



**COMPASS  
DIVERSIFIED**

**LUGANO<sup>®</sup>**  
DIAMONDS



# Forward Looking Statements



## CAUTIONARY NOTES ON FORWARD LOOKING STATEMENTS

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," "plans", "target," "estimate," "continue," "positions," "positioned", "opportunities", "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 the expected impact of the transaction with, and anticipated future performance and operations of, Lugano Diamonds & Jewelry, Inc. ("Lugano"). 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, Compass Diversified Holdings ("CODI") assumes no duty to update forward-looking statements.

All forward-looking statements are based on our 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 CODI's reports filed with the Securities and Exchange Commission, the following factors, among others, could cause actual results to differ materially from forward-looking statements: difficulties and delays in integrating Lugano's business or fully realizing cost savings and other benefits; business disruption following the transaction; changes in the economy, financial markets and political environment; risks associated with possible disruption in CODI's or Lugano'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); general considerations associated with the COVID-19 pandemic and its impact on the markets in which we operate; and other considerations that may be disclosed from time to time in CODI's publicly disseminated documents and filings. Further information regarding CODI and 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 10-Q and current reports on Form 8-K.

# Designer, Manufacturer and Marketer of One-of-a-Kind, High-End Jewelry



Lugano Diamonds & Jewelry, Inc.



Founded in 2004 and competes in the high-end jewelry market (\$50,000 and above)



World-class design capabilities creates highly desired products



Unique event-based marketing strategy reaches 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)



# Differentiated Sales & Marketing Approach

## UNIQUE RETAIL STRATEGY IMPROVES CLIENT EXPERIENCE & LOYALTY

- Four retail salons located across several up-scale destinations:
  - Newport Beach, California
  - Aspen, Colorado
  - Palm Beach, Florida
  - Ocala, Florida
- Salons are carefully designed to provide an exclusive and private shopping experience for clients
- Consultative sales approach positions the Company as a trusted jewelry advisor

## HIGHLY EFFECTIVE EVENT-DRIVEN MARKETING STRATEGY

- Strong event-based networking model, enabling the Company to both meet prospective clients and strengthen relationships with existing clients
- Partnerships with influential organizations like Robb Report, World Equestrian Center and the Aspen Institute
- 100+ equestrian, social and philanthropic Lugano-hosted or sponsored events annually
- Sales conducted via pop-up showrooms at Company-hosted events generating brand awareness and valuable customer relationships



# Ideally Positioned to Benefit From CODI's Resources and Capital



Well-positioned to emerge as a leading domestic and international luxury brand by leveraging CODI's strong experience building consumer brands



Additional opportunities for geographic expansion identified including Houston, Washington D.C., San Francisco, Paris and Miami, elevating growth capital expenditures in near-term



Approximately 100 Company-hosted or sponsored events annually with plans to grow this number meaningfully and expand internationally



Additional capital flexibility will enable the Company to opportunistically procure rare stones and expand its internal manufacturing capabilities



Strong existing management team with plans to significantly grow headcount and infrastructure to support growth



Company works with Kimberley Process certified suppliers, CODI working with Company to further enhance social compliance efforts

# Lugano's Financial Profile



~\$96mm net sales; ~\$30mm adjusted EBITDA (TTM June 30, 2021)



Low Maintenance CapEx requirements with Growth CapEx driven by highly profitable new salon expansion



Multiple tangible avenues for revenue growth



FY 2015 – 2021E Revenue CAGR of ~33%

# Terms of the Transaction



\$256mm Enterprise Value<sup>1</sup>

Funded with cash on hand and ~\$100 million draw on Revolver



Simultaneous sign and close on September 3, 2021



Existing owners and management to retain a significant minority equity stake (~40%)



Current management team, including strong Co-founder and CEO, will continue to lead company

Thank you!



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