationships with premier card issuers to sell its wallet product via the Arculus brand or a white-labeled solution (Slide 26). • Risks. Unforeseen regulatory hurdles that raise costs and create unanticipated operational burdens, an inability to sustain and ultimately leverage business relationships with key partners, degradation of relationships with American Express or JP Morgan Chase, increased competition from within the crypto space, and slower than anticipated mass adoption of hardware wallets (Slide 31). <p>Bottom Line: The Arculus Cold Storage Wallet has yet to launch, so we lack tangible KPIs to observe, but it does appear that CompoSecure is skating to where the puck is going within the crypto industry. We expect operational cold storage wallets to gain popularity for long-term investors and digital assets traders who are cautious about leaving their assets on an exchange or a non-custodial hot wallet. If CompoSecure successfully leverages its payments industry relationships and achieves its projected unit economics, the Arculus business has the potential to make waves in crypto security.</p>			
<p>ARCULUS</p> <p>TL;DR</p> <ul style="list-style-type: none"> • A metal payments card pioneer bringing a unique crypto hardware wallet to market • Novel tech approach to a cold storage wallet using 3FA • Company uniquely positioned to bring product to market due to industry relationships and manufacturing capabilities • Risks: Regulation, competition, inability to maintain strategic relationships, adoption 					
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		<p>For Reg AC certification and other important disclosures see Slide 33</p>		<p>www.FSInsight.com</p>	

Arculus Overview (Slide 3)...

Arculus Overview



A payments innovator looks to bring a novel crypto solution to market

Figure: CompoSecure and Arculus Overview

Summary



- **CompoSecure** provides premium financial payment cards to some of the world's largest financial institutions. The Company pioneered metal credit cards, which improved user experience and encouraged increased spending among end-users.
- The Company leverages its trove of innovative IP and proprietary manufacturing methods to produce high-grade and secure products. CompoSecure has longstanding relationships with some of the world's largest banks and financial institutions, such as J.P. Morgan Chase and American Express.
- CompoSecure and **Roman DBDR Tech Acquisition Corp.** (NASDAQ: DBDR), a special purpose acquisition company, have entered into a definitive merger agreement. Upon closing of the transaction, the combined company will operate as CompoSecure, Inc. and plans to trade on the Nasdaq stock market.
- CompoSecure plans to combine its longstanding history in payments innovation with Roman DBDR's leadership capabilities in the technology ecosystem to bring a cryptocurrency cold-storage and security solution, **Arculus**, to market.

Transaction Highlights

- **CompoSecure Financials:** 2020 Net Revenue of \$261 million and Adjusted EBITDA of \$116 million (45% margin)
- **Implied multiples:** 4.2x 2021E Net Revenue, 3.4x 2022E Net Revenue, and 11.5x 2022E Adj. EBITDA (company projection)
- **Pro Forma Enterprise Value:** \$1.2 billion
- **Financing:** \$130 million fully-committed exchangeable notes and a \$45 million common stock PIPE financing led by BlackRock and Highbridge Capital Management
- **Transaction Announced:** April 19, 2021
- **Expected Close:** 3Q 2021

Source: FSInsight, CompoSecure



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Slide 3

Digital Asset Wallets Grant Owners Control and Mobility (Slide 8)...

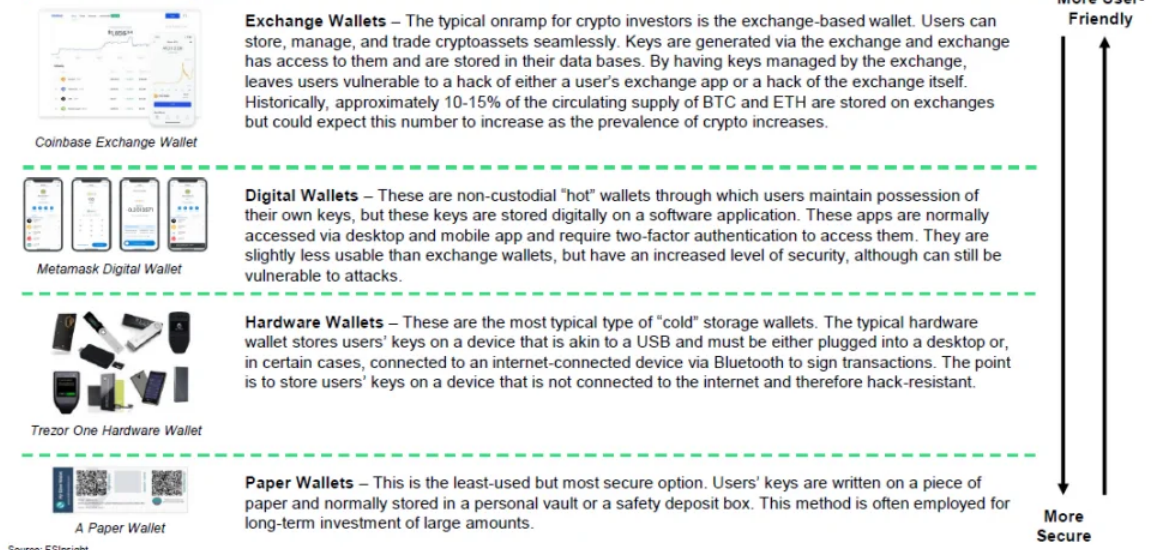
Digital Asset Wallets Grant Owners Control and Mobility

The different types of wallets and their varying levels of security



- Unlike traditional wallets that store cash, crypto wallets do not actually store cryptoassets, as your Bitcoin, Ethereum, or other digital asset “lives” on-chain. Crypto wallets store your private keys - the password-like string of letters and numbers that give you access to your cryptoassets. They also allow you to send, receive, and spend cryptocurrencies like Bitcoin and Ethereum.
- There are several types of wallets, the most popular of which are exchange-based wallets. As crypto becomes more ubiquitous and custodial options become more user friendly, we expect that crypto users will migrate to the more secure options.

Figure: Overview of Crypto Wallets



Source: FSInsight



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Slide 8

Bridging Usability and Security (Slide 9)...

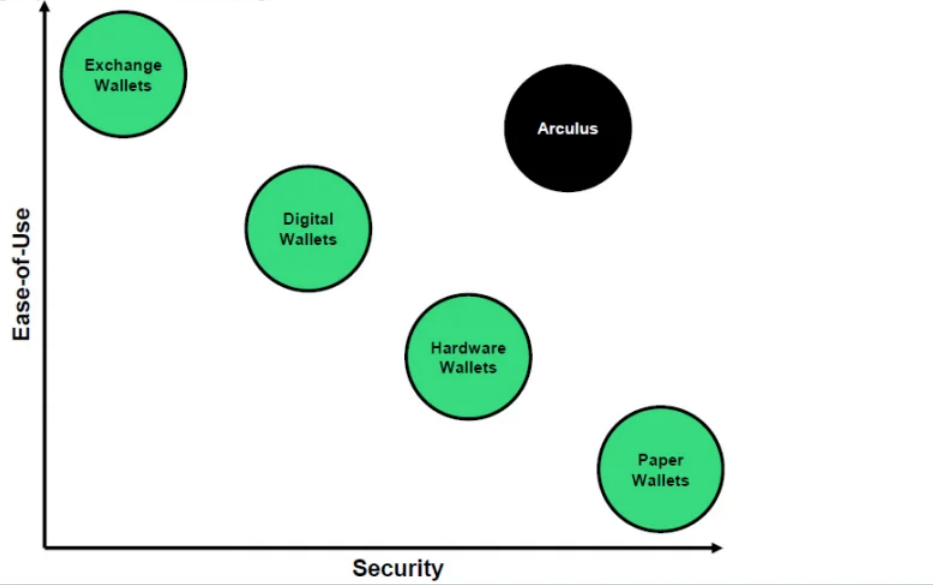
Bridging Usability and Security



Arculus is building a product with elements of hot and cold wallets

- In the wallet ecosystem there is a clear tradeoff between user experience and security. Exchange-based accounts and hot wallets are more vulnerable to hacks, while non-custodial hardware solutions are secure, but cumbersome or time-consuming to use frequently.
- The Arculus Cold Storage Wallet plans to offer a solution that bridges security and usability through a unique product form factor coupled with innovative and proprietary security features.

Figure: Market Positioning Map for the Arculus Cold Storage Wallet



Source: FSInsight, CryptoSecure



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Slide 9

Financial Snapshot and the Arculus Impact (Slide 14)...



Financial Snapshot and the Arculus Impact

A strong margin profile and potential growth from Arculus

- CompoSecure reported revenue growth of 57% and 7%, respectively, for FY 2019 and 2020, and projects the legacy Payments Hardware business to grow 6% in 2021, followed by 15% annual growth throughout the forecast period.
- Total revenue is expected to increase rapidly in outer years of the forecast, driven by adoption of the Arculus wallet and subsequent launches of other products (Digital Assets, eGaming, and Insurance) within the Arculus ecosystem.
- CompoSecure has maintained a steady cost profile, achieving Adjusted EBITDA margins of 44-45% from FY 2018 through FY 2020. Management anticipates significant investment in launching the Arculus platform but projects a return to 37% Adjusted EBITDA margins in the outer year of the long-term forecast.

Figure: CompoSecure Financial Snapshot & Management Forecast

FYE	Actuals			Forecast				
	2018	2019	2020	2021	2022	2023	2024	2025
Revenue								
Legacy - Payments Hardware	155	243	261	276	316	363	418	480
Arculus - Crypto & Arculus Payments Solutions	-	-	-	10	40	93	261	612
Arculus - Digital Assets, eGaming & Insurance	-	-	-	-	-	33	168	485
Total Arculus Revenue	-	-	-	10	40	127	429	1,097
Total Revenue	155	243	261	286	356	490	847	1,577
% Growth - Legacy - Payments Hardware	NA	57%	7%	6%	14%	15%	15%	15%
% Growth - Total Arculus Revenue	NA	NA	NA	NA	300%	217%	238%	156%
% Growth - Total Revenue	NA	57%	7%	10%	24%	38%	73%	86%
Adj. EBITDA								
Legacy - Payments Hardware	69	107	116	120	138	158	181	208
Arculus	-	-	-	(18)	(33)	2	93	379
Total Adj. EBITDA	69	107	116	102	105	160	274	587
% Margin - Legacy - Payments Hardware	45%	44%	45%	43%	44%	43%	43%	43%
% Margin - Arculus	NA	NA	NA	-180%	-83%	1%	22%	35%
% Margin - Total Adj. EBITDA	45%	44%	45%	36%	29%	33%	32%	37%

Source: FSInsight, CompoSecure



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Slide 14

Arculus Cold Storage Wallet (Slide 16)...

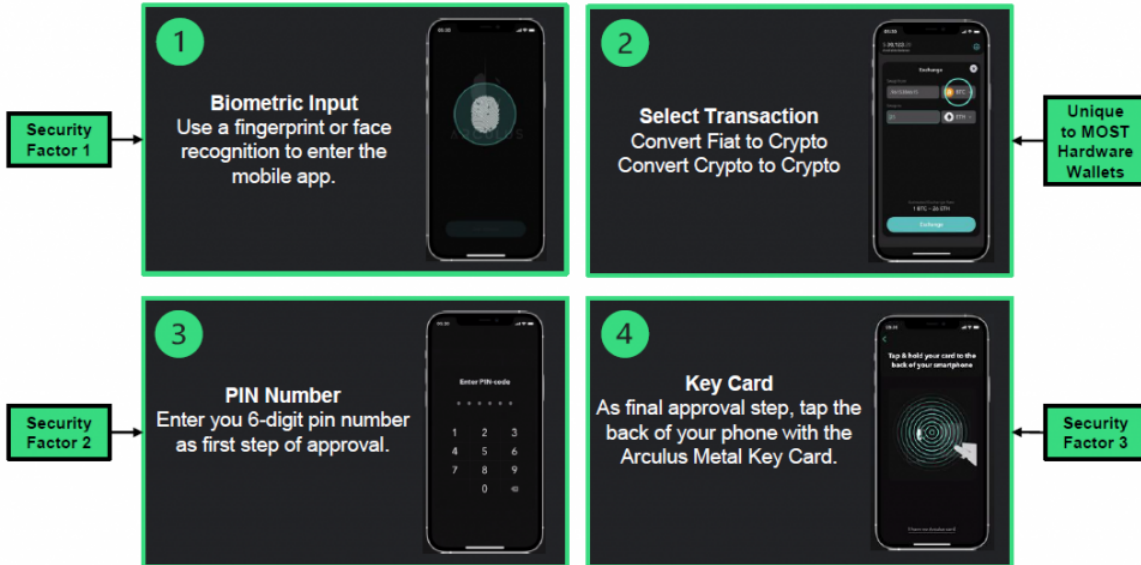
Arculus Cold Storage Wallet



Biometric input, PIN number, and key card prevent improper use

- Arculus is three-factor authentication (3FA) security platform created with the mission to promote digital asset adoption by offering a secure and simple way to buy, sell and store digital assets.
- The envisioned platform is a multi-year endeavor that commences with the launch of the Arculus Cold Storage wallet in Q3 2021.
- At launch, the wallet will support BTC, ETH, BCH, and 10 popular ERC-20 tokens, with expected near-term integrations with DOGE, LTC, and other various ERC-20 tokens.

Figure: User Interface of the Arculus App



Source: FSInsight, CoreSecur



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Slide 16

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