Date: 3/11/2026
Company: GPGI Inc.
Sector: Industrials
Potential Short Setup: Misunderstood Business
Market Cap: $5.7B
30D ADV: $70M

- **Bull case: "**Platform" of high-quality industrial businesses managed by team with proven track record of acquiring and improving "great businesses in good industries" (GPGI).
  - Managed by former HON CEO Dave Cote and Tom Knott (Former head of Permanent Capital Strategies at Goldman).
    - Same management team that produced attractive returns at HON, VRT, MIR.
  - CompoSecure (platform "foundation" business) has recently demonstrated revenue growth acceleration, margin expansion.
  - Both CompoSecure and recently-acquired Husky have leading market positions, large recurring revenue bases, geographic & end market diversification.
    - Opportunities for further growth and margin improvements via RHLD management system.
    - Optionality value from Arculus "cold wallet" business.
  - Forecast combined M-HSD% organic growth, 100+ bp annual margin expansion, 20% organic IRR 2026 to 2030.
- **Short thesis:** Recent activist report alleges aggressive accounting, forecasts driven by misaligned management incentives should drive fundamental misses, motivated selling in 2026 .
  - Recent activist short report reports newly-acquired Husky pulled forward revenues by inducing customers to accept early shipments, while GPGI management has overstated Husky's historical FCF.
    - Makes forward revenue growth, FCF projections seem highly unrealistic.
  - Management incentives are improperly aligned
    - RHLD (a separate company controlled by GPGI management) is paid ~2.5% of GPGI LTM adj. EBITDA quarterly (~10% annually).
    - This incentivizes GPGI management to acquire businesses for their EBITDA regardless of how attractive the valuation or strategic positioning is.
    - Husky has no clear synergies with CompoSecure.
    - GPGI board lacks independence, almost entirely affiliated with Chairman.
  - Large PE-seller, PIPE ownership positions create motivated seller overhang.
    - PE-sellers (18% ownership) negotiated abnormally short 90-day lockup, which expires in April 2026.

        - GPGI funded acquisition with $2B PIPE (36% ownership) at $18.50, who can now “crystallize” gains.
    - Post-COVID cyclical rebound at Husky, Platinum card refresh at AmEx (26% of CompoSecure revenue) make recent revenue growth rates seem unsustainable.
        - Husky’s reported financials use 2021 “base year”, extrapolating post-COVID rebound in demand forward by 5 years.
            - Revenue declined at Husky in most recent fiscal year.
        - CompoSecure’s recent acceleration in growth is likely due in part to the card refresh cycle at AmEx, creating difficult 2H26 comps.
    - CEO of CompoSecure, CEO and CFO of Husky all recently departed.

- **Risks:**
    - Not well covered, lack of forward estimates for combined company make it difficult to establish true investor expectations.
    - Crypto “cold wallet”, metallic credit card adoption support accelerating growth at CompoSecure.
    - High insider ownership, makes managements RHLD vs. GPGI incentive calculus dependent on relative share prices.