

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): November 2, 2022

**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 November 2, 2022, CompoSecure, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended September 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

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press Release of the Company, dated November 2, 2022</a>
<a href="#">99.2</a>	<a href="#">Investor Presentation, dated November 2022</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.

---

**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: November 2, 2022

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

---

**CompoSecure Reports Record Third Quarter 2022 Financial Results and Raises 2022 Guidance**

- Net Sales up 56% YoY to a Record \$103.3 Million -
- Net Income up 17% YoY to \$21.9 Million or \$0.18 EPS -
- Adjusted EBITDA up 33% YoY to a Record \$32.7 Million -
- Expects 2022 Net Sales at the High End of Guidance; Raises 2022 Adjusted EBITDA Outlook -

**SOMERSET, N.J., November 2, 2022** -- CompoSecure, Inc. (Nasdaq: CMPO), a leader in payment cards, security and authentication solutions, today announced financial and operating results for the third quarter ended September 30, 2022.

Jon Wilk, President and CEO of CompoSecure commented, "We are very excited to announce another record quarter for Net Sales, as we continue to capitalize on the high demand for our premium metal card products through strong sales execution, deep customer relationships, and increased international demand."

He added, "In addition, the Company has achieved better than anticipated profitability with Net Income up 17% year-over-year and Adjusted EBITDA up 33% year-over-year, through a combination of our ability to drive significant economies of scale, a commitment to operational excellence and efficiency, and a measured approach to Arculus long-term growth investments."

Mr. Wilk continued, "Overall, we believe the Arculus platform is well positioned to support today's growing security, payment, and authentication needs across many industries and we are increasingly focused on executing our B2B sales and marketing efforts. We also remain confident in our Arculus cold storage offering but consistent with last quarter, uncertainty in the digital asset market persists and we are working to better time investment to growth."

"Based on our strong performance year-to-date, we are narrowing the Net Sales guidance range to the high end of our previously announced guidance and now expect Net Sales for the year between \$370-\$380 million. We are also raising our 2022 Adjusted EBITDA guidance and now expect it to range from \$130-\$137 million given our continued margin expansion and profitability," Wilk concluded.



### **Q3 2022 Financial Highlights (vs. Q3 2021)**

- **Net Sales:** Net Sales increased 56% to \$103.3 million compared to \$66.2 million, with the increase primarily driven by continued growth in the Company's premium payment card business, customer expansion and international demand.
- **Gross Profit:** Gross Profit increased 71% to \$61.8 million or 59.8% of Net Sales, compared to \$36.1 million or 54.6%. The increase in Gross Profit and margin was primarily driven by higher card issuance volumes and operational efficiencies.
- **Net Income/EPS:** Net Income increased 17% to \$21.9 million compared to \$18.7 million. Net Income per share attributable to class A common stockholders was \$0.18 per basic and diluted share.
- **Adjusted Net Income/Adjusted EPS:** Adjusted Net Income (a non-GAAP measure) was \$19.8 million. Adjusted EPS (a non-GAAP measure), which includes both class A and class B shares, was \$0.26 per basic share and \$0.22 per diluted share (see reconciliation of non-GAAP measures shown in table below).
- **Adjusted EBITDA:** Adjusted EBITDA (a non-GAAP measure) increased 33% to \$32.7 million compared to \$24.6 million, with the increase primarily driven by Net Sales growth and margin expansion, as well as managing investments based on growth expectations.
- **Balance Sheet:** As of September 30, 2022, the Company had approximately \$15.4 million of cash and cash equivalents and \$373.1 million of total debt, which includes approximately \$233 million of term loan, \$10 million of revolver, and \$130 million of exchangeable notes.
- **Shares Outstanding:** As of September 30, 2022, the Company had approximately 76.3 million shares outstanding which includes approximately 15.8 million class A shares and 60.6 million class B shares (for more information on shares outstanding, both basic and diluted, please refer to our 10-Q and the accompanying earnings presentation).

### **Recent Operational Highlights**

- Strong domestic growth in payment card business including new clients across banking, gaming, fintech, entertainment and exchanges.
- International Net Sales up more than 35% year-over-year to \$19.5 million, primarily driven by strong demand for premium payment cards and growth in distributor channels.
- Added Walmart.com and Newegg.com as distribution channels for the Arculus cold storage wallet.
- Appointed fintech and banking veteran Paul Galant to the Company's Board of Directors.

### **2022 Financial Outlook**

The Company is narrowing its Net Sales range for 2022 to the high end of our previously announced guidance and now expects Net Sales for the year between \$370-\$380 million (previously \$355-\$380 million) reflecting an approximate 40% increase from 2021 at the midpoint. CompoSecure is also increasing its 2022 outlook for Adjusted EBITDA and now expects it to range from \$130-\$137 million (previously \$110-\$120 million) reflecting an increase of approximately 31% from 2021 at the midpoint.

## **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, November 2, 2022

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](http://www.composesecure.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 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 nine months ended September 30, 2022 and September 30, 2021.

#### **Corporate Contact**

Anthony Piniella  
Head of Communications, CompoSecure  
(908) 898-8887  
[apiniella@composecure.com](mailto:apiniella@composecure.com)

#### **Investor Relations Contact**

Sean Mansouri, CFA  
Elevate IR  
(720) 330-2829  
[ir@composecure.com](mailto:ir@composecure.com)

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,430	\$ 21,944
Accounts Receivable, net	45,797	27,925
Inventories	39,128	25,806
Prepaid expenses and other current assets	2,821	2,596
Property and equipment, net	22,822	22,177
Right of use asset, net	9,268	5,246
Deferred tax asset	25,103	25,650
Derivative asset - interest rate swap	9,392	-
Deposits and other assets	24	10
<b>TOTAL ASSETS</b>	<b>\$ 169,785</b>	<b>\$ 131,354</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current portion of long-term debt	\$ 9,685	12,500
Current portion of lease liabilities	1,815	1,119
Accounts payable	12,626	7,058
Accrued expenses	20,424	10,131
Deferred issuance costs	-	23,107
Commission payable	14,924	3,089
Bonus payable	7,467	3,512
Long-term debt, net of deferred finance costs	220,532	233,132
Convertible notes, net of debt discount	127,232	126,897
Derivative liability - convertible notes	367	552
Warrant liability	18,908	35,271
Line of credit	10,000	15,000
Earnout liability	16,751	38,427
Lease liabilities	8,133	4,709
Tax receivable agreement liability	25,752	24,500
Total stockholders' (deficit)	(324,831)	(407,650)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 169,785</b>	<b>\$ 131,354</b>

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2022	2021	2022	2021
Net sales	\$ 103,305	\$ 66,183	\$ 284,687	\$ 192,648
Operating expenses:				
Cost of sales	41,547	30,035	115,318	87,074
Selling, General and administrative	36,116	14,552	79,325	33,348
Total operating expenses	<u>77,663</u>	<u>44,587</u>	<u>194,643</u>	<u>120,422</u>
Income from operations	25,642	21,596	90,044	72,226
Total other income (expense), net	(3,355)	(2,902)	23,153	(8,830)
Income before income taxes	22,287	18,694	113,197	63,396
Income tax provision	(393)	-	(3,738)	-
Net income	<u>21,894</u>	<u>18,694</u>	<u>109,459</u>	<u>63,396</u>
Net income attributable to non-controlling interests	19,077	-	93,973	-
Net income attributable to CompoSecure, Inc	<u>\$ 2,817</u>	<u>\$ 18,694</u>	<u>\$ 15,486</u>	<u>\$ 63,396</u>
Net income per share attributable to Class A common stockholders -basic	\$ 0.18	n/a	\$ 1.02	n/a
Net income per share attributable to Class A common stockholders - diluted	\$ 0.18	n/a	\$ 0.94	n/a
Weighted average shares used to compute net income per share attributable to Class A common stockholders - basic	15,433	n/a	15,141	n/a
Weighted average shares used to compute net income per share attributable to Class A common stockholders - diluted	19,662	n/a	32,815	n/a

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

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 109,459	\$ 63,396
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	6,577	7,813
Equity-based compensation expense	7,736	1,124
Amortization of deferred finance costs	1,798	1,167
Change in fair value of earnout consideration liability	(21,676)	-
Revaluation of warrant liability	(16,363)	-
Change in fair value of derivative liability	(185)	-
Deferred tax expense	3,191	-
Changes in assets and liabilities		
Accounts receivable	(17,871)	(24,576)
Inventories	(13,322)	3,708
Prepaid expenses and other assets	(225)	216
Accounts payable	5,568	(1,912)
Deposits and other assets	(14)	(5,330)
Accrued expenses	10,293	2,261
Other liabilities	15,885	180
Net cash provided by operating activities	<u>90,851</u>	<u>48,047</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(7,221)	(3,900)
Net cash used in investing activities	<u>(7,221)</u>	<u>(3,900)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of stock options	2	-
Payment of line of credit	(5,000)	(5,000)
Payment of term loan	(16,878)	(18,000)
Distributions	(44,435)	(22,333)
Payment of issuance cost related to business combination	(23,833)	-
Net cash used in financing activities	<u>(90,144)</u>	<u>(45,333)</u>
Net decrease in cash and cash equivalents	(6,514)	(1,186)
Cash and cash equivalents, beginning of period	21,944	13,422
Cash and cash equivalents, end of period	<u>\$ 15,430</u>	<u>\$ 12,236</u>
<b>Supplementary disclosure of cash flow information</b>		
Cash paid for interest expense	<u>\$ 14,937</u>	<u>\$ 7,635</u>
<b>Supplemental disclosure of non-cash financing activity:</b>		
Derivative asset - interest rate swap	<u>\$ 9,392</u>	<u>\$ -</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 21,894	\$ 18,694	\$ 109,459	\$ 63,396
Add:				
Depreciation	2,010	2,640	6,577	7,813
Interest expense, net	5,850	2,902	16,362	8,830
Taxes	393	-	3,738	-
EBITDA	\$ 30,147	\$ 24,236	\$ 136,136	\$ 80,040
Equity compensation expense	3,715	340	7,736	1,124
Mark to market adjustments (1)	(1,204)	-	(38,224)	-
Adjusted EBITDA	\$ 32,658	\$ 24,576	\$ 105,648	\$ 81,164

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022		2022	
	(in thousands) except per share amounts			
	Basic	Diluted	Basic	Diluted
Net income	\$ 21,894	\$ 21,894	\$ 109,459	\$ 109,459
Add: provision for income taxes	393	393	3,738	3,738
Income before Income taxes	22,287	22,287	113,197	113,197
Income tax expense (1)	(5,266)	(5,266)	(17,432)	(17,432)
Adjusted net income	17,021	17,021	95,765	95,765
Less: mark-to-market adjustments (2)	(957)	(957)	(38,040)	(38,040)
Add: stock-based compensation	3,715	3,715	7,736	7,736
Adjusted net income	\$ 19,779	\$ 19,779	\$ 65,461	\$ 65,461
Common shares outstanding used in computing earnings per share, basic:				
Class A and Class B common shares (3)	76,020	76,020	75,728	75,728
Common shares outstanding used in computing earnings per share, diluted:				
Warrants (Public and Private) (4)	-	8,094	-	8,094
Options and restricted common shares	-	4,229	-	4,674
Total Shares outstanding used in computing adjusted earnings per share	76,020	88,343	75,728	88,496
Adjusted earnings per share (5)	\$ 0.26	\$ 0.22	\$ 0.86	\$ 0.74

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 B shares and Class A 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.



**Q3 2022  
EARNINGS PRESENTATION**

**November 2, 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 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.

## Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and that may be different from non-GAAP financial measures used by other companies. The Company believes EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS are useful to investors in evaluating the Company's financial performance. The Company uses these measures internally to establish forecasts, budgets and operational goals to manage and monitor its business, as well as evaluate its underlying historical performance and 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 net income to EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS for the quarters and nine months ended September 30, 2022 and September 30, 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 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 – Q3 2022

Net Sales of \$103mm, 56% higher than Q3 '21 driven by continued strong sales execution, deep customer relationships, and growth across both domestic (+62%) and international (+35%)

Net Income of \$22mm, 17% higher than Q3 '21 and Adjusted EBITDA<sup>1</sup> of \$33mm, 33% higher than Q3 '21 driven primarily by Net Sales growth, production efficiencies, and economies of scale, as well as managing investments based on Arculus ramp-up expectations and timing

Positive card issuer trends continue including high consumer and business demand for premium cards while continuously monitoring indicators given mixed macro-economic signals

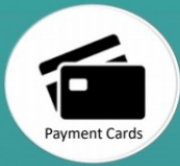
Arculus platform positioned to support growing security, payment, and authentication needs across many industries. Marketing efforts increasingly focused on supporting B2B white-labeling opportunities. Continue to see strong interest in Arculus cold storage offering but uncertainty in the digital asset market persists

Raising 2022 full year guidance; now expect Net Sales to be at the top of the range of \$370mm to \$380mm (narrowed from \$355mm to \$380mm) and Adjusted EBITDA<sup>1</sup> to be in the range of \$130mm to \$137mm (increased from \$110mm to \$120mm)

<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

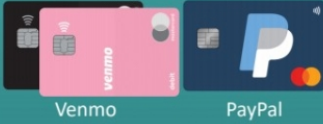
# Company Highlights

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



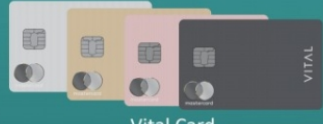
Payment Cards

### FinTechs



Venmo

PayPal



Vital Card



Mercury

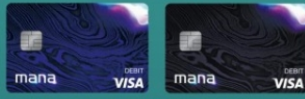
BHG World

### Traditional Banks - LED (Pilot)



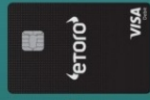
US Bank

### Gaming



Mana

### Exchanges



eToro



### FinTech & Technology Partners



### Marketing & Distribution



# Positive Trends & Momentum across Payment Cards

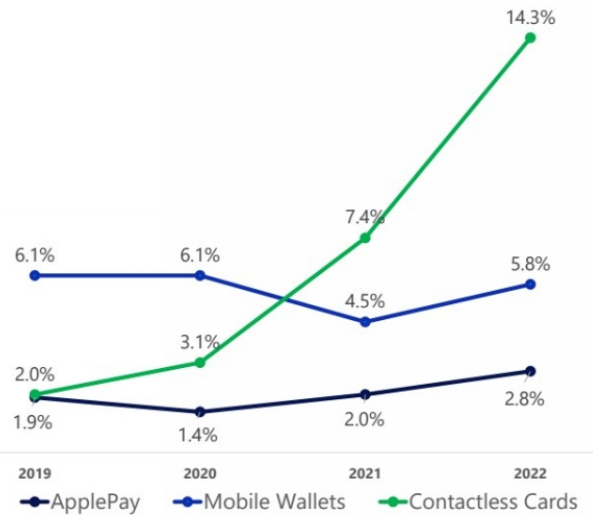
CompoSecure's Largest Customers Continue to Report Over 17% Purchase Volume Growth vs. Prior Year

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



Contactless Cards are 5x More Often Used than Apple Pay and 2.5x vs. All Mobile Wallets

### Percent of In-Store Transactions<sup>2</sup>

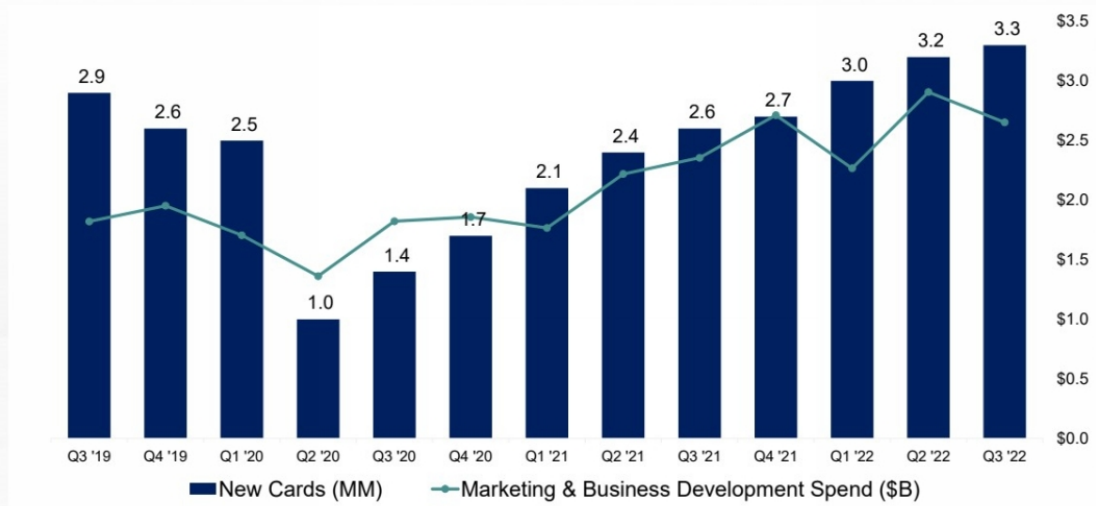


<sup>1</sup>American Express & JP Morgan Chase Earnings Presentations  
<sup>2</sup>PYMNTS: "Mobile Wallet Adoption", 2022



# Positive Trends & Momentum across Payment Cards

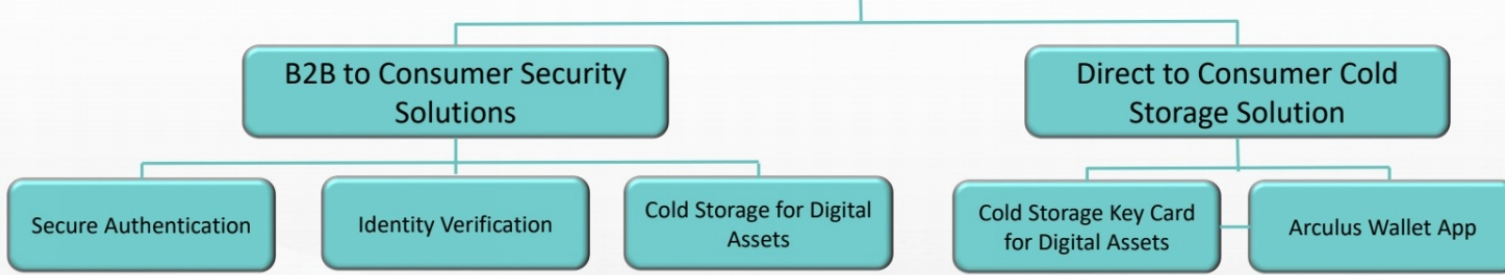
American Express continues to report strong card acquisition numbers and investment to grow the business



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

Source: American Express Earnings Presentations

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



## KEY VERTICALS

Financial Institutions

FinTechs

Gaming & Gambling

Telecom

Crypto Exchanges

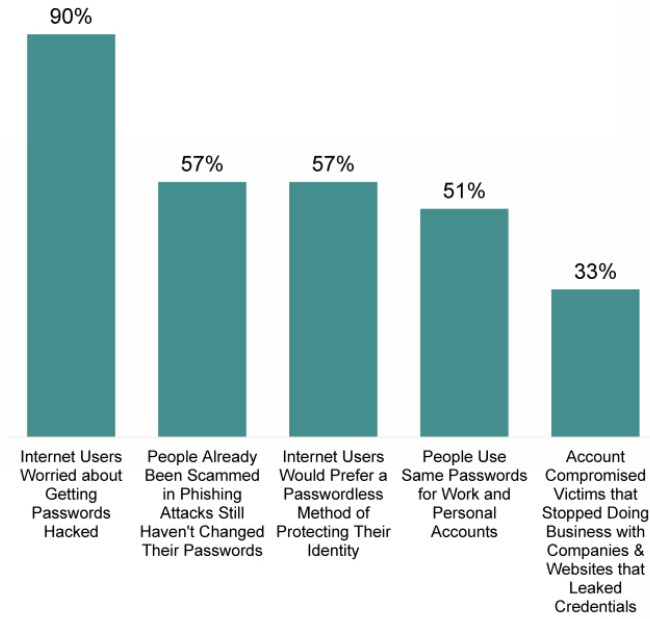
NFT Marketplaces

Sports & Entertainment

Healthcare

# Momentum Gaining to Shift Away from User Names and Passwords

## Password Statistics<sup>1</sup>



<sup>1</sup> DataProt: Save Your Data with These Empowering Password Statistics: 8/22/22

## Big tech is building a passwordless future. Banks want to join in.

By Carter Pope August 05, 2022, 3:42 p.m. EDT 4 Min Read

### Google's new passkey support is helping kill the password

It's still in beta, but the tech is part of an important, larger initiative involving Apple and Microsoft, too.

BY HARRY GUINNESS | PUBLISHED OCT 14, 2022 12:31 PM

### PayPal Enters Passwordless Future With Passkey Launch

By PYMNTS

Posted on October 24, 2022

Listen to Article

### Bank of America's CashPro App Adds QR Code, Biometrics to Ease Sign-In

By PYMNTS

Posted on September 26, 2022

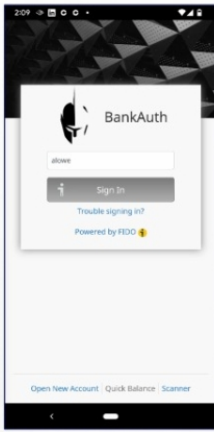
Listen to Article

### Microsoft is doing away with passwords for Azure Virtual Desktop

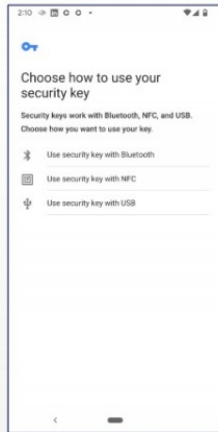
By Will McCurdy published September 27, 2022

Users get passwordless authentication for virtual desktops

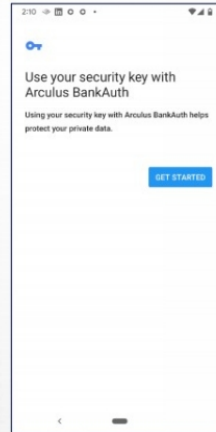
# Arculus Authentication Provides Passwordless Login and/or Step-Up Verification



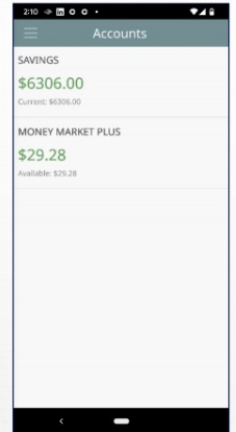
*Simply tap Arculus Key card for secure log-in*



*Easy set-up process for FIDO2 compatible app*



*Secure NFC connection*



*Can be used for step-up authentication*

**Payment Card Integration:** Can combine credit/debit card with authentication token

**Secure:** Authentication for high dollar/high risk transactions or passwordless log-in

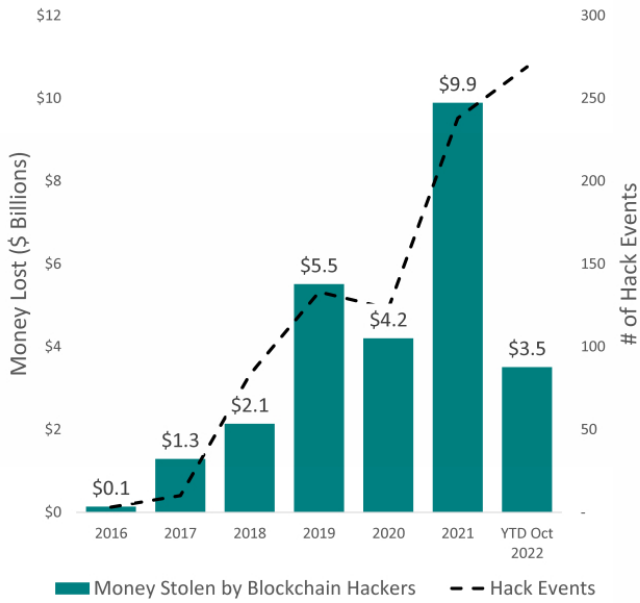
**Phishing Resistant:** Authenticating/bootstrapping a new device

**Improved User Experience:** Customer service enhancements



# Crypto Hacks and Exchange Freezes Have Continued to Challenge the Industry

## Hacking Losses<sup>1</sup>



<sup>1</sup> SlowMist Hacked  
<sup>2</sup> PYMNTS: "Mobile Wallet Adoption", 2022

## \$570 million worth of Binance's BNB token stolen in another major crypto hack

PUBLISHED FRI, OCT 7 2022-3:54 AM EDT | UPDATED FRI, OCT 7 2022-9:12 AM EDT

By Ryan Browne

SHARE [f](#) [t](#) [in](#) [e](#)

## Solana-Based Decentralized Finance Platform Mango Hit by \$100 Million Exploit

Mango's MNGO token was down over 40% after suffering from the latest massive decentralized finance exploit.

By Sam Kessler | Oct 11, 2022 at 7:21 p.m. EDT | Updated Oct 12, 2022 at 1:24 p.m. EDT

## Crypto Market Maker Wintermute Hacked for \$160M, OTC Services Unaffected

Wintermute's lending and OTC operations have not been affected despite the hack.

By Oliver Knight | Sep 20, 2022 at 4:15 a.m. EDT | Updated Sep 20, 2022 at 2:57 p.m. EDT

## Crypto Exchange FTX Freezes Under Strain of CPI Volatility

More than \$110 million was liquidated across crypto exchanges in the hour following the U.S. inflation report.

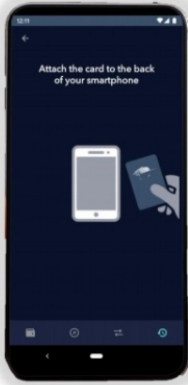
By Oliver Knight | Sep 13, 2022 at 9:40 a.m. EDT | Updated Sep 13, 2022 at 3:53 p.m. EDT

## Celsius' Crypto Customers Face Big Obstacle in Trying to Claw Back Their Deposits

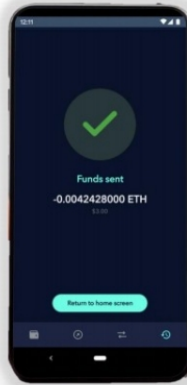
A change in the corporate structure the bankrupt crypto lender made when it was raising money last year may come under scrutiny.

By Ian Allison | Oct 5, 2022 at 3:08 p.m. EDT | Updated Oct 6, 2022 at 4:26 p.m. EDT

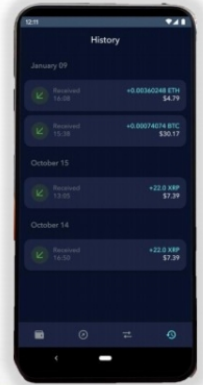
# Arculus Wallet Enables Safe Storage of Private Keys for Digital Assets



*Simply tap-to-transact with the Arculus Key card*



*Seamlessly send, receive, and swap cryptocurrency and NFTs*



*Easily track and record historical transactions*

## Convenience of a Hot Wallet with the Security of Cold Storage

**Secure:** Advanced three-factor authentication security across biometric, PIN, and Key card

**Innovative:** No charging required, crypto key storage solution with encrypted NFC ("tap-to-transact")

**Convenient:** Easily send, receive, and trade crypto assets through the mobile app

# FINANCIAL OVERVIEW



## Q3 2022 Results

	Q3 '22	Q3 '21	% Change	Commentary
Net Sales	\$103mm	\$66mm	56%	Demand for premium metal cards strong sales execution, & increased international demand
Gross Margin	60%	55%	516bps	Economies of scale & efficiencies mitigating increasing supply chain costs
Net Income	\$22mm	\$19mm	17%	\$1mm net increase from re-valuation of earnout & warrants
Adjusted EBITDA <sup>1</sup>	\$33mm	\$25mm	33%	Excludes \$1mm net increase from re-valuation of earnout & warrant Q3 '22 includes (~\$5mm) net impact from Arculus investment
Adjusted EBITDA Margin <sup>1</sup>	32%	37%	(552 bps)	

<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

## Sept YTD 2022 Results

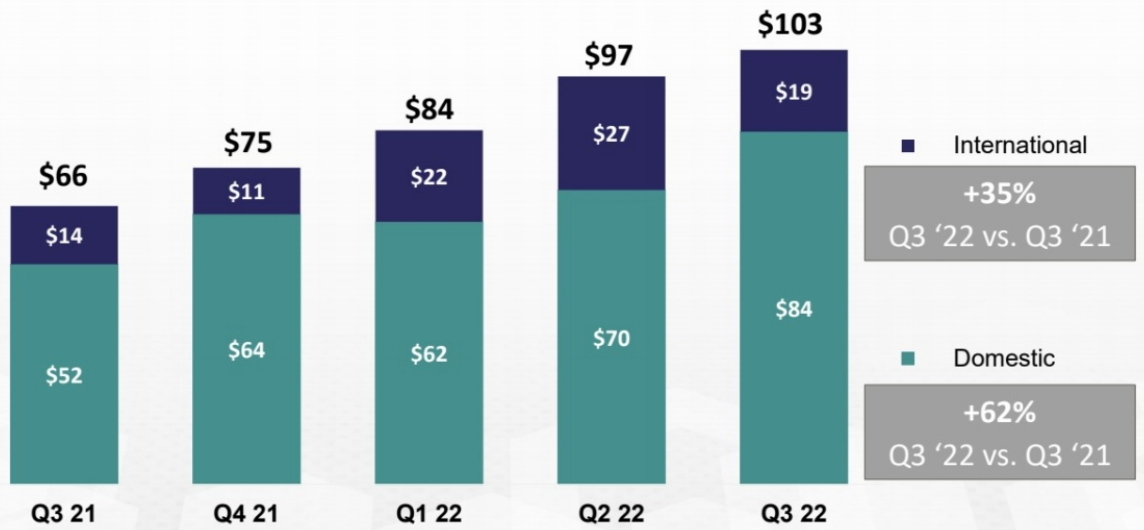
	YTD Sept '22	YTD Sept '21	% Change	Commentary
Net Sales	\$285mm	\$193mm	48%	Demand for premium metal cards strong sales execution, & increased international demand
Gross Margin	59%	55%	469bps	Economies of scale & efficiencies mitigating increasing supply chain costs
Net Income	\$110mm	\$63mm	73%	\$38mm net increase from re-valuation of earnout & warrants
Adjusted EBITDA <sup>1</sup>	\$106mm	\$81mm	30%	Excludes \$38mm net increase from re-valuation of earnout & warrant YTD Sept '22 includes (~\$16mm) net impact from Arculus investme
Adjusted EBITDA Margin <sup>1</sup>	37%	42%	(502 bps)	

<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

# Net Sales Trend

Domestic and international are both contributing to CompoSecure's growth

In millions



	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
International	21%	15%	26%	28%	19%
Domestic	79%	85%	74%	72%	81%



## Earnings per Share: GAAP

	Three months ended 9/30/22		Nine months ended 9/30/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$22mm	\$22mm	\$109mm	\$109mm
Net Income used in EPS	\$3mm <sup>1</sup>	\$4mm <sup>2</sup>	\$15mm <sup>3</sup>	\$31mm <sup>4</sup>
% of Total Net Income	12.9%	16.2%	14.1%	28.3%
Total Shares used in EPS	15mm <sup>5</sup>	20mm <sup>6</sup>	15mm <sup>5</sup>	33mm <sup>7</sup>
Earnings per Share	\$0.18	\$0.18	\$1.02	\$0.94

Source: Company Financials

<sup>1</sup> 20.6% of Operating Net Income of \$24.0mm less 100% of C-Corp Costs of \$2.1mm

<sup>2</sup> 24.5% of Operating Net Income of \$24.0mm less 100% of C-Corp Costs of \$2.1mm

<sup>3</sup> 20.6% of Operating Net Income of \$118.4mm less 100% of C-Corp Costs of \$9.0mm

<sup>4</sup> 35.1% of Operating Net Income of \$118.4mm less 100% of C-Corp Costs of \$9.0mm less Interest on Dilutive Convertible Debt of \$1.9mm

<sup>5</sup> Weighted Average Class A Shares of 15.4mm and 15.1mm for three months and nine months, respectively

<sup>6</sup> Weighted Average Class A Shares of 15.4mm and 15.1mm for three months and nine months, respectively plus 4.2mm Outstanding Options (Assuming Exercise Net of Strike Price)

<sup>7</sup> Weighted Average Class A Shares of 15.4mm and 15.1mm for three months and nine months, respectively plus 4.2mm Outstanding Options (Assuming Exercise Net of Strike Price) plus 13.0mm Shares from Convertible Debt Conversion

## Adjusted Earnings per Share

	Three months ended 9/30/22		Nine months ended 9/30/22	
	Basic	Diluted	Basic	Diluted
GAAP Net Income	\$22mm	\$22mm	\$109mm	\$109mm
Adjusted Net Income	\$20mm <sup>1</sup>	\$20mm <sup>1</sup>	\$65mm <sup>2</sup>	\$65mm <sup>2</sup>
% of GAAP Net Income	90%	90%	60%	60%
Total Shares used in EPS	76mm <sup>3</sup>	88mm <sup>4</sup>	76mm <sup>3</sup>	88mm <sup>4</sup>
Adjusted EPS <sup>5</sup>	\$0.26	\$0.22	\$0.86	\$0.74

Source: Company Financials

<sup>1</sup> GAAP Net Income of \$22.0mm less Additional Tax Provision of \$4.9mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$2.8mm

<sup>2</sup> GAAP Net Income of \$109.5mm less Additional Tax Provision of \$13.7mm less Fair Value Mark to Market Change for Warrants and Earnout and Stock Based Compensation Adjustment of \$30.3mm

<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 4.2mm and 4.7mm, respectively Options (Assuming Exercise Net of Strike Price)

<sup>5</sup> 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



## 2022 Guidance

Increasing full year net sales and adjusted EBITDA guidance

	Updated 2022E	Prior 2022E	2021
<b>Net Sales</b>	\$370mm - \$380mm	\$355mm - \$380mm	\$268mm
<i>B/(W) vs. Prior '22E</i>	+\$15mm / +\$0mm		
<i>B/(W) vs. '21</i>	+38% / +42%		
<b>Adjusted EBITDA<sup>1</sup></b>	\$130mm - \$137mm	\$110mm - \$120mm	\$102mm
<i>B/(W) vs. Prior '22E</i>	+\$20mm / +\$17mm		
<i>B/(W) vs. '21</i>	+27% / +34%		

<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**

[ir.composesecure.com](http://ir.composesecure.com)

Sean Mansouri

720-330-2829

[ir@composesecure.com](mailto:ir@composesecure.com)



**APPENDIX**

---

# CompoSecure, Inc. (Nasdaq: CMPO)

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

As of September 30, 2022

Current Enterprise Value is \$778mm<sup>1</sup>

<u>Holders</u>	<u># of Shares Issued &amp; Outstanding</u>	<u># of Shares Issued &amp; Outstanding</u>
Public Shareholders (including PIPE & Sponsor): Class A	15.8mm	15.8mm
Historic CompoSecure Owners: Class B	60.6mm	60.6mm
<b>Subtotal</b>	<b>76.3mm</b>	<b>76.3mm</b>
<u>Holders</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options</u>	<u># of Shares Reserved for Immediately Exercisable In-The-Money Options (assuming net exercise)<sup>2</sup></u>
Merger Rollover Options	5.0mm	4.4mm
<b>Total</b>	<b>81.3mm</b>	<b>80.7mm</b>
<u>Convertible Instruments</u>	<u># of Shares Reserved for Conversion</u>	<u># of Shares Reserved for Conversion (assuming net exercise)</u>
Public Warranholders <sup>3</sup>	11.6mm	4.2mm
Roman Sponsor Warranholders <sup>3</sup>	10.8mm	3.9mm
Exchangeable Noteholders <sup>4</sup>	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 \$228mm + Convertible of \$130mm. Equity of 80.7mm shares @ \$5.21 price/share as of market close 10/28/22

<sup>2</sup> Assumes exercise net of strike price, valuation at assumed FMV of \$10.00

<sup>3</sup> Assumes treasury stock method, \$11.50 strike price, & valuation at assumed FMV of \$18.00

<sup>4</sup> Assumes \$11.50 strike price with redemption (at company's discretion) after three years if FMV exceeds \$14.95



# Balance Sheets

## (Unaudited)

(\$mm)	Q3 2022A	Q4 2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$15	\$22
Accounts receivable, net	46	28
Inventories	39	26
Prepaid expenses and other Current assets	3	3
<b>Total Current Assets</b>	<b>103</b>	<b>78</b>
Property and equipment, net	23	22
Deferred tax assets	25	26
Other assets	19	5
<b>Total assets</b>	<b>\$170</b>	<b>\$131</b>
<b>Liabilities and Members' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$13	\$7
Accrued expenses	20	40
Other current liabilities	24	1
Current portion of long-term debt	10	13
<b>Total current liabilities</b>	<b>67</b>	<b>61</b>
Long-term debt, net of deferred finance costs	221	233
Line of credit	10	15
Convertible Debt, net of debt discount	128	127
Other liabilities	70	103
<b>Total liabilities</b>	<b>\$495</b>	<b>\$539</b>
<b>Members' Equity</b>	<b>(325)</b>	<b>(408)</b>
<b>Total liabilities and members' equity</b>	<b>\$170</b>	<b>\$131</b>

Source: Company financials

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

# Statements of Operations (Unaudited)

(\$mm)	YTD Sep 2022A	YTD Sep 2021A
Revenue		
<b>Net Sales</b>	<b>\$285</b>	<b>\$193</b>
Cost of Sales	(115)	(87)
<b>Gross Profit</b>	<b>\$169</b>	<b>\$106</b>
Operating Expenses		
Selling, general and administrative	(79)	(33)
<b>Income from operations</b>	<b>\$91</b>	<b>\$72</b>
Other expense		
Other income (expense), net	19	(9)
<b>Net Income</b>	<b>\$109</b>	<b>\$63</b>

Source: Company financials

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

# Statements of Cash Flows (Unaudited)

(\$mm)	YTD Sep 2022A	YTD Sep 2021A
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>\$110</b>	<b>\$63</b>
Depreciation	7	8
Equity compensation expense	8	1
Inventory reserve		
Amortization of deferred finance costs	2	1
Mark-to-market adjustments	(22)	0
Change in assets and liabilities	(17)	0
Accounts receivable	(18)	(25)
Inventories	(13)	4
Prepaid expenses and other assets	(0)	0
Other liabilities	25	(7)
Accrued expenses	10	2
<b>Net cash provided by operating activities</b>	<b>\$91</b>	<b>\$48</b>
<b>Cash flows from investing activities</b>		
<b>Acquisition of property and equipment</b>	<b>(7)</b>	<b>(4)</b>
<b>Net cash used in investing activities</b>	<b>(\$7)</b>	<b>(\$4)</b>
<b>Cash flows from financing activities</b>		
Business combination and PIPE financing		
Proceeds from line of credit	(5)	
Payment of line of credit		(5)
Proceeds from term loan		
Payment of term loan	(17)	(18)
Distributions		
Deferred finance costs related to debt origination		
Issuance cost related to business combination	(24)	
Tax Distribution to members	(44)	(22)
<b>Net cash used in financing activities</b>	<b>(\$90)</b>	<b>(\$45)</b>
<b>Net increase (decrease) cash, cash equivalents and restricted cash</b>	<b>(7)</b>	<b>(1)</b>
Cash, cash equivalents and restricted cash, beginning of year	\$22	\$13
Cash, cash equivalents and restricted cash, end of year	\$15	\$12
<b>Supplementary disclosure of cash flow information</b>		
Cash paid during the year for interest	15	8
Derivative asset - interest rate swap	9	

Source: Company financials

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



# Non-GAAP Adjusted EBITDA Reconciliation (Unaudited)

\$mm	Q3 2022A	Q3 2021A	YTD Sep 2022A	YTD Sep 2021A
Net Income	\$22	\$19	\$109	\$63
Interest Expense	6	3	16	9
Depreciation and Amortization	2	3	7	8
Taxes	0		4	
<b>Unadjusted EBITDA</b>	<b>\$30</b>	<b>\$24</b>	<b>\$136</b>	<b>\$80</b>
<b>1</b> Non-Cash Stock Comp Expense	4	0	8	1
<b>2</b> Mark-to-Market Adjustments	-1		-38	
<b>3</b> Other	0		0	
<b>Total EBITDA Adjustments</b>	<b>\$3</b>	<b>\$0</b>	<b>(\$30)</b>	<b>\$1</b>
<b>Adjusted EBITDA</b>	<b>\$33</b>	<b>\$25</b>	<b>\$106</b>	<b>\$81</b>
Adjusted EBITDA Margin	32%	37%	37%	42%

**1 Non-Cash Stock Option Expense:** Non-cash stock option expenses related to the executive incentive plan

**2 Non-Cash Mark to Market Adjustment:** Related to changes in fair value of liabilities for warrants, earnouts and derivatives assets

**3 Other:** Related to prior periods commission charge.

Source: Company financials

# Non-GAAP EPS Reconciliation (Unaudited)

(\$mm)	Three months ended 9/30/2022		Nine months ended 9/30/2022	
	BASIC	DILUTED	BASIC	DILUTED
GAAP Net Income	\$21.9	\$21.9	\$109.5	\$109.5
Add back tax provision	0.4	0.4	3.7	3.7
Tax Provision on 100% of Taxable Income	-5.3	-5.3	-17.4	-17.4
Adjusted Net Income	\$17.0	\$17.0	\$95.8	\$95.8
Fair Value and Stock Based Compensation Adjustment	\$2.8	\$2.8	-\$30.3	-\$30.3
Adjusted Net Income	\$19.8	\$19.8	\$65.5	\$65.5
Class A + Class B Shares	76.0	76.0	75.7	75.7
Public & Private Warrants <sup>1</sup>	-	8.1	-	8.1
Options <sup>2</sup>	-	4.2	-	4.7
Total Shares	76.0	88.3	75.7	88.5
Adjusted EPS	\$0.26	\$0.22	\$0.86	\$0.74

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