

LUGANO[®]
DIAMONDS

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Moti Ferder | CEO
January 17th, 2024

Safe Harbor Statement

All non-historical statements in this presentation constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "prospects" or "potential," by future conditional verbs such as "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. Such forward-looking statements include, but are not limited to, statements about our future financial performance, market forecasts or projections, projected capital expenditures, new location launches, and our business strategy. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. Forward-looking statements speak only as of the date they are made. Except to the extent required by applicable law or regulation, we assume no duty to update forward-looking statements.

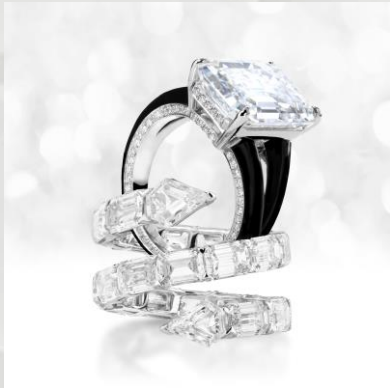
All forward-looking statements are based on management's beliefs, assumptions and expectations of our future economic performance, taking into account the information currently available to it. These statements are not statements of historical fact. Forward-looking statements are subject to a number of factors, risks and uncertainties, some of which are not currently known to us, that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial position. In addition to factors previously disclosed in reports filed by our parent, Compass Diversified ("CODI"), with the SEC, the following factors, among others, could cause actual results to differ materially from forward-looking statements: changes in the economy, financial markets and political environment; risks associated with possible disruption in CODI's operations or the economy generally due to terrorism, natural disasters, social, civil and political unrest or the COVID-19 pandemic; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities); and other considerations that may be disclosed from time to time in CODI's publicly disseminated documents and filings. Further information regarding factors which could affect the forward-looking statements contained herein can be found in CODI's annual reports on Form 10-K, quarterly reports on Form 10Q and current reports on Form 8-K.

In addition, our discussion may include references to Adjusted EBITDA, EBITDA, or other non-GAAP measures. A reconciliation of the most directly comparable GAAP financial measures to such non-GAAP financial measures is included in the Appendix attached to this presentation.

Designer, Manufacturer And Marketer Of One-of-a-Kind, High-End Jewelry



Founded in 2004 and focused exclusively on the high jewelry category



World-class design capabilities create highly desired products



Unique event-based marketing strategy reaches ultra-high net worth target audience



Long-lasting client connections bring high-value, discerning and loyal clientele

Diverse Retail Product Offering Across Multiple Price Points

Super High-End Jewelry
(highest priced pieces with rare stones)



Unique Design Jewelry
(bespoke designs based on unique materials or customer specs)



Diamond Jewelry
(white or colored diamond jewelry)



Bespoke Pieces

Timeless Stores of Value

Purchases Driven by Inspiration, Not Occasion

Our Offering Transcends The High Jewelry Market

Luxury market is expected to more than double by 2030, as the market continues to grow at 5-7%⁽¹⁾

Billionaire and ultra-high net worth individuals' wealth continues to increase at a rapid pace, accounting for over \$12.7 trillion of wealth⁽¹⁾

Our customers live a life of luxury and we are looking to expand their jewelry to match the rest of their lifestyle

**\$30mm+
Net Worth**

**Leaders of
Industry**

**Supporters of
Arts,
Philanthropy, and
Culture**



(1): Wall Street Research, Bain & Co., Altrata, Bain – Altgamma: Luxury Goods Worldwide Market Study

Innovative Go-To-Market Strategy (R.O.I.)

Redefines Relationship Between Business and Community and Broadens Addressable Customer Base



Relationships

Community-driven strategy

When Lugano enters a new market, we begin the process by engaging with local communities supporting causes and charities

Our focus on social impact and giving back establishes us as business leaders and key contributors in our markets



Oppportunity

Targeted brand-building

Lugano utilizes an event-based networking model to create opportunities to meet potential clients and stay in front of existing clients

Networking model helps establish deep relationships and often leads to referrals



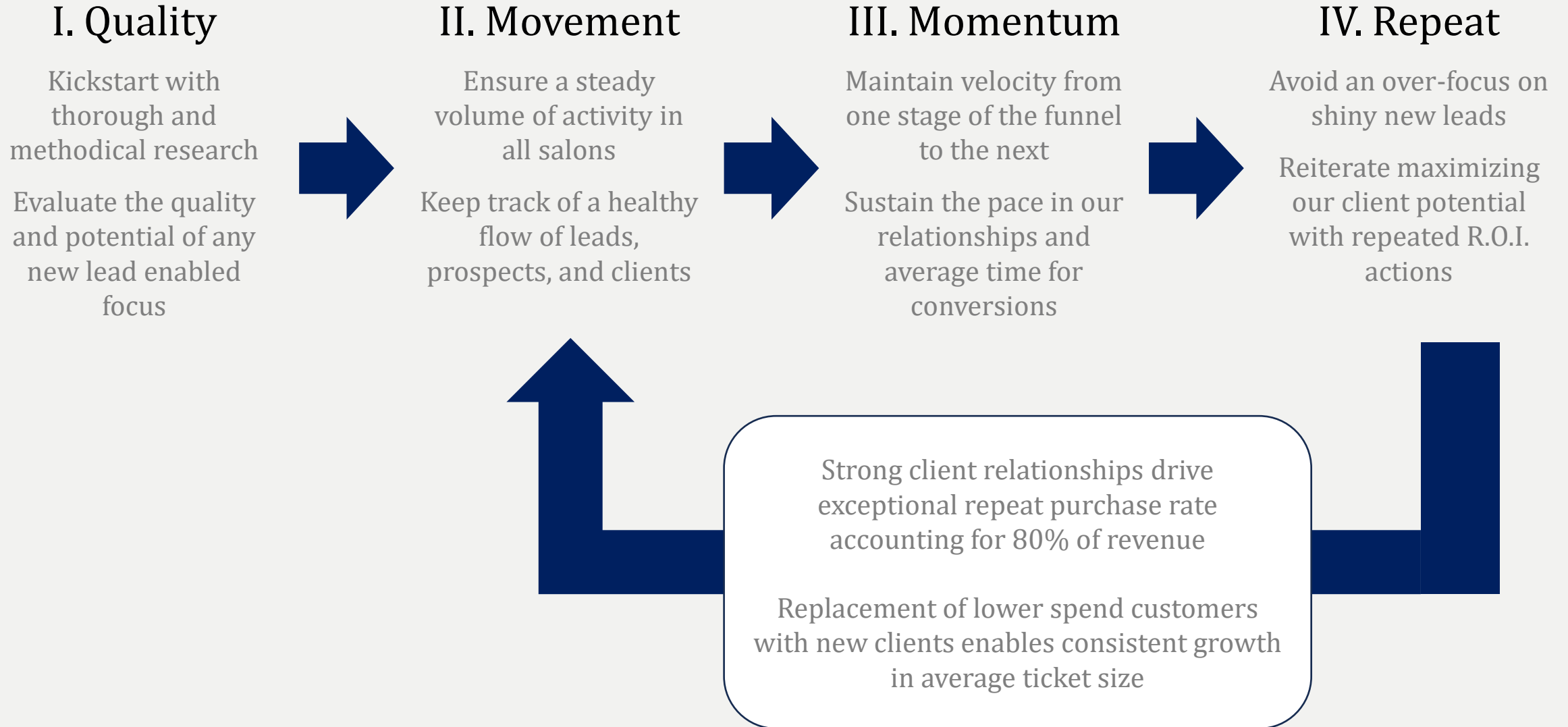
Inspiration

Trusted partners

Prioritization of relationships builds trust that creates space for the sales team to recommend unique products, inspiring the client to make a purchase that they had not previously intended

How We Evaluate Prospective Customers

Systematized Sales Process Leads To Highly Engaged Client Base



Philanthropy Is In Our DNA

Deeply Rooted Leadership In Our Communities

Arts & Culture



We find inspiration all around us and contribute to making art accessible to everyone across our communities

Education



We believe in the constant quest for knowledge and understand the importance of supporting local schools

Healthcare



We believe in supporting healthcare innovation, such as recent efforts by the Cystinosis Research Foundation

Children



We support the future leaders of our communities via our involvement with organizations like CASA and the Buddy Program

Equestrian



We are honored to support and participate in a world-class sporting community

Event-Driven Marketing



Our strategy enables us to strengthen our ties with both prospects and clients through intimate events that support our community

275+

Events in 2023

10x

ROI



The image shows the entrance to the Privé lounge. The word "Privé" is written in a large, elegant, cursive script at the top of the frame. Below it, a glass-enclosed area with a dark metal frame leads into a lounge. Inside, a blue wall features the "Privé" logo in a smaller cursive font. A large, illuminated chandelier with white and yellow flowers hangs from the ceiling. In the foreground, there is a dark wooden table with two dark chairs and a small vase of flowers. The overall atmosphere is sophisticated and exclusive.

Privé

Privé: A Gathering Place For Our Community

Lugano Privé is an exclusive social club for Lugano clients – a culmination of years of community building and exceptional experience curation. Privé is an extension of our members' living rooms – a space for engaging in conversation with people similarly committed to making a social impact and for remarkable events surrounding food, wine, art, music, and world affairs

Curated Salon Strategy in Prized Geographies



Newport Beach
Since 2005



Equestrian
Since 2005



Aspen
Since 2017



Palm Beach
Since 2019



Ocala
Since 2021



Houston
Since 2022



Washington D.C.
Since 2023



Greenwich
Since 2023



London
Opening in 2024

\$100mm+
target average
sales / salon

2,600 sq. ft
average salon size

\$17,500
2023E sales / sq. ft

6-8 months
Seeding Strategy

Rest of U.S.

10+ incremental targeted
locations

Europe

Significant market potential
with London to serve as proof
of concept

Middle East

Leverage success and halo from US
and Europe to expand to high
potential markets

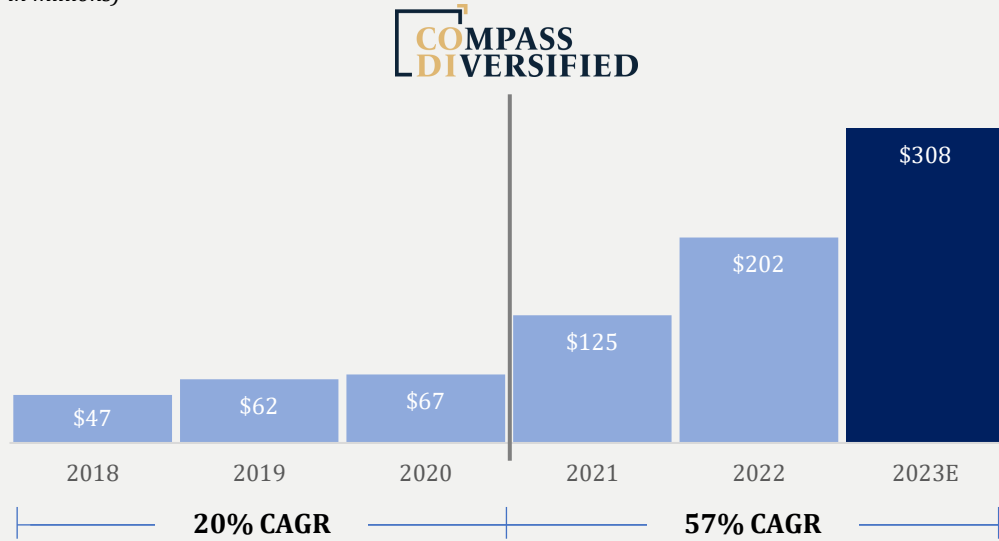
Asia

Fastest growing market for ultra
high net worth

Exceptional Financial Performance

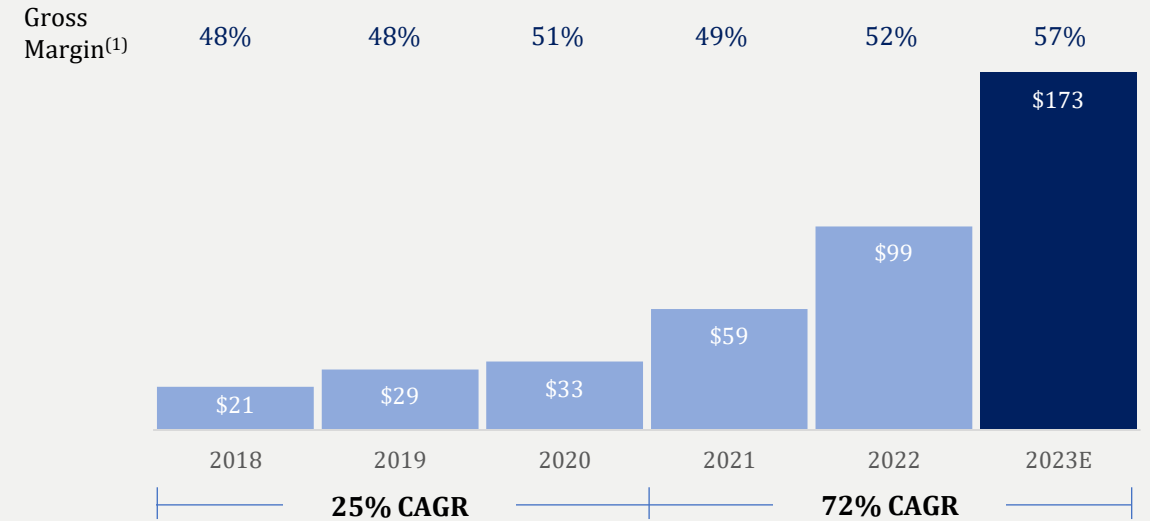
Net Sales: Disruptive Model with Compelling Unit Economics

(\$ in millions)



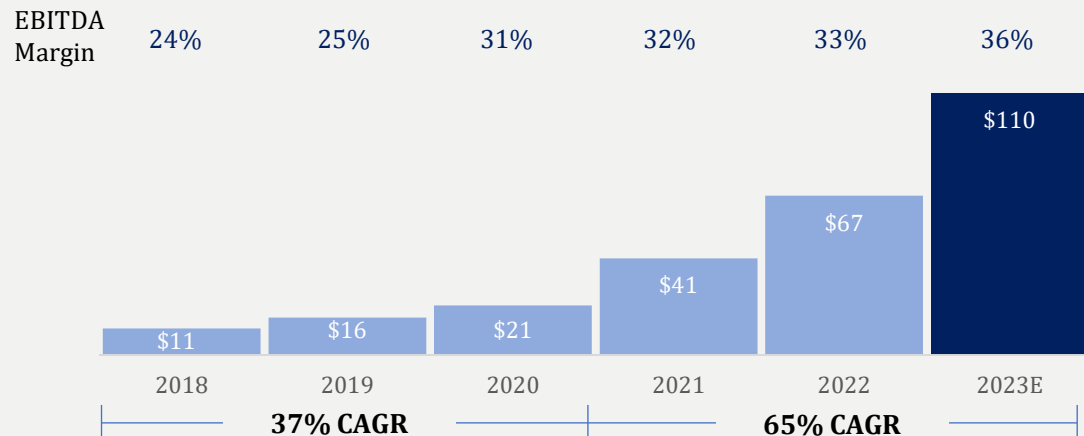
Gross Profit: Strong Product Margin Growth

(\$ in millions)



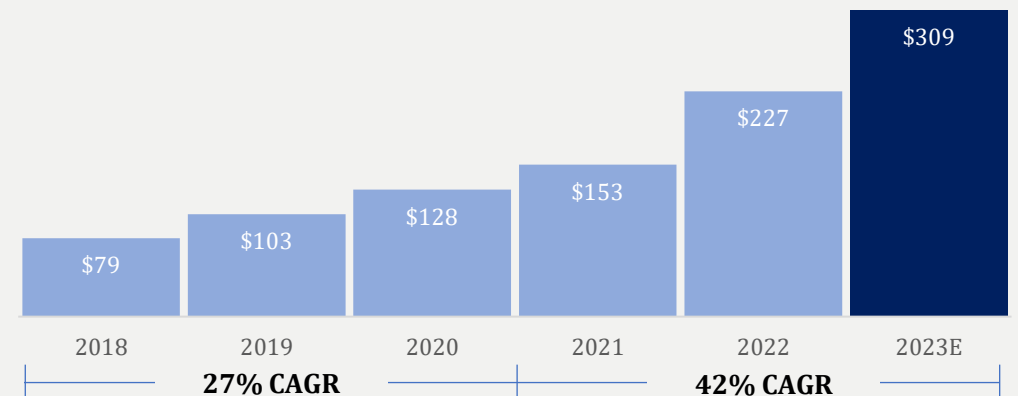
EBITDA: Long-Term, Double-Digit Growth

(\$ in millions)



Average Transaction Size: Exceptional Brand Strength

(\$ in thousands)



Note: 2023E performance figures represent estimates. Financials prior to 2021 are prior to CODI's ownership and provided by the management team of Lugano

(1) Gross Margin excludes inventory step-up

Scalable Infrastructure

People

Team of passionate individuals dedicated to creating intimate, bespoke experiences for clients and partners

Supply Chain

Established a direct sourcing model with flexibility for sourcing gems without need for consistency

Back-End Infrastructure

Robust financial implementation completed in 2023 and a customized CRM system built out in a cloud-based environment



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Appendix

Appendix – Adj. EBITDA from 2022 10K

Amount In \$000s

Adjusted EBITDA													
Year ended December 31, 2022													
	Corporate	5.11	BOA	Ergobaby	Lugano	Marucci	PrimaLoft	Velocity Outdoor	ACI	Altor	Arnold	Sterno	Consolidated
Net income (loss) from continuing operations	\$ (64,084)	\$ 22,633	42,613	\$(18,669)	27,934	11,526	(17,741)	\$ 4,127	\$ 12,955	\$ 9,662	\$ 7,683	\$ 3,406	\$ 42,045
Adjusted for:													
Provision (benefit) for income taxes	12,119	7,125	6,527	(4,274)	11,889	4,320	(3,878)	1,562	3,616	3,174	3,329	(480)	45,029
Interest expense, net	83,243	—	(25)	10	16	14	(7)	229	—	—	26	—	83,506
Intercompany interest	(105,813)	13,761	7,410	6,026	12,773	6,977	7,512	10,282	6,659	10,742	5,518	18,153	—
Loss on debt extinguishment	534	—	—	—	—	—	—	—	—	—	—	—	534
Depreciation and amortization	1,134	22,972	21,993	8,094	11,533	12,583	10,465	13,374	2,158	16,403	8,041	20,293	149,043
EBITDA	(72,867)	66,491	78,518	(8,813)	64,145	35,420	(3,649)	29,574	25,388	39,981	24,597	41,372	320,157
Other (income) expense	(57)	(217)	1,043	6	2	(1,875)	112	2,417	267	766	(20)	(1,730)	714
Non-controlling shareholder compensation	—	1,511	2,511	1,479	1,179	1,457	2,142	971	496	1,321	40	844	13,951
Impairment expense	—	—	—	20,552	—	—	—	—	—	—	—	—	20,552
Acquisition expenses	—	—	—	—	—	—	5,680	222	—	216	—	—	6,118
Integration services fee	—	—	—	—	1,688	—	2,375	—	—	—	—	—	4,063
Other	—	—	—	250	—	1,802	—	—	853	—	—	1,330	4,235
Adjusted EBITDA	\$ (72,924)	\$ 67,785	\$ 82,072	\$ 13,474	\$ 67,014	\$ 36,804	\$ 6,660	\$ 33,184	\$ 27,004	\$ 42,284	\$ 24,617	\$ 41,816	\$ 369,790

Appendix – Adj. EBITDA from 2021 10K

Amount In \$000s

Adjusted EBITDA											
Year ended December 31, 2021											
	Corporate	5.11	BOA	Ergobaby	Lugano	Marucci Sports	Velocity Outdoor	Altor	Arnold	Sterno	Consolidated
Net income (loss) from continuing operations	\$ (72,624)	\$ 20,152	\$ 21,178	\$ 5,079	\$ 5,239	\$ 10,232	\$ 23,035	\$ 7,871	\$ 5,013	\$ (316)	\$ 24,859
Adjusted for:											
Provision (benefit) for income taxes	(12,119)	6,905	3,559	2,018	2,094	3,070	6,237	2,619	1,345	2,609	18,337
Interest expense, net	58,639	16	—	—	9	5	165	(1)	6	—	58,839
Intercompany interest	(66,765)	11,868	8,581	1,960	2,450	3,110	7,461	7,558	5,455	18,322	—
Loss on debt extinguishment	33,305	—	—	—	—	—	—	—	—	—	33,305
Depreciation and amortization	1,025	22,355	20,279	8,435	4,757	8,634	12,704	12,938	8,888	23,369	123,384
EBITDA	(58,539)	61,296	53,597	17,492	14,549	25,051	49,602	30,985	20,707	43,984	258,724
Other (income) expense	(284)	125	377	—	16	(119)	2,573	(323)	8	(1,189)	1,184
Non-controlling shareholder compensation	—	2,428	2,194	1,693	190	1,101	1,020	1,035	38	1,242	10,941
Acquisition expenses	39	—	—	—	1,827	971	—	444	310	—	3,591
Integration services fee	—	—	3,300	—	563	1,000	—	—	—	—	4,863
Other	1,132	273	—	—	—	1,000	(2,300)	—	—	995	1,100
Management fees	41,505	1,000	1,000	500	188	500	500	750	500	500	46,943
Adjusted EBITDA	\$ (16,147)	\$ 65,122	\$ 60,468	\$ 19,685	\$ 17,333	\$ 29,504	\$ 51,395	\$ 32,891	\$ 21,563	\$ 45,532	\$ 327,346

(1) Net income (loss) does not include income (loss) from discontinued operations for the year ended December 31, 2021.

Appendix – Adj. EBITDA from 2020 10K

Amount In \$000s

Adjusted EBITDA												
Year ended December 31, 2020												
	Corporate	5.11	BOA	Ergobaby	Liberty	Marucci Sports	Velocity Outdoor	ACI	Arnold	Foam Fabricators	Sterno	Consolidated
Net income (loss)	\$ (19,065)	\$ 12,356	\$ (2,640)	\$ 725	\$ 9,902	\$ (4,785)	\$ 11,161	\$ 13,170	\$ (3,539)	\$ 6,092	\$ 3,820	\$ 27,197
Adjusted for:												
Provision (benefit) for income taxes	—	1,808	(535)	2,033	3,288	(1,390)	3,560	3,431	(198)	2,554	2,343	16,894
Interest expense, net	45,610	19	—	—	—	7	131	—	—	—	1	45,768
Intercompany interest	(70,449)	14,085	2,043	2,405	3,548	1,843	8,915	5,778	5,730	7,084	19,018	—
Depreciation and amortization	399	21,483	5,589	8,199	1,742	10,203	12,781	2,773	6,805	12,722	22,510	105,206
EBITDA	(43,505)	49,751	4,457	13,362	18,480	5,878	36,548	25,152	8,798	28,452	47,692	195,065
Gain on sale of business	(100)	—	—	—	—	—	—	—	—	—	—	(100)
Other (income) expense	—	1,420	39	—	7	(42)	931	154	9	(38)	140	2,620
Non-controlling shareholder compensation	—	2,489	469	1,156	29	634	1,549	495	(20)	1,028	1,166	8,995
Acquisition expenses	—	—	2,517	—	—	2,042	—	—	—	273	—	4,832
Integration services fee	—	—	1,125	—	—	1,000	—	—	—	—	—	2,125
Other	324	—	—	598	—	—	—	—	—	—	—	922
Management fees	29,402	1,000	250	500	500	347	500	500	500	750	500	34,749
Adjusted EBITDA	\$ (13,879)	\$ 54,660	\$ 8,857	\$ 15,616	\$ 19,016	\$ 9,859	\$ 39,528	\$ 26,301	\$ 9,287	\$ 30,465	\$ 49,498	\$ 249,208

Appendix – Adj. EBITDA from 2019 10K

Amount In \$000s

Adjusted EBITDA										
Year ended December 31, 2019										
	Corporate	5.11	Ergobaby	Liberty	Velocity Outdoor	Advanced Circuits	Arnold	Foam Fabricators	Sterno	Consolidated
Net income (loss) ⁽¹⁾	\$ 282,240	\$ 2,059	\$ 4,793	\$ 3,130	\$ (36,982)	\$ 14,970	\$ 700	\$ 2,883	\$ 16,447	\$ 290,240
Adjusted for:										
Provision (benefit) for income taxes	—	2,520	2,250	932	(2,782)	3,896	1,280	1,258	5,388	14,742
Interest expense, net	57,980	(24)	17	—	242	(2)	(1)	—	4	58,216
Intercompany interest	(80,556)	17,567	3,325	4,364	11,194	6,543	6,295	8,635	22,633	—
Loss on debt extinguishment	12,319	—	—	—	—	—	—	—	—	12,319
Depreciation and amortization	1,598	21,540	8,561	1,667	13,222	2,551	6,545	12,452	22,486	90,622
EBITDA	273,581	43,662	18,946	10,093	(15,106)	27,958	14,819	25,228	66,958	466,139
Gain on sale of business	(331,013)	—	—	—	—	—	—	—	—	(331,013)
Other (income) expense	92	(122)	(11)	16	952	122	1	1,247	(112)	2,185
Non-controlling shareholder compensation	—	2,360	828	(8)	322	288	56	1,025	1,183	6,054
Impairment expense	—	—	—	—	32,881	—	—	—	—	32,881
Integration services fee	—	—	—	—	—	—	—	281	—	281
Earnout provision adjustment	—	—	—	—	2,022	—	—	—	—	2,022
Loss on sale of investment	10,193	—	—	—	—	—	—	—	—	10,193
Other	—	—	—	266	—	58	—	—	—	324
Management fees	32,280	1,000	500	500	500	500	500	750	500	37,030
Adjusted EBITDA	\$ (14,867)	\$ 46,900	\$ 20,263	\$ 10,867	\$ 21,571	\$ 28,926	\$ 15,376	\$ 28,531	\$ 68,529	\$ 226,096

⁽¹⁾ Net income (loss) does not include income (loss) from discontinued operations for the year ended December 31, 2019.

Appendix – PF Lugano Adj. EBITDA

Amount In \$000s

	2019	2020	2021	2022	2023
Lugano as reported in CODI 10K	\$ -	\$ -	\$17,333	\$67,014	\$ 72,705
Management fee*	-	-	(188)	-	-
Pro Forma **	15,842	20,594	23,503	-	-
Q4 2023 estimate***	-	-	-	-	37,295
PF Lugano Adj. EBITDA	\$15,842	\$20,594	\$40,648	\$67,014	\$110,000

* CODI no longer adds back management fees in its calculation of Adjusted EBITDA since Q2 2022 in its 10K.

** Lugano was purchased on September 3, 2021. Pro Forma is assuming the acquisition happened on January 1, 2019.

*** Estimated Lugano Adj. EBITDA for Q4 2023. Actuals may differ from estimates.

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