



Compass Diversified Announces Extended Forbearance

July 28, 2025

WESTPORT, Conn., July 28, 2025 (GLOBE NEWSWIRE) -- Compass Diversified (NYSE: CODI) ("CODI" or the "Company") announced today that on July 25, 2025, the Company and its lender group entered into a second forbearance agreement, extending the prior forbearance period until October 24, 2025. CODI's lenders have further increased the amount of availability on the Company's \$100 million revolving credit facility, increasing it from \$40 million to \$60 million during the forbearance period.

CODI originally entered into a forbearance agreement with its lenders on May 22, 2025 in the wake of CODI's investigation into financial and accounting irregularities at its subsidiary, Lugano Holdings, Inc. ("Lugano"). The investigation has preliminarily identified irregularities in Lugano's financing, accounting, and inventory practices.

CODI is focused on completing the investigation, which is progressing in line with expectations, and actively working to finalize the necessary financial restatements. Importantly, the investigation is focused on Lugano and does not involve any of CODI's other subsidiaries.

"We remain focused on driving strong performance across CODI's eight other subsidiary companies, all of which continue to operate normally, maintain healthy balance sheets, and collectively generate significant cash flow," said Elias Sabo, CEO of CODI. "Our liquidity position remains solid, supported by increased access to capital through our revolving credit facility. We value the ongoing collaboration with our banking partners and bondholders as we work through this process. Our priority remains on maximizing value for all of our stakeholders."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This press release contains 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, including without limitation, CODI's expectations as to the timing and outcome of the Lugano investigation, CODI's credit availability and future liquidity, actions taken in response to the outcome of the investigation, the future performance of Lugano and CODI's other subsidiaries, the filing or delay of CODI's periodic reports, and the amount of any potential misstatements associated with Lugano and the impact any such misstatements may have on CODI's previously issued financial statements or results of operations. Such forward looking statements may be identified by, among other things, the use of forward-looking terminology such as "believe," "expect," "may," "could," "would," "plan," "intend," "estimate," "predict," "potential," "continue," "should" or "anticipate" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. These statements are based on beliefs and assumptions by the Board of Directors and management, and on information currently available to CODI's Board of Directors and management. These statements involve risk and uncertainties that could cause CODI's actual results and outcomes to differ, perhaps materially, including but not limited to: the discovery of additional information relevant to the investigation; the conclusions (and timing of those conclusions) concerning matters relating to the investigation; the timing of the review by, and the conclusions of, Grant Thornton regarding the investigation and CODI's financial statements; a further material delay in CODI's financial reporting or ability to hold an annual meeting of stockholders; the impacts of restatement reviews; the likelihood that the control deficiencies identified or that may be identified in the future will result in material weaknesses in CODI's internal control over financial reporting; and commercial litigation relating to the investigation, including CODI's representations regarding its financial statements, and the possibility of future litigation or investigation relating to CODI's internal controls, restatement reviews, the investigation, or related matters. Please see CODI's Annual Report on Form 10-K for the year ended December 31, 2024 for other risk factors that you should consider in connection with such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date such statements have been made. Except as required by law CODI does not undertake any public obligation to update any forward-looking statements to reflect events, circumstances, or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

Investor Relations

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