

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2025

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMPASS DIVERSIFIED HOLDINGS
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-34927
(Commission
file number)

57-6218917
(I.R.S. employer
identification number)

COMPASS GROUP DIVERSIFIED HOLDINGS LLC
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-34926
(Commission
file number)

20-3812051
(I.R.S. employer
identification number)

301 Riverside Avenue, Second Floor, Westport, CT 06880
(Address of principal executive office)

(203) 221-1703
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Shares representing beneficial interests in Compass Diversified Holdings	CODI	New York Stock Exchange
Series A Preferred Shares representing beneficial interests in Compass Diversified Holdings	CODI PR A	New York Stock Exchange
Series B Preferred Shares representing beneficial interests in Compass Diversified Holdings	CODI PR B	New York Stock Exchange
Series C Preferred Shares representing beneficial interests in Compass Diversified Holdings	CODI PR C	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of December 15, 2025, there were 75,235,966 Trust common shares of Compass Diversified Holdings outstanding.

COMPASS DIVERSIFIED HOLDINGS

QUARTERLY REPORT ON FORM 10-Q

For the period ended March 31, 2025

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NOTE TO READER

In reading this Quarterly Report on Form 10-Q, references to:

- the "Trust" and "Holdings" refer to Compass Diversified Holdings;
- the "LLC" refers to Compass Group Diversified Holdings LLC;
- the "Company" refers to Compass Diversified Holdings and Compass Group Diversified Holdings LLC, collectively;
- "businesses", "operating segments", "subsidiaries" and "reporting units" all refer to, collectively, the businesses controlled by the Company;
- the "Manager" refers to Compass Group Management LLC ("CGM");
- the "Trust Agreement" refers to the Third Amended and Restated Trust Agreement of the Trust dated as of August 3, 2021, as further amended;
- the "2022 Credit Facility" refers to the third amended and restated credit agreement entered into on July 12, 2022, as further amended, among the LLC, the lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, Swing Line Lender and letter of credit issuer (the "agent")
- the "2022 Revolving Credit Facility" refers to the \$600 million in revolving loans, swing line loans and letters of credit provided by the 2022 Credit Facility that matures in 2027;
- the "2022 Term Loan" refers to the \$400 million term loan provided by the 2022 Credit Facility, plus the additional \$200 million term loan provided pursuant to a First Incremental Facility Amendment dated as of January 9, 2025 ("First Amendment"), plus up to \$100 million delay draw term loan that could be drawn and provided pursuant to the First Amendment;
- the "LLC Agreement" refers to the Sixth Amended and Restated Operating Agreement of the Company dated as of August 3, 2021, as further amended;
- the "Management Services Agreement" or "MSA" refer to the Management Services Agreement with CGM effective May 16, 2006, as amended; and
- "we," "us" and "our" refer to the Trust, the Company and the businesses together.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q"), contains both historical and forward-looking statements. We may, in some cases, use words such as "project," "predict," "believe," "anticipate," "plan," "expect," "estimate," "intend," "should," "would," "could," "potentially," "may," or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. All statements other than statements of historical or current fact are "forward-looking statements" for purposes of federal and state securities laws. Forward-looking statements include, among other things, (i) statements as to our future performance or liquidity, such as expectations for our results of operation, net income, Adjusted EBITDA, and Adjusted Earnings and ability to make quarterly distributions, (ii) our plans, strategies and objectives for future operations, including our business outlook and planned capital expenditures and (iii) our plans to regain covenant compliance under our 2022 credit facility. Forward-looking statements in this Form 10-Q are subject to a number of risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the SEC, including, but not limited to, those described under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in both this Form 10-Q and our Amendment No. 1 to the Annual Report on Form 10-K/A for the year ended December 31, 2024 filed with the United States Securities and Exchange Commission ("SEC") on December 8, 2025 as such factors may be updated from time to time in our filings with the SEC. Many of these risks and uncertainties are beyond our control. Important factors that could cause our actual results, performance and achievements to differ materially from those estimates or projections contained in our forward-looking statements include, among other things:

- litigation relating to our representations regarding our financial statements and litigation, enforcement actions or investigations relating to our internal controls, restatement reviews, matters related to the Lugano Investigation (as defined herein) and additional liabilities we are currently unaware of;
- the likelihood that the control deficiencies identified or that may be identified in the future will result in additional material weaknesses in our internal control over financial reporting;
- our lenders' ability to accelerate our outstanding indebtedness and the uncertainty of our ability to secure amendments, waivers, or forbearance, which could jeopardize our ability to continue as a going concern;
- the possibility that our intercompany loan to Lugano (as defined herein) may be subject to loss;
- our and our Manager's ability to retain or replace qualified employees of our subsidiaries and Manager;
- difficulties and delays in identifying, integrating, and managing acquisitions or an inability to fully realize cost savings and other benefits related thereto;
- our ability to finance future acquisitions on acceptable terms;
- our Board's ability to cause, in its sole discretion, the Trust to be converted into a corporation;
- our Board's ability to reduce or eliminate distributions to our shareholders;
- our reliance on receipts from our subsidiaries to make distributions to our shareholders;
- our Board's ability to change the terms of the Company's shares in its sole discretion;
- provisions in our governing documents and the governing documents of the Trust which may limit a third party's ability to acquire control of the Company and Trust;
- the potential for conflicts of interest to arise between the Company and the boards of directors of its respective businesses;
- our ability to service our debt obligations;
- our indebtedness may limit our ability to obtain financing in the future, increase the cost of future borrowings, limit our ability to use operating cash, and increase our vulnerability to adverse economic conditions;
- interest rate fluctuations;
- the potential for conflicts of interest in acquisition opportunities;
- the possibility that we may be deemed to be an investment company under the Investment Company Act of 1940, as amended, if we cease to control and operate our businesses in the future;
- the dependence of some of our businesses on a limited number of customers for a significant percentage of revenue;
- the lack of long-term customer contracts;
- changes to tariffs and import/export regulations;
- the impact of the Trust's tax reclassification;

- future changes to tax laws and the potential for the Trust to be taxed at rates higher than expected or for the Trust to fail to realize the anticipated benefits of its tax election;
- the discretionary and non-cumulative nature of distributions on Series A Preferred Shares;
- the subordination of our Series A, Series B, and Series C Preferred Shares to our existing and future indebtedness;
- the potential for members of management to allocate their time to the operations of other businesses;
- the potential for our Manager, its affiliates, and members of the Company's management team to engage in activities that compete with us or our businesses;
- the wide latitude that the Manager possesses in determining whether an acquisition or disposition opportunity does or does not meet the Company's criteria;
- the difficulty in removing our Manager for poor performance;
- the ability of our Manager to resign on 180 days' notice and the possibility that we may be unable to find a suitable replacement in a timely fashion;
- our requirement to pay our Manager the base management fee regardless of our performance;
- uncertainty with respect to determining the amount of the management fee that will be paid over time;
- uncertainty with respect to determining the amount of profit allocation that will be paid over time;
- payment of the management fee, fees under offsetting management services agreements, and profit allocation may significantly reduce the amount of earnings and cash available for shareholder distributions;
- the Manager's influence and ability to increase its fees;
- the possibility that our management fees or profit allocation may induce our Manager to make suboptimal operations decisions;
- the obligation to pay management fees and profit allocation may cause the Company to liquidate assets or incur debt;
- potential material environmental liabilities arising from a subsidiary's operations and the prior operations of predecessor companies;
- the potential for products liability and products safety claims against some of our businesses;
- cybersecurity-related risks, including system failures, data breaches, and the unauthorized access to and use of our and our customers' confidential information;
- goodwill impairment;
- disruptions to our business, operations, and supply chains, including as a result of natural disasters, inclement weather, accidents, transportation delays, and other events;
- fluctuations in the cost and availability, and the possibility of shortages, of raw materials, components, or whole goods;
- our ability to protect and enforce our intellectual property rights;
- the legal and regulatory environment in which we and our subsidiaries operate, particularly with respect to environmental regulations, products safety regulations, and products liability;
- risks inherent in operating a global business, including political and economic volatility, differing or conflicting cross-jurisdictional requirements, and import/export restrictions; and
- the importance of maintaining the value and reputation of our branded consumer businesses.

Our actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. A description of the risks that could cause our actual results to differ appears under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in both this Form 10-Q and our 2024 Form 10-K/A.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. The forward-looking events discussed in this Form 10-Q may not occur. These forward-looking statements are made as of the date of this Form 10-Q. We undertake no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, whether as a result of new information, future events or otherwise, except as required by law.

EXPLANATORY NOTE

As previously reported, we were unable to timely file our Quarterly Report on Form 10-Q for the three months ended March 31, 2025 as a result of an investigation commenced in April 2025 by the Audit Committee of the Company's Board of Directors (the "Audit Committee") into the financial, accounting, and inventory practices of our Lugano Holding Inc. ("Lugano") subsidiary (the investigation, the "Lugano Investigation"), as described in the Explanatory Note in Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2024 filed with the SEC on December 8, 2025 (the "2024 Form 10-K/A"). The Company delayed the filing of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (this "Form 10-Q") until the completion of the Lugano Investigation and the restatement of the Company's prior financial information as set forth in the 2024 Form 10-K/A.

Please refer to the 2024 Form 10-K/A and subsequent filings with the SEC for more information concerning the Lugano Investigation and its findings (see the "Explanatory Note" in the 2024 Form 10-K/A), certain events subsequent to the period ended March 31, 2025 relating to or resulting from the Lugano Investigation, our restatement of financial information as of December 31, 2024, 2023 and 2022 and for the fiscal years ended December 31, 2024, 2023, and 2022 as well as the interim periods in the fiscal years ended December 31, 2024, 2023, and 2022 (see Notes C and S to the consolidated financial statements of the Company included in Part II, Item 8. of the 2024 Form 10-K/A), and remediation actions taken and contemplated following the Lugano Investigation (see Part II, Item 9A of the 2024 Form 10-K/A).

**PART I
FINANCIAL INFORMATION**

ITEM 1. FINANCIAL STATEMENTS

**COMPASS DIVERSIFIED HOLDINGS
CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2025	December 31, 2024
	(Unaudited)	(As Restated)
<i>(in thousands)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 146,235	\$ 59,659
Accounts receivable, net	196,422	207,172
Inventories, net	598,847	571,248
Prepaid expenses and other current assets	123,705	126,692
Total current assets	1,065,209	964,771
Property, plant and equipment, net	245,612	244,746
Goodwill	895,420	895,916
Intangible assets, net	960,760	983,396
Other non-current assets	199,947	208,593
Total assets	\$ 3,366,948	\$ 3,297,422
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 100,138	\$ 103,239
Accrued expenses	326,322	318,476
Due to related parties (refer to Note O)	17,738	18,036
Current portion, long-term debt	1,860,064	1,774,290
Subsidiary financing arrangements (refer to Note H)	181,682	169,765
Other current liabilities	51,440	49,617
Total current liabilities	2,537,384	2,433,423
Deferred income taxes	101,521	108,091
Long-term debt (refer to Note H)	—	—
Other non-current liabilities	214,398	225,334
Total liabilities	2,853,303	2,766,848
Commitments and contingencies (refer to Note N)		
Stockholders' equity		
Trust preferred shares, 50,000 authorized; 20,069 shares issued and outstanding at March 31, 2025 and 17,497 shares issued and outstanding at December 31, 2024		
Series A preferred shares, no par value; 4,673 shares issued and outstanding at March 31, 2025 and 4,551 shares issued and outstanding at December 31, 2024	111,907	109,159
Series B preferred shares, no par value; 7,494 shares issued and outstanding at March 31, 2025 and 6,192 shares issued and outstanding at December 31, 2024	177,112	147,906
Series C preferred shares, no par value; 7,902 shares issued and outstanding at March 31, 2025 and 6,754 shares issued and outstanding at December 31, 2024	187,950	161,767
Trust common shares, no par value, 500,000 authorized; 76,135 shares issued and 75,236 shares outstanding at March 31, 2025 and 76,135 issued and 75,236 outstanding at December 31, 2024	1,288,975	1,289,010
Treasury shares, at cost	(18,910)	(18,910)
Accumulated other comprehensive loss	(4,087)	(5,337)
Accumulated deficit	(1,062,211)	(1,004,975)
Total stockholders' equity attributable to Holdings	680,736	678,620
Noncontrolling interest	(167,091)	(148,046)
Total stockholders' equity	513,645	530,574
Total liabilities and stockholders' equity	\$ 3,366,948	\$ 3,297,422

See notes to condensed consolidated financial statements.

COMPASS DIVERSIFIED HOLDINGS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31,	
	2025	2024 (As Restated)
<i>(in thousands, except per share data)</i>		
Net revenues	\$ 453,775	\$ 410,826
Cost of revenues	257,743	235,874
Gross profit	196,032	174,952
Operating expenses:		
Selling, general and administrative expense	150,377	137,724
Management fees	18,863	17,942
Amortization expense	23,351	23,211
Impairment expense	—	8,182
Operating income (loss)	3,441	(12,107)
Other income (expense):		
Interest expense, net	(35,851)	(25,267)
Amortization of debt issuance costs	(1,125)	(1,005)
Other income (expense), net	(13,681)	(47,442)
Loss from continuing operations before income taxes	(47,216)	(85,821)
Provision for income taxes	2,538	3,110
Loss from continuing operations	(49,754)	(88,931)
Income from discontinued operations, net of income taxes	—	317
Gain on sale of discontinued operations, net of income taxes	44	3,345
Net loss	(49,710)	(85,269)
Less: Net loss from continuing operations attributable to noncontrolling interest	(19,717)	(28,756)
Less: Net loss from discontinued operations attributable to noncontrolling interest	—	(336)
Net loss attributable to Holdings	<u>\$ (29,993)</u>	<u>\$ (56,177)</u>
Amounts attributable to Holdings		
Loss from continuing operations	\$ (30,037)	\$ (60,175)
Income from discontinued operations, net of income tax	—	653
Gain on sale of discontinued operations, net of income tax	44	3,345
Net loss attributable to Holdings	<u>\$ (29,993)</u>	<u>\$ (56,177)</u>
Basic income (loss) per common share attributable to Holdings (refer to Note I)		
Continuing operations	\$ (0.59)	\$ (1.57)
Discontinued operations	—	0.05
Basic income (loss) per common share attributable to Holdings (refer to Note I)	<u>\$ (0.59)</u>	<u>\$ (1.52)</u>
Basic weighted average number of shares of common shares outstanding	75,236	75,274
Cash distributions declared per Trust common share (refer to Note I)	<u>\$ 0.25</u>	<u>\$ 0.25</u>

See notes to condensed consolidated financial statements.

COMPASS DIVERSIFIED HOLDINGS
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three months ended March 31,	
	2025	2024 (As restated)
(in thousands)		
Net loss	\$ (49,710)	\$ (85,269)
Other comprehensive income (loss)		
Foreign currency translation adjustments	(244)	(1,173)
Pension benefit liability, net	1,494	(833)
Other comprehensive income (loss)	1,250	(2,006)
Total comprehensive loss, net of tax	(48,460)	(87,275)
Less: Net loss attributable to noncontrolling interests	(19,717)	(29,092)
Less: Other comprehensive loss attributable to noncontrolling interests	(346)	(30)
Total comprehensive loss attributable to Holdings, net of tax	\$ (28,397)	\$ (58,153)

See notes to condensed consolidated financial statements.

COMPASS DIVERSIFIED HOLDINGS
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands)

	Trust Preferred Shares			Trust Common Shares	Treasury Shares	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity Attributable to Holdings	Non- Controlling Interest	Non- Controlling Interest Attributable to Disc. Ops.	Total Stockholders' Equity
	Series A	Series B	Series C								
Balance — January 1, 2024, as restated	\$ 96,417	\$ 96,504	\$ 110,997	\$ 1,281,303	\$ (9,339)	\$ (646,225)	\$ 3	\$ 929,660	\$ (89,991)	\$ 16,756	\$ 856,425
Net loss	—	—	—	—	—	(56,177)	—	(56,177)	(28,756)	(336)	(85,269)
Total other comprehensive loss, net	—	—	—	—	—	—	(2,006)	(2,006)	—	—	(2,006)
Issuance of Trust common shares	—	—	—	1,218	—	—	—	1,218	—	—	1,218
Issuance of Trust preferred shares	183	89	555	—	—	—	—	827	—	—	827
Option activity attributable to noncontrolling shareholders	—	—	—	—	—	—	—	—	4,071	259	4,330
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	(2,510)	—	(2,510)
Reclassification of noncontrolling shareholder interest to liability	—	—	—	—	—	—	—	—	(614)	—	(614)
Acquisition of THP	—	—	—	—	—	—	—	—	41,674	—	41,674
Distributions paid - Allocation Interests (refer to Note I)	—	—	—	—	—	(48,941)	—	(48,941)	—	—	(48,941)
Distributions paid - Trust Common Shares	—	—	—	—	—	(18,818)	—	(18,818)	—	—	(18,818)
Distributions paid - Trust Preferred Shares	—	—	—	—	—	(6,045)	—	(6,045)	—	—	(6,045)
Balance — March 31, 2024, as restated	<u>\$ 96,600</u>	<u>\$ 96,593</u>	<u>\$ 111,552</u>	<u>\$ 1,282,521</u>	<u>\$ (9,339)</u>	<u>\$ (776,206)</u>	<u>\$ (2,003)</u>	<u>\$ 799,718</u>	<u>\$ (76,126)</u>	<u>\$ 16,679</u>	<u>\$ 740,271</u>
Balance — January 1, 2025, as restated	\$ 109,159	\$ 147,906	\$ 161,767	\$ 1,289,010	\$ (18,910)	\$ (1,004,975)	\$ (5,337)	\$ 678,620	\$ (148,046)	\$ —	\$ 530,574
Net loss	—	—	—	—	—	(29,993)	—	(29,993)	(19,717)	—	(49,710)
Total other comprehensive income, net	—	—	—	—	—	—	1,250	1,250	—	—	1,250
Issuance of Trust common shares	—	—	—	(35)	—	—	—	(35)	—	—	(35)
Issuance of Trust preferred shares	2,748	29,206	26,183	—	—	—	—	58,137	—	—	58,137
Option activity attributable to noncontrolling shareholders	—	—	—	—	—	—	—	—	4,012	—	4,012
Effect of subsidiary stock option exercise	—	—	—	—	—	—	—	—	1,362	—	1,362
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	(4,665)	—	(4,665)
Reclassification of noncontrolling shareholder interest to liability	—	—	—	—	—	—	—	—	(37)	—	(37)
Distributions paid - Trust Common Shares	—	—	—	—	—	(18,809)	—	(18,809)	—	—	(18,809)
Distributions paid - Trust Preferred Shares	—	—	—	—	—	(8,434)	—	(8,434)	—	—	(8,434)
Balance — March 31, 2025	<u>\$ 111,907</u>	<u>\$ 177,112</u>	<u>\$ 187,950</u>	<u>\$ 1,288,975</u>	<u>\$ (18,910)</u>	<u>\$ (1,062,211)</u>	<u>\$ (4,087)</u>	<u>\$ 680,736</u>	<u>\$ (167,091)</u>	<u>\$ —</u>	<u>\$ 513,645</u>

COMPASS DIVERSIFIED HOLDINGS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31,	
	2025	2024 (As Restated)
<i>(in thousands)</i>		
Cash flows from operating activities:		
Net loss	\$ (49,710)	\$ (85,269)
Income from discontinued operations	—	317
Gain on sale of discontinued operations	44	3,345
Loss from continuing operations	(49,754)	(88,931)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	12,301	10,731
Amortization expense - intangibles	23,351	23,211
Amortization expense - inventory step-up	—	2,668
Amortization of debt issuance costs	1,125	1,005
Impairment expense	—	8,182
Noncontrolling stockholder stock based compensation	4,012	4,071
Provision for receivable and inventory reserves	(26)	(779)
Deferred income taxes	(6,874)	(5,571)
Other	(912)	476
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	7,940	9,020
Inventories	(27,839)	6,093
Other current and non-current assets	5,768	2,547
Accounts payable and accrued expenses	1,560	(453)
Cash used in operating activities - continuing operations	(29,348)	(27,730)
Cash provided by operating activities - discontinued operations	—	2,362
Cash used in operating activities	(29,348)	(25,368)
Cash flows from investing activities:		
Acquisitions, net of cash acquired	495	(379,524)
Purchases of property and equipment	(13,100)	(7,725)
Proceeds from sale of businesses	44	3,345
Other investing activities	(361)	1,505
Cash used in investing activities - continuing operations	(12,922)	(382,399)
Cash used in investing activities - discontinued operations	—	(79)
Cash used in investing activities	(12,922)	(382,478)

COMPASS DIVERSIFIED HOLDINGS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Three months ended March 31,	
	2025	2024 (As Restated)
Cash flows from financing activities:		
Proceeds and expenses from issuance of Trust common shares, net	(35)	1,218
Proceeds and expenses from issuance of Trust preferred shares, net	58,137	827
Borrowings - revolving credit facility	50,000	100,000
Repayments - revolving credit facility	(160,000)	(54,000)
Borrowings - term loan	200,000	—
Principal payments - term loan	(3,750)	(2,500)
Subsidiary financing arrangements - borrowings	24,007	40,519
Subsidiary financing arrangements - repayments	(8,361)	(28,352)
Distributions paid - common shares	(18,809)	(18,818)
Distributions paid - preferred shares	(8,434)	(6,045)
Distributions paid - allocation interests	—	(48,941)
Net proceeds provided by noncontrolling shareholders	1,362	—
Net proceeds provided by noncontrolling shareholders - acquisitions	—	41,674
Purchase of noncontrolling interest	(4,665)	(2,510)
Debt issuance costs	(1,199)	—
Other	(13)	—
Net cash provided by financing activities	128,240	23,072
Foreign currency impact on cash	606	(989)
Net (decrease) increase in cash and cash equivalents	86,576	(385,763)
Cash and cash equivalents — beginning of period ⁽¹⁾	59,659	450,409
Cash and cash equivalents — end of period ⁽²⁾	\$ 146,235	\$ 64,646
Supplemental Cash Flow Disclosure:		
Non-cash financing activities ⁽³⁾	\$ 3,730	\$ —

⁽¹⁾ Includes cash from discontinued operations of \$3.8 million at January 1, 2024.

⁽²⁾ Includes cash from discontinued operations of \$5.1 million at March 31, 2024.

⁽³⁾ Represents the non-cash settlement of Lugano financing arrangements.

See notes to condensed consolidated financial statements.

COMPASS DIVERSIFIED HOLDINGS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
March 31, 2025

Note A - Presentation and Principles of Consolidation

Compass Diversified Holdings, a Delaware statutory trust (the "Trust") and Compass Group Diversified Holdings LLC, a Delaware limited liability company (the "LLC"), were formed to acquire and manage a group of small and middle-market businesses headquartered in North America. Collectively, Compass Diversified Holdings and Compass Group Diversified Holdings, LLC are referred to as the "Company". In accordance with the Third Amended and Restated Trust Agreement, dated as of August 3, 2021 (as further amended and restated, the "Trust Agreement"), the Trust is sole owner of 100% of the Trust Interests (as defined in the Company's Sixth Amended and Restated Operating Agreement, dated as of August 3, 2021 (as further amended and restated, the "LLC Agreement")) of the LLC and, pursuant to the LLC Agreement, the LLC has, outstanding, the identical number of Trust Interests as the number of outstanding common shares of the Trust. The LLC is the operating entity with a board of directors and other corporate governance responsibilities, similar to that of a Delaware corporation.

The LLC is a controlling owner of nine businesses, or operating segments, at March 31, 2025. The segments are as follows: 5.11 Acquisition Corp. ("5.11"), Boa Holdings Inc. ("BOA"), Lugano Holding, Inc. ("Lugano Diamonds" or "Lugano"), Relentless Topco, Inc. ("PrimaLoft"), THP Topco, Inc. ("The Honey Pot Co." or "THP"), CBCP Products, LLC ("Velocity Outdoor" or "Velocity"), AMTAC Holdings LLC ("Arnold"), FFI Compass, Inc. ("Altor Solutions" or "Altor"), and SternoCandleLamp Holdings, Inc. ("Sterno"). The segments are referred to interchangeably as "businesses", "operating segments" or "subsidiaries" throughout the financial statements. Refer to [Note P - "Operating Segment Data"](#) for further discussion of the operating segments. Compass Group Management LLC, a Delaware limited liability Company ("CGM" or the "Manager"), manages the day-to-day operations of the LLC and oversees the management and operations of our businesses pursuant to a management services agreement (the "Management Services Agreement" or "MSA").

Basis of Presentation

The condensed consolidated financial statements for the three month periods ended March 31, 2025 and March 31, 2024 are unaudited, and in the opinion of management, contain all adjustments necessary for a fair presentation of the condensed consolidated financial statements. Such adjustments consist solely of normal recurring items. Interim results are not necessarily indicative of results for a full year or any subsequent interim period. The condensed consolidated financial statements and notes are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") and presented as permitted by Form 10-Q and do not contain certain information included in the annual consolidated financial statements and accompanying notes of the Company. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's 2024 Form 10-K/A.

Going Concern

As of the date of filing this Form 10-Q, the Company is not in compliance with certain financial and other covenants under its 2022 Credit Facility. These instances of noncompliance include (i) breaches of financial covenants under the 2022 Credit Facility in historical periods (including December 31, 2024), resulting from required retesting of such covenants in connection with the restatement of our consolidated financial statements for the fiscal years as of and ended December 31, 2022, 2023, and 2024 and the interim periods therein, (ii) and prior defaults and events of default resulting from the circumstances related to Lugano.

The Company is currently operating under a forbearance agreement with its lenders under the 2022 Credit Facility as described in ["Note Q – Subsequent Events"](#), while the Company negotiates an amendment to the 2022 Credit Facility to account for the deconsolidation of Lugano from the Company's financial statements and Lugano's entry into Chapter 11 proceedings (also as discussed in more detail in ["Note Q – Subsequent Events"](#)). The forbearance agreement is scheduled to expire on December 19, 2025. If an amendment to the 2022 Credit Facility is not executed on or before December 19, 2025, then beginning December 20, 2025 the lenders under the 2022 Credit Facility may elect to exercise the remedies available to them, including but not limited to declaring borrowings due and payable, discontinuing further lending commitments, imposing cash-management controls, and instructing customers to remit payments directly to the administrative agent.

If our borrowings under the 2022 Credit Facility are accelerated and the acceleration is not rescinded, annulled, or otherwise cured within thirty (30) days after the notice of acceleration, the holders of the 5.250% Senior Notes due

2029 (the "2029 Notes" or "2029 Senior Notes") and 5.000% Senior Notes due 2032 (the "2032 Notes" or "2032 Senior Notes") would have the right to declare the notes due and payable as well.

Because there can be no assurance that amendments to the Company's debt instruments or any other relief will be obtained before an acceleration remedy would become available to the 2022 Credit Facility lenders or the holders of the 2029 Notes and 2032 Notes, management has concluded, applying the going-concern guidance under U.S. GAAP, that these conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements included in this Form 10-Q are issued. Although the Company is actively negotiating an amendment to the 2022 Credit Facility that would include a waiver of ongoing noncompliance, that amendment has not been executed, is not fully within the Company's control, and therefore cannot be considered a probable mitigating plan for purposes of alleviating substantial doubt.

The Company is pursuing various operational and financial initiatives intended to strengthen liquidity and reduce leverage, including evaluating potential subsidiary divestitures, organic deleveraging actions, potential strategic transactions involving real estate, and actions to maximize recoveries in connection with Lugano's Chapter 11 proceedings. If successfully executed, these plans could enhance the Company's ability to continue to operate and meet its obligations; however, because these initiatives are not committed or fully within management's control, they have not been assumed in the Company's going concern evaluation and may not be achieved on the timetable necessary to alleviate the substantial doubt described above.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue to realize its assets and satisfy its liabilities in the ordinary course of business. For additional information regarding the impact of the Company's covenant noncompliance on the classification of the Company's indebtedness, see ["Note H – Debt"](#).

Consolidation

The condensed consolidated financial statements include the accounts of the Company, as well as the businesses acquired as of their respective acquisition date. All significant intercompany accounts and transactions have been eliminated in consolidation. Discontinued operating entities are reflected as discontinued operations in the Company's results of operations and statements of financial position.

Discontinued Operations

The Company completed the sale of EBP Lifestyle Brands Holdings, Inc. ("Ergobaby") during the fourth quarter of 2024. The results of operations of Ergobaby are reported as discontinued operations in the condensed consolidated statements of operations for the three months ended March 31, 2024. Refer to [Note C - "Dispositions"](#) for additional information. Unless otherwise indicated, the disclosures accompanying the condensed consolidated financial statements reflect the Company's continuing operations.

Restatement of Previously Reported Interim Financial Statements

As previously disclosed, in April 2025 the Audit Committee of Board of Directors (the "Audit Committee") of the Company commenced an internal investigation into the financing, accounting, and inventory practices of Lugano Holding, Inc. ("Lugano"), a subsidiary and operating segment of the Company, based on concerns reported to Company management as to these practices. The findings of the investigation (the "Lugano Investigation") identified certain unrecorded financing arrangements and irregularities in sales, cost of sales, inventory, and accounts receivable recorded by Lugano. As a result of these findings, the Company restated its previously issued audited consolidated financial statements as of December 31, 2024, 2023 and 2022 and for the years ended December 31, 2024, 2023 and 2022 as well as the interim periods in the years ended December 31, 2024, 2023 and 2022 (collectively, the "Affected Periods") for the correction of historical financial information related to Lugano. Management identified misstatements in each of the Affected Periods that the Company deemed to be material as a result of the Lugano Investigation.

Previously reported information as of March 31, 2024 and for the three months ended March 31, 2024 in this Form 10-Q have been updated to reflect the restatement.

Seasonality

Earnings of certain of our operating segments are seasonal in nature due to various recurring events, holidays and seasonal weather patterns, as well as the timing of our acquisitions during a given year. Historically, the third and fourth quarter have produced the highest net sales in our fiscal year, however, due to various acquisitions in the last

three years, there has generally been less seasonality in our net sales on a consolidated basis in recent years than there was historically.

Recently Adopted Accounting Pronouncements

Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This guidance will require, among other things, the following: (i) enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included in a segment's reported measure of profit or loss; (ii) disclosure of the amount and description of the composition of other segment items, as defined in ASU 2023-07, by reportable segment; and (iii) reporting the disclosures about each reportable segment's profit or loss and assets on an annual and interim basis. The guidance went into effect for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the new standard as of the year ended December 31, 2024, and applied it retrospectively to all prior periods presented (refer to "[Note P - Operating Segment Data](#)").

Recently Issued Accounting Pronouncements

Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This guidance will require, among other things, the following for public business entities: (i) enhanced disclosures of specific categories of reconciling items included in the rate reconciliation, as well as additional information for any of these items meeting certain qualitative and quantitative thresholds; (ii) disclosure of the judgment used in categorizing them if not otherwise evident; and (iii) enhanced disclosures for income taxes paid, which includes federal, state, and foreign taxes, as well as for individual jurisdictions over a certain quantitative threshold. The amendments in ASU 2023-09 eliminate the requirement to disclose the nature and estimate of the range of the reasonably possible change in unrecognized tax benefits for the 12 months after the balance sheet date. The guidance will be effective for annual periods beginning after December 15, 2024 and early adoption is permitted. The Company has determined that this ASU will result in additional disclosures in our consolidated financial statements.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income- Expense Disaggregation Disclosures (Subtopic 220-40). This guidance will require the disclosure of disaggregation of certain relevant expenses included in the consolidated statements of operations. The guidance will be effective for annual reporting periods beginning after December 15, 2026 and for interim reporting periods beginning December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact this standard will have on the consolidated financial statements.

Note B — Acquisitions

The acquisitions of our businesses are accounted for under the acquisition method of accounting. For each platform acquisition, the Company typically structures the transaction so that a newly created holding company acquires 100% of the equity interests in the acquired business. The entirety of the purchase consideration is paid by the newly created holding company to the selling shareholders. The total purchase consideration is the amount paid to the selling shareholders and we will, from time to time, allow the selling shareholder to reinvest a portion of their proceeds alongside the Company at the same price per share, into the holding company that acquires the target business. Once the acquisition is complete, the selling shareholders no longer hold equity interests in the acquired company, but rather hold noncontrolling interests in the holding company that acquired the target business. Because the selling shareholders are investing in the transaction alongside the Company at the same price per share as the Company and are not retaining their existing equity in the acquired business, the Company includes the amount provided by noncontrolling shareholders in the total purchase consideration.

A component of our acquisition financing strategy that we utilize in acquiring the businesses we own and manage is to provide both equity capital and debt capital, raised at the parent level, typically through our existing credit facility. The debt capital is in the form of "intercompany loans" made by the LLC to the newly created holding company and the acquired business and are due from the newly created holding company and the acquired business, and payable to the LLC by the newly created holding company and the acquired business. The selling shareholders of

the acquired businesses are not a party to the intercompany loan agreements nor do they have any obligation to repay the intercompany loans. These intercompany loans eliminate in consolidation and are not reflected on the Company's consolidated balance sheets.

Acquisition of The Honey Pot Co.

On January 31, 2024 (the "Closing Date"), the LLC, through its newly formed acquisition subsidiaries, THP Topco, Inc., a Delaware corporation ("THP Topco") and THP Intermediate, Inc., a Delaware corporation ("THP Buyer"), acquired The Honey Pot Company Holdings, LLC ("THP") and certain of its affiliated entities pursuant to a Merger and Stock Purchase Agreement (the "THP Purchase Agreement") dated January 14, 2024 by and among THP Buyer, THP, VMG Honey Pot Blocker, Inc. ("Blocker I"), NVB1, Inc. ("Blocker II"), VMG Tax-Exempt IV, L.P., New Voices Fund, LP, THP Merger Sub, LLC ("THP Merger Sub"), VMG Honey Pot Holdings, LLC, as the Sellers' Representative, and certain remaining equity holders of THP. Pursuant to the THP Purchase Agreement, subsequent to certain internal reorganizations, THP Buyer acquired all of the issued and outstanding equity of Blocker I and Blocker II and, thereafter, THP Merger Sub merged with and into THP (the "THP Merger"), with THP surviving such that the separate existence of THP Merger Sub ceased, with THP surviving the Merger as a wholly-owned, indirect subsidiary of the THP Topco. THP is the parent company of The Honey Pot Company (DE), LLC ("The Honey Pot Co.").

The Company acquired THP for a total purchase price, including proceeds from noncontrolling shareholders, of approximately \$380 million (the "THP Purchase Price"), before working capital and certain other adjustments, at the Closing Date. The Company funded the THP Purchase Price with cash on hand. Certain equity holders of THP invested in the transaction along with the Company, representing 15% of the initial equity interest in THP Topco. The Company directly owns approximately 85% of THP Topco, which in turn indirectly owns all of the issued and outstanding equity interests of THP and The Honey Pot Co. Concurrent with the Closing Date, the Company provided a credit facility to THP Buyer, THP and The Honey Pot Co., as borrowers (the "THP Credit Agreement"), pursuant to which a secured revolving loan commitment and secured term loans were made available to Buyer, THP and The Honey Pot Co. (collectively, the "Borrowers"). The initial amount outstanding under these facilities on the Closing Date was approximately \$110 million.

The Honey Pot Co. is a feminine care brand that offers an extensive range of holistic wellness products across feminine hygiene, menstrual, consumer health, and sexual wellness categories. The Honey Pot Co.'s mission is to educate, support, and provide consumers around the world with the tools and resources that promote menstrual health and vaginal wellness.

The results of operations of The Honey Pot Co. have been included in the consolidated results of operations since the date of acquisition. The Honey Pot Co.'s results of operations are reported as a separate operating segment as a branded consumer business. The table below provides the recording of the fair value of assets acquired and liabilities assumed as of the date of acquisition.

<i>(in thousands)</i>	Preliminary Purchase Price Allocation	Measurement Period Adjustments	Final Purchase Price Allocation
Purchase Consideration	\$ 380,121	\$ (2,796)	\$ 377,325
Fair value of identifiable assets acquired:			
Cash	\$ 4,076	\$ (3,320)	\$ 756
Accounts receivable ⁽¹⁾	16,361	—	16,361
Inventory	18,986	—	18,986
Property, plant and equipment	1,888	—	1,888
Intangible assets	247,000	24,300	271,300
Other current and noncurrent assets	3,958	—	3,958
Total identifiable assets	292,269	20,980	313,249
Fair value of liabilities assumed:			
Current liabilities	10,957	—	10,957
Other liabilities	1,480	—	1,480
Deferred tax liabilities	27,846	2,680	30,526
Total liabilities	40,283	2,680	42,963
Net identifiable assets acquired	251,986	18,300	270,286
Goodwill	\$ 128,135	\$ (21,096)	\$ 107,039
Acquisition consideration			
Purchase price	\$ 380,000	\$ —	\$ 380,000
Estimated cash acquired	4,375	(3,320)	1,055
Net working capital adjustment	(3,126)	524	(2,602)
Other adjustments	(1,128)	—	(1,128)
Total purchase consideration	\$ 380,121	\$ (2,796)	\$ 377,325

⁽¹⁾ The fair value of accounts receivable approximates book value acquired.

The purchase allocation presented above is based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the identifiable acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates and estimated discount rates. Current and noncurrent assets, property, plant and equipment and current and other liabilities are estimated at their historical carrying values, which approximates fair value. Inventory is recognized at fair value, with finished goods stated at selling price less an estimated cost to sell. Property, plant and equipment will be depreciated on a straight-line basis over the remaining useful lives of the assets. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships, as well as expected future synergies. The goodwill of \$107.0 million reflects the strategic fit of The Honey Pot Co. in the Company's branded consumer business and is not expected to be deductible for income tax purposes.

In the second quarter of 2024, the purchase price allocation for The Honey Pot Co. was adjusted to reflect certain measurement period adjustments due to updated intangible asset valuation and an adjustment to deferred tax liabilities. Customer relationships was increased \$24.3 million, with a corresponding decrease to goodwill. Deferred income tax liability increased \$2.7 million, with a corresponding decrease to goodwill. In the third quarter of 2024, the purchase price of The Honey Pot Co. was adjusted to reflect the working capital settlement, additional purchase consideration of \$0.5 million, and the related tax effect. The purchase price allocation for The Honey Pot Co. was

final as of September 30, 2024.

The intangible assets recorded related to The Honey Pot Co. acquisition are as follows (in thousands):

Intangible Assets	Fair Value	Estimated Useful Lives
Tradenname	\$ 225,000	18 years
Customer relationships	46,300	13 years
	<u>\$ 271,300</u>	

The tradenname was considered the primary intangible asset and was valued at \$225.0 million using a multi-period excess earnings method. The customer relationships were valued at \$46.3 million using a multi-period excess earnings method. The multi-period excess earnings method assumes an asset has value to the extent that it enables its owners to earn a return in excess of the other assets utilized in the business.

Unaudited proforma information

The following unaudited proforma data for the three months ended March 31, 2024 gives effect to the acquisition of The Honey Pot Co., as described above, and the disposition of Ergo, as if these transactions had been completed as of January 1, 2024. The proforma data gives effect to historical operating results with adjustments to interest expense, amortization expense, management fees and related tax effects. The information is provided for illustrative purposes only and is not necessarily indicative of the operating results that would have occurred if the transaction had been consummated on the date indicated, nor is it necessarily indicative of future operating results of the consolidated companies, and should not be construed as representing results for any future period.

	Three months ended March 31, 2024 (As Restated)
(in thousands, except per share data)	
Net sales	\$ 421,497
Gross profit	\$ 181,286
Operating loss	\$ (11,798)
Net loss from continuing operations	\$ (89,103)
Net loss from continuing operations attributable to Holdings	\$ (60,568)
Basic and fully diluted net loss per share attributable to Holdings	\$ (1.57)

Other acquisitions

Altor Solutions

Lifoam - On October 1, 2024, Altor Solutions acquired 100% of the outstanding equity interests of Lifoam Industries LLC, a Delaware limited liability company ("Lifoam") pursuant to a Purchase and Sale Agreement entered into on August 19, 2024 (the "Lifoam Acquisition"). Lifoam is a manufacturer and distributor of temperature-controlled shipping solutions. The purchase price was \$139.3 million, after working capital settlement and other adjustments to the purchase price. Altor incurred transaction costs of approximately \$1.8 million, which were included in selling, general and administrative expense in the consolidated statement of operations in the quarter ended December 31, 2024. The acquisition and related transaction costs were funded through additional term loans of \$143.7 million under the Altor intercompany credit agreement. The Company funded the additional intercompany loans used for the acquisition of Lifoam with a draw on the 2022 Revolving Credit Facility. Altor recorded a purchase price allocation of \$19.4 million in goodwill, which is expected to be deductible for income tax purposes, \$49.4 million in intangible assets comprised of \$39.5 million in customer relationships and \$9.9 million in tradenames, \$24 million in capital asset step-up and \$1.6 million in inventory step-up. The purchase price allocation was finalized in the first quarter of 2025.

Note C — Dispositions

Sale of Ergobaby

On December 27, 2024, the LLC, solely in its capacity as the representative of the holders of stock and options of EBP Lifestyle Brands Holdings, Inc. ("Ergobaby"), a majority owned subsidiary of the Company, entered into a definitive Agreement and Plan of Merger (the "Ergobaby Merger Agreement") with ERGO Acquisition LLC ("Ergo Acquirer"), Aloha Merger Sub LLC ("Aloha Merger Sub") and Ergobaby, to sell to Ergo Acquirer all of the issued and outstanding securities of Ergobaby, the parent company of the operating entity, The ERGO Baby Carrier, Inc., through a merger of Aloha Merger Sub with and into Ergobaby, with Ergobaby surviving the merger and becoming a wholly owned subsidiary of Acquirer (the "Ergobaby Merger"). On the same day, December 27, 2024, the parties completed the Ergobaby Merger pursuant to the Ergobaby Merger Agreement.

The sale price of Ergobaby was based on an enterprise value of \$104 million and will be subject to certain adjustments based on matters such as transaction expenses of Ergobaby, the net working capital and cash and debt balances of Ergobaby at the time of the closing. The LLC owned approximately 82% of the outstanding stock of Ergobaby on a fully diluted basis prior to the Ergobaby Merger. After the allocation of the sales price to Ergobaby non-controlling equityholders and the payment of transaction expenses, the Company received approximately \$99.1 million of total proceeds at closing. This amount was in respect of its debt and equity interests in Ergobaby (which was acquired by the Company on September 16, 2010) and the payment of accrued interest. The Company recorded a pre-tax gain on the sale of Ergobaby of \$6.1 million. The proceeds from the Ergobaby sale were used to pay down outstanding debt under the Company's Revolving Credit facility.

Summarized results of operations of Ergobaby for the three months ended March 31, 2024 are as follows (in thousands):

	Three months ended March 31, 2024	
Net sales	\$	21,218
Gross profit		13,958
Operating loss		(998)
Loss from operations before income taxes ⁽¹⁾		(993)
Provision (benefit) for income taxes		(1,310)
Income from discontinued operations ⁽¹⁾	\$	317

⁽¹⁾ The results of operations for the three months ended March 31, 2024, excludes \$2.1 million of intercompany interest expense.

Disposition of Crosman

On April 30, 2024, Velocity Outdoor entered into a stock purchase agreement to sell Crosman Corporation ("Crosman"), its airgun product division, to Daisy Manufacturing Company, for an enterprise value of approximately \$63 million. The sale was completed on the same day. The Company recorded a loss of \$24.6 million on the sale of Crosman in the quarter ended June 30, 2024, and a gain of \$0.4 million in the third quarter of 2024 related to the working capital settlement. Velocity received net proceeds of approximately \$61.9 million related to the sale of Crosman, which was used to repay amounts outstanding under its intercompany credit agreement. The results of operation of Crosman are included in the accompanying financial statements through the date of sale.

Note D — Revenue

The Company recognizes revenue when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services, and excludes any sales incentives or taxes collected from customers which are subsequently remitted to government authorities.

Disaggregated Revenue - The Company disaggregates revenue by operating segment and by geography for each strategic business unit which are categories that depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors. The disaggregation in the tables below reflects where revenue is earned based on the shipping address of our customers unless otherwise noted. This disaggregation also represents how the Company evaluates its financial performance, as well as how the Company communicates its

financial performance to the investors and other users of its financial statements. Each strategic business unit represents the Company's reportable segments and offers different products and services.

The following tables provide disaggregation of revenue by reportable segment geography for the three months ended March 31, 2025 and 2024 (in thousands):

Three months ended March 31, 2025						
	United States	Mexico	Europe	Asia Pacific	Other International	Total
5.11	\$ 104,841	\$ 4,964	\$ 7,910	\$ 3,918	\$ 7,737	\$ 129,370
BOA ⁽¹⁾	14,326	—	23,809	10,681	61	48,877
Lugano	22,367	—	1,163	95	3,220	26,845
PrimaLoft ⁽¹⁾	331	—	770	22,218	326	23,645
The Honey Pot Co.	36,177	—	—	—	14	36,191
Velocity Outdoor	12,894	—	39	—	268	13,201
Altor	70,568	5,689	—	—	—	76,257
Arnold	21,993	71	9,459	1,630	855	34,008
Sterno	62,862	—	803	—	1,716	65,381
Total	<u>\$ 346,359</u>	<u>\$ 10,724</u>	<u>\$ 43,953</u>	<u>\$ 38,542</u>	<u>\$ 14,197</u>	<u>\$ 453,775</u>

Three months ended March 31, 2024						
	United States	Mexico	Europe	Asia Pacific	Other International	Total
						(As restated)
5.11	\$ 96,170	\$ 7,499	\$ 8,092	\$ 4,064	\$ 9,149	\$ 124,974
BOA ⁽¹⁾	12,561	9	17,050	13,169	114	42,903
Lugano (as restated)	10,143	158	—	492	—	10,793
PrimaLoft ⁽¹⁾	101	—	1,196	21,118	126	22,541
The Honey Pot	20,078	—	—	—	87	20,165
Velocity Outdoor	26,185	381	527	169	2,637	29,899
Altor	46,544	6,860	—	—	—	53,404
Arnold	27,933	91	11,004	1,431	828	41,287
Sterno	62,486	—	584	1	1,789	64,860
Total (as restated)	<u>\$ 302,201</u>	<u>\$ 14,998</u>	<u>\$ 38,453</u>	<u>\$ 40,444</u>	<u>\$ 14,730</u>	<u>\$ 410,826</u>

⁽¹⁾ For BOA and PrimaLoft, revenue reflects the location of the Brand Partners of each business.

Note E — Property, Plant and Equipment and Inventory

Property, plant and equipment

Property, plant and equipment is comprised of the following at March 31, 2025 and December 31, 2024 (*in thousands*):

	March 31, 2025	December 31, 2024
Machinery and equipment	\$ 273,105	\$ 269,367
Furniture, fixtures and other	74,899	72,721
Leasehold improvements	123,896	120,046
Buildings and land	11,547	11,375
Construction in process	27,885	24,807
	511,332	498,316
Less: accumulated depreciation	(265,720)	(253,570)
Total	\$ 245,612	\$ 244,746

Depreciation expense was \$12.3 million and \$10.7 million for the three months ended March 31, 2025 and March 31, 2024, respectively.

Inventory

Inventory is comprised of the following at March 31, 2025 and December 31, 2024 (*in thousands*):

	March 31, 2025	December 31, 2024 (As Restated)
Raw materials	\$ 81,704	\$ 80,145
Work-in-process	22,268	19,672
Finished goods	539,330	515,242
Less: obsolescence reserve	(44,455)	(43,811)
Total	\$ 598,847	\$ 571,248

Note F — Goodwill and Other Intangible Assets

As a result of acquisitions of various businesses, the Company has significant intangible assets on its balance sheet that include goodwill and indefinite-lived intangibles. The Company's goodwill and indefinite-lived intangibles are tested and reviewed for impairment annually as of March 31st or more frequently if facts and circumstances warrant by comparing the fair value of each reporting unit to its carrying value. Each of the Company's businesses represent a reporting unit.

Goodwill

Annual Impairment Testing

The Company uses a qualitative approach to test goodwill and indefinite lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform quantitative goodwill impairment testing.

2025 Annual Impairment Testing

For the Company's annual impairment testing at March 31, 2025, the Company performed a qualitative assessment of our reporting units with goodwill balances. The results of the qualitative analysis indicated that it was more-likely-than-not that the fair value of each of the reporting units tested except PrimaLoft exceeded their carrying value. Based on our analysis, the Company determined that the PrimaLoft operating segment required quantitative testing because we could not conclude that the fair value of this reporting unit significantly exceeded the carrying value based on qualitative factors alone. The Company performed a quantitative test of PrimaLoft using an income

approach and a market approach to determine the fair value of the PrimaLoft reporting unit. The discount rate used in the income approach was 11.3%. The results of the testing indicated that the fair value of PrimaLoft exceeded the carrying value by 12.1%.

2024 Annual Impairment Testing

For the Company's annual impairment testing at March 31, 2024, the Company performed a qualitative assessment of our reporting units. The results of the qualitative analysis indicated that it was more-likely-than-not that the fair value of each of our reporting units except Velocity exceeded their carrying value. Based on our analysis, the Company determined that the Velocity operating segment required quantitative testing because we could not conclude that the fair value of this reporting unit significantly exceeded the carrying value based on qualitative factors alone. The Company performed a quantitative test of Velocity and the results of the testing indicated that the fair value of Velocity did not exceed the carrying value, resulting in goodwill impairment expense of \$8.2 million as of March 31, 2024.

The following is a summary of the net carrying amount of goodwill at March 31, 2025 and December 31, 2024, is as follows (*in thousands*):

	March 31, 2025	December 31, 2024 (As Restated)
Goodwill - gross carrying amount	\$ 1,311,317	\$ 1,311,813
Accumulated impairment losses ⁽¹⁾	(415,897)	(415,897)
Goodwill - net carrying amount	\$ 895,420	\$ 895,916

⁽¹⁾ Comprised of accumulated goodwill impairment expense of \$260.6 million at Lugano (as restated), \$72.7 million at Velocity, \$24.9 million at Arnold and \$57.8 million at PrimaLoft.

The following is a reconciliation of the change in the carrying value of goodwill for the three months ended March 31, 2025 by operating segment (*in thousands*):

	Balance at January 1, 2025 (As Restated)	Acquisitions/Measurement Period Adjustments	Balance at March 31, 2025
5.11	\$ 92,966	\$ —	\$ 92,966
BOA	254,153	—	254,153
Lugano (as restated)	—	—	—
PrimaLoft	232,536	—	232,536
The Honey Pot Co.	107,039	—	107,039
Velocity Outdoor	—	—	—
Altor	114,619	(496)	114,123
Arnold	39,267	—	39,267
Sterno	55,336	—	55,336
Total (as restated)	\$ 895,916	\$ (496)	\$ 895,420

Long lived assets

Annual indefinite lived impairment testing

The Company used a qualitative approach to test indefinite lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of an indefinite lived intangible asset is impaired as a basis for determining whether it is necessary to perform quantitative impairment testing. The Company evaluated the qualitative factors of the indefinite lived intangible asset in connection with the annual impairment testing for 2025 and 2024. Results of the qualitative analysis indicate that it is more likely than not that the fair value of the reporting unit that maintains an indefinite lived intangible assets exceeded the carrying value.

Other intangible assets are comprised of the following at March 31, 2025 and December 31, 2024 (*in thousands*):

	March 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(As Restated)	(As Restated)	(As Restated)	(As Restated)	(As Restated)	(As Restated)
Customer relationships	\$ 772,033	\$ (324,351)	\$ 447,682	\$ 772,361	\$ (311,357)	\$ 461,004
Technology and patents	199,329	(81,840)	117,489	198,865	(78,175)	120,690
Trade names, subject to amortization	454,244	(90,210)	364,034	453,792	(83,706)	370,086
Non-compete agreements	1,588	(1,343)	245	1,588	(1,282)	306
Other contractual intangible assets	210	(210)	—	210	(210)	—
Total	1,427,404	(497,954)	929,450	1,426,816	(474,730)	952,086
Trade names, not subject to amortization	30,810	—	30,810	30,810	—	30,810
In-process research and development	500	—	500	500	—	500
Total intangibles, net	\$ 1,458,714	\$ (497,954)	\$ 960,760	\$ 1,458,126	\$ (474,730)	\$ 983,396

⁽¹⁾ In-process research and development is considered indefinite lived until the underlying technology becomes viable, at which point the intangible asset will be amortized over the expected useful life.

Amortization expense related to intangible assets was \$23.4 million and \$23.2 million for the three months ended March 31, 2025 and March 31, 2024, respectively.

Estimated charges to amortization expense of intangible assets for the remainder of 2025 and the next four years, is as follows (*in thousands*):

2025	2026	2027	2028	2029
\$ 69,640	\$ 90,662	\$ 81,872	\$ 79,770	\$ 79,649

Note G — Warranties

The Company's BOA and Velocity Outdoor operating segments estimate their exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The Company assesses the adequacy of its recorded warranty liability quarterly and adjusts the amount as necessary. Warranty liability is included in accrued expenses in the accompanying consolidated balance sheets. A reconciliation of the change in the carrying value of the Company's warranty liability for the three months ended March 31, 2025 and the year ended December 31, 2024 is as follows (*in thousands*):

Warranty liability	Three months ended March 31, 2025	Year ended December 31, 2024
Beginning balance	\$ 1,121	\$ 1,258
Provision for warranties issued during the period	493	2,332
Fulfillment of warranty obligations	(416)	(2,469)
Ending balance	\$ 1,198	\$ 1,121

Note H — Debt

2022 Credit Facility

On July 12, 2022, the LLC entered into the Third Amended and Restated Credit Agreement (the "2022 Credit Facility") to amend and restate the Second Amended and Restated Credit Agreement (the "2021 Credit Facility"). The 2022 Credit Facility provides for revolving loans, swing line loans and letters of credit (the "2022 Revolving Credit Facility") up to a maximum aggregate amount of \$600 million ("the 2022 Revolving Loan Commitment") and a

\$400 million term loan (the “2022 Term Loan”). All amounts outstanding under the 2022 Revolving Credit Facility will become due on July 12, 2027, which is the termination date of the 2022 Revolving Loan Commitment. The 2022 Credit Facility also permits the LLC, prior to the applicable maturity date, to increase the 2022 Revolving Loan Commitment and/or obtain additional term loans in an aggregate amount of up to \$250 million, subject to certain restrictions and conditions.

The LLC may borrow, prepay and reborrow principal under the 2022 Revolving Credit Facility from time to time during its term. Advances under the 2022 Revolving Credit Facility can be either term Secured Overnight Financing Rate (“SOFR”) loans or base rate loans. Term SOFR revolving loans bear interest on the outstanding principal amount thereof for each interest period at a rate per annum based on the applicable SOFR as administered by the Federal Reserve Bank of New York (or a successor administrator), as adjusted, plus a margin ranging from 1.50% to 2.50%, based on the ratio of consolidated net indebtedness to adjusted consolidated earnings before interest expense, tax expense, and depreciation and amortization expenses for such period (the “Consolidated Total Leverage Ratio”). Base rate revolving loans bear interest on the outstanding principal amount thereof at a rate per annum equal to the highest of (i) Federal Funds rate plus 0.50%, (ii) the “prime rate”, and (iii) the applicable SOFR plus 1.0% (the “Base Rate”), plus a margin ranging from 0.50% to 1.50%, based on the Company's Consolidated Total Leverage Ratio.

Advances under the 2022 Term Loan can be either term SOFR loans or base rate loans. The 2022 Term Loan was advanced in full on the closing date for the 2022 Credit Facility as a Term SOFR loan with an interest period of one month. On the last day of an interest period, Term SOFR loans may be converted to Term SOFR loans of a different interest period or to Base Rate loans. Term SOFR term loans bear interest on the outstanding principal amount thereof for each interest period at a rate per annum based on the Term SOFR for such interest period plus a margin ranging from 1.50% to 2.50%, based on the Consolidated Total Leverage Ratio. Base rate term loans bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus a margin ranging from 0.50% to 1.50%, based on the Consolidated Total Leverage Ratio.

Under the 2022 Revolving Credit Facility, an aggregate amount of up to \$100 million in letters of credit may be issued, as well as swing line loans of up to \$25 million outstanding at one time. The issuance of such letters of credit and the making of any swing line loan would reduce the amount available under the 2022 Revolving Credit Facility.

Net availability under the 2022 Revolving Credit Facility was approximately \$596.6 million at March 31, 2025, however, the Company was not in compliance with the financial covenants contained in the 2022 Credit Facility as of March 31, 2025 and as a result, the availability of the 2022 Revolving Credit Facility at March 31, 2025 would have been limited. Letters of credit outstanding at March 31, 2025 totaled approximately \$3.5 million.

The 2022 Revolving Credit Facility is secured by all of the assets of the LLC, including all of its equity interests in, and loans to, its subsidiaries.

Please see [“Note Q – Subsequent Events”](#) for additional information concerning the 2022 Credit Facility.

Amendment of 2022 Credit Facility

On January 9, 2025, the LLC entered into a First Incremental Facility Amendment (the “Amendment”) to its existing 2022 Credit Facility. The Amendment was by and among the LLC, the lenders party thereto, and Bank of America, N.A., as administrative agent for the Lenders (the “Administrative Agent”).

The Amendment modifies the 2022 Credit Facility to provide for (a) an additional advance of the term loan in the aggregate amount of \$200 million (the “Incremental Term Loan”) on the date of the Amendment, and (b) delayed draw term loan commitments in the aggregate amount of \$100 million (the “Incremental Delayed Draw Term Loan Commitments,” and the loan drawn thereunder is referred to herein as the “Incremental Delayed Draw Term Loan”), which may be reduced or terminated by the LLC upon five business days’ notice and pursuant to which the Company may make no more than two draws by July 9, 2025. The proceeds from the Incremental Term Loan and the Incremental Delayed Draw Term Loan will be used for new acquisitions, working capital, capital expenditures and other general corporate purposes.

The Incremental Term Loan, along with the existing term loan under the Credit Agreement, requires quarterly repayments of principal amounts ranging from \$3.75 million to \$11.25 million, which commenced on March 31, 2025, with a final payment of principal and interest due on July 12, 2027.

The LLC will pay to the Administrative Agent, for the account of each Lender in accordance with its applicable percentage of the Incremental Delayed Draw Term Loan Commitments, a commitment fee equal to the product of (i) a rate ranging from 0.25% to 0.45% per annum, based on the Consolidated Total Leverage Ratio, times (ii) the actual daily amount by which the Incremental Delayed Draw Term Loan Commitments exceed the Incremental Delayed Draw Term Loan. Such commitment fee only accrues during the period when the Incremental Delayed Draw Term Loan Commitments are available (the "Availability Period"), which is the period from January 9, 2025 to the earlier of (a) July 9, 2025 and (b) the date on which the Incremental Delayed Draw Term Loan Commitments have been terminated.

Commencing on the first quarter ending after the earlier of (i) the date Incremental Delayed Draw Term Loan is fully drawn and (ii) the end of the Availability Period, the LLC will be required to make quarterly repayments of principal amounts ranging from 0.625% to 1.875% of the drawn Incremental Delayed Draw Term Loan (which amounts will be reduced by certain prepayment, if any), unless such loan is accelerated sooner.

The Amendment contains customary representations and warranties. All other material terms and conditions of the Credit Agreement were unchanged.

Please see "[Note Q – Subsequent Events](#)" for additional information concerning the 2022 Credit Facility.

Senior Notes

2032 Senior Notes

On November 17, 2021, the Company consummated the issuance and sale of \$300 million aggregate principal amount of our 5.000% Senior Notes due 2032 (the "2032 Notes" or "2032 Senior Notes") offered pursuant to a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933 (the "Securities Act"), and to non-U.S. persons under Regulation S under the Securities Act. The 2032 Notes were issued pursuant to an indenture, dated as of November 17, 2021 (the "2032 Notes Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee"). The 2032 Notes bear interest at the rate of 5.000% per annum and will mature on January 15, 2032. Interest on the 2032 Notes is payable in cash on January 15 and July 15 of each year, beginning on July 15, 2022.

The proceeds from the sale of the 2032 Notes were used to repay a portion of our debt outstanding under the 2021 Revolving Credit Facility.

Please see "[Note Q – Subsequent Events](#)" for additional information concerning the 2032 Senior Notes.

2029 Senior Notes

On March 23, 2021, we consummated the issuance and sale of \$1,000 million aggregate principal amount of our 5.250% Senior Notes due 2029 (the "2029 Notes" or "2029 Senior Notes") offered pursuant to a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act, and to non-U.S. persons under Regulation S under the Securities Act. The 2029 Notes were issued pursuant to an indenture, dated as of March 23, 2021 (the "2029 Notes Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee"). The 2029 Notes bear interest at the rate of 5.250% per annum and will mature on April 15, 2029. Interest on the 2029 Notes is payable in cash on April 15th and October 15th of each year. The first interest payment date on the 2029 Senior Notes was October 15, 2021. The 2029 Notes are general unsecured obligations of the Company and are not guaranteed by our subsidiaries.

Please see "[Note Q – Subsequent Events](#)" for additional information concerning the 2029 Senior Notes.

Covenants

The Company is subject to certain customary affirmative and restrictive covenants arising under the 2022 Credit Facility. The following table reflects actual and required financial ratios as of March 31, 2025 included as part of the affirmative covenants in the 2022 Credit Facility:

Description of Required Covenant Ratio	Covenant Ratio Requirement	Actual Ratio
Fixed Charge Coverage Ratio	Greater than or equal to 1.50: 1.00	0.62:1:00
Total Secured Debt to EBITDA Ratio	Less than or equal to 3.50: 1.00	1.69:1:00
Total Debt to EBITDA Ratio	Less than or equal to 5.00: 1.00	6.46:1:00

Borrowings under our 2022 Credit Facility are subject to certain conditions and customary events of default, including, without limitation, failure to make payments, cross-default to certain other debt, breaches of covenants, breaches of representations and warranties, a change in control, certain monetary judgments, and bankruptcy and ERISA events. Upon any such event of default, the principal amount of any unpaid loans and all other obligations under the 2022 Credit Facility may be declared immediately due and payable and any letters of credit then outstanding may be required to be cash collateralized, and the Agent and the Lenders may exercise any rights or remedies available to them under the 2022 Credit Facility. The Company was not in compliance with such financial covenants as of March 31, 2025 and the year ended December 31, 2024 and had not received forbearance or other relief from its lenders as of those dates. As a result, the lenders had the contractual right on those dates to accelerate the Company's outstanding obligations under the 2022 Credit Facility. Accordingly, the Company has classified outstanding borrowings under the 2022 Term Loan and 2022 Revolving Credit facility as current at March 31, 2025 and December 31, 2024 in the Consolidated Financial Statements. Furthermore, because the 2029 Notes and 2032 Notes may have been subject to acceleration had the lenders under the 2022 Credit Facility exercised their acceleration rights, the 2029 Notes and 2032 Notes have also been classified as current at March 31, 2025 and December 31, 2024 in the Condensed Consolidated Financial Statements.

Lugano Financing Arrangements

Lugano entered into various financing arrangements with third parties that were not recorded in the financial statements of Lugano as debt. Pursuant to some of these agreements, the third-party investors agreed to provide a specific amount of cash to purportedly jointly invest with Lugano in a specified jewel or piece of jewelry. The arrangements provided that Lugano would be responsible for purchasing, holding and insuring the jewelry until Lugano found a buyer or the third-party investor otherwise requested a return of their cash contribution. According to the terms of the arrangement, the third-party investors made an upfront payment to Lugano in exchange for the right to receive a return of their initial investment plus either (i) a portion of the profit when the jewelry was sold to a buyer, or (ii) interest on their invested cash if the third-party requested to liquidate their investment prior to the sale of the specified jewelry to a buyer. Lugano also entered into financing arrangements that were not specific to the acquisition of a specified jewel or piece of jewelry. These arrangements involved cash receipts that were recorded as payment of accounts receivable balances or customer deposits and cash payments that were recorded as inventory purchases or purchase deposits. Other financing arrangements with third parties involved the receipt of cash by Lugano from third parties and repayment of cash to those third parties that was not associated with purported investment in a specified jewel or piece of jewelry.

In connection with the Lugano Investigation, the Company determined that the inventory and sales transactions recorded in connection with these financing agreements were invalid because they were inconsistent with the underlying substance of the agreements. These financing arrangements represent debt and the financing arrangements and related interest expense have been recorded in the restated consolidated financial statements. Interest expense was determined based on documentation related to the underlying arrangement or, when no documentation existed related to the financing arrangement, imputed based on various factors associated with the arrangement. Certain financing arrangements that were entered into during 2024 and the three months ended March 31, 2025 contained unique interest terms reflecting a guaranteed return on the arrangements that have resulted in a calculation of interest expense at a higher rate than the historical effective interest rate on the Lugano financing arrangements. The Lugano financing arrangements have been classified as current in the accompanying condensed consolidated balance sheets for the periods ended March 31, 2025 and December 31, 2024.

The following table provides the Lugano financing arrangements and effective interest rates at March 31, 2025 and December 31, 2024 (*in thousands*):

	March 31, 2025		December 31, 2024	
			(As Restated)	
	Effective Interest Rate	Amount	Effective Interest Rate	Amount
Lugano financing arrangements	19.54 %	\$ 181,682	11.43 %	\$ 169,765

The following table provides the Company's outstanding long-term debt and effective interest rates at March 31, 2025 and December 31, 2024 (in thousands):

	March 31, 2025		December 31, 2024	
	Effective Interest Rate	Amount	Effective Interest Rate	Amount
2029 Senior Notes	5.25 %	\$ 1,000,000	5.25 %	\$ 1,000,000
2032 Senior Notes	5.00 %	300,000	5.00 %	300,000
2022 Term Loan	6.73 %	571,250	7.60 %	375,000
2022 Revolving Credit Facility		—	7.62 %	110,000
Less: Unamortized debt issuance costs		(11,186)		(10,710)
Total debt		\$ 1,860,064		\$ 1,774,290
Less: Current Portion, term loan facilities		(1,860,064)		(1,774,290)
Long-term debt		\$ —		\$ —

The following table reflects the annual maturities of the Company's debt obligations, including the Lugano financing arrangements which are classified as current. As noted above, the Company was not in compliance with certain of its covenants under the 2022 Credit Facility as of the quarter ended March 31, 2025 and the year ended December 31, 2024 and as a result, the 2022 Revolving Credit Facility, the 2022 Term Loan and the 2029 and 2032 Senior Notes have been classified as current in the accompanying Condensed Consolidated Balance Sheets at March 31, 2025 and December 31, 2024. Annual maturities of the Company's debt obligations are as follows (in thousands):

Remainder of 2025 ⁽¹⁾	\$ 200,432
2026	37,500
2027	515,000
2028	—
2029	1,000,000
2030 and thereafter	300,000
	<u>\$ 2,052,932</u>

⁽¹⁾ Debt obligations in 2025 include \$181.7 million in Lugano financing arrangements, which are classified as current in the accompanying condensed consolidated balance sheet.

The Senior Notes consisted of the following carrying value and estimated fair value (in thousands):

	Maturity Date	Rate	Fair Value Hierarchy Level	March 31, 2025	
				Carrying Value	Fair Value
2032 Senior Notes	January 15, 2032	5.000 %	2	\$ 300,000	\$ 268,500
2029 Senior Notes	April 15, 2029	5.250 %	2	\$ 1,000,000	\$ 940,000

Debt Issuance Costs

Deferred debt issuance costs represent the costs associated with the issuance of the Company's financing arrangements. Since the Company can borrow, repay and reborrow principal under the 2022 Revolving Credit Facility, the debt issuance costs associated with the 2022 Revolving Credit Facility have been classified as other non-current assets in the accompanying condensed consolidated balance sheet. The debt issuance costs associated with the 2022 Term Loan and Amendment and Senior Notes are classified as a reduction of long-term debt in the accompanying condensed consolidated balance sheets. The Company recorded \$1.2 million in deferred debt issuance costs related to the Amendment of the 2022 Credit Facility in the three months ended March 31, 2025.

The following table summarizes debt issuance costs at March 31, 2025 and December 31, 2024, and the balance sheet classification in each of the periods presented (*in thousands*):

	March 31, 2025	December 31, 2024
Deferred debt issuance costs	\$ 33,725	\$ 32,526
Accumulated amortization	(18,922)	(17,797)
Deferred debt issuance costs, net	\$ 14,803	\$ 14,729
Balance sheet classification:		
Other noncurrent assets	\$ 3,617	\$ 4,019
Current portion, long-term debt	11,186	10,710
	\$ 14,803	\$ 14,729

Note I — Stockholders' Equity

Trust Common Shares

The Trust is authorized to issue 500,000,000 Trust common shares and the LLC is authorized to issue a corresponding number of Trust common interests. The Company will at all times have the identical number of Trust interests outstanding as Trust shares. Each Trust share represents an undivided beneficial interest in the Trust, and each Trust share is entitled to one vote per share on any matter with respect to which members of the LLC are entitled to vote.

At-the-market equity offering program - common shares

On September 5, 2024, the Company refreshed its at-the-market ("ATM") program for the common shares of the Trust, which was initially established on September 7, 2021, by filing a prospectus supplement pursuant to which the Company may, but has no obligation to, issue and sell up to \$500 million common shares of the Trust in amounts and at times to be determined by the Company. Actual sales will depend on a variety of factors to be determined by us from time to time, including, market conditions, the trading price of Trust common shares and determinations by us regarding appropriate sources of funding.

In connection with refreshing the program, the Company entered into an Amended and Restated At Market Issuance Sales Agreement (the "Amended Common Sales Agreement") with B. Riley Securities, Inc. ("B. Riley Securities"), Goldman Sachs & Co. LLC ("Goldman") and TD Securities (USA) LLC (each a "Common Sales Agent" and, collectively, the "Common Sales Agents"). The Amended Common Sales Agreement provides that the Company may offer and sell Trust common shares from time to time through or to the Common Sales Agents, as sales agent or principal, up to \$500 million, in amounts and at times to be determined by the Company. Pursuant to the Amended Common Sales Agreement, the shares may be offered and sold through each Sales Agent, acting separately, in ordinary brokers' transactions, to or through a market maker, on or through the New York Stock Exchange or any other market venue where the securities may be traded, in the over-the-counter market, in privately negotiated transactions, in transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act or through a combination of any such methods of sale. The Amended Common Sales Agreement amended and restated in its entirety the At Market Issuance Sales Agreement (the "Common Sales Agreement"), dated September 7, 2021, between the Company, B. Riley Securities and Goldman, which provided for the offer and sale of Trust common shares up to \$500 million under the terms substantially same as those under the Amended Common Sales Agreement.

During the three months ended March 31, 2025, there were no sales of Trust common shares under the Amended Common Sales Agreement.

During the three months ended March 31, 2024, the Company sold 53,932 Trust common shares under the Common Sales Agreement. During the same period, the Company received total net proceeds of approximately \$1.3 million from these sales. The Company incurred approximately \$0.2 million in commissions paid to the Common Sales Agents during the three months ended March 31, 2024.

The Company incurred approximately \$35 thousand and \$0.4 million in total costs related to the ATM program during the three months ended March 31, 2025 and March 31, 2024, respectively.

Please see "[Note Q – Subsequent Events](#)" for additional information concerning the Amended Common Sales Agreement.

Share repurchase program

On October 15, 2024, the Board approved a share repurchase program authorizing the Company to repurchase, through December 31, 2024, subject to extension by the Board, up to \$100 million of its outstanding common shares. The Company repurchased 416,320 shares for approximately \$9.7 million during the year ended December 31, 2024. The share repurchase program expired on December 31, 2024.

Trust Preferred Shares

The Trust is authorized to issue up to 50,000,000 Trust preferred shares and the Company is authorized to issue a corresponding number of Trust preferred interests.

At-the-market equity offering program - preferred shares

On September 5, 2024, the Company refreshed its at-the-market program for certain preferred shares of the Trust, which was initially established in the first quarter of 2024, by filing a prospectus supplement pursuant to which the Company may, but has no obligation to, issue and sell up to \$200 million of the Trust's 7.250% Series A Preferred Shares (the "Series A Preferred Shares"), 7.875% Series B Preferred Shares (the "Series B Preferred Shares"), and 7.875% Series C Preferred Shares (the "Series C Preferred Shares" and together with the Series A Preferred Shares, and the Series B Preferred Shares, the "Preferred Shares"), each representing beneficial interests in the Trust.

In connection with refreshing the program, the Company entered into an Amended and Restated At Market Issuance Sales Agreement (the "Amended Preferred Sales Agreement") with B. Riley Securities, Inc. (the "Preferred Sales Agent"). The Amended Preferred Sales Agreement provides that the Company may offer and sell Trust preferred shares from time to time through or to the Preferred Sales Agent, as sales agent or principal, up to \$200 million, in amounts and at times to be determined by the Company. Pursuant to the Amended Preferred Sales Agreement, the shares may be offered and sold through the Preferred Sales Agent in ordinary brokers' transactions, to or through a market maker, on or through the New York Stock Exchange or any other market venue where the securities may be traded, in the over-the-counter market, in privately negotiated transactions, in transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act or through a combination of any such methods of sale. The Amended Preferred Sales Agreement amended and restated in its entirety, the At Market Issuance Sales Agreement, dated March 20, 2024, between the Company and B. Riley Securities, which provided for the offer and sale of Trust preferred shares up to \$100 million under the terms substantially the same as those under the Amended Preferred Sales Agreement.

The following table reflects the activity in the preferred share ATM program during the three months ended March 31, 2025 and March 31, 2024 (*in thousands, except share data*):

	Three Months Ended March 31, 2025			Three Months Ended March 31, 2024		
	Number of Shares Sold	Net Proceeds	Commissions Paid	Number of Shares Sold	Net Proceeds	Commissions Paid
Series A Preferred Shares	122,330	\$ 2,751	\$ 56	7,557	\$ 186	\$ 4
Series B Preferred Shares	1,301,683	29,210	597	3,660	92	2
Series C Preferred Shares	1,148,158	26,187	535	22,631	558	11
Total	2,572,171	\$ 58,148	\$ 1,188	33,848	\$ 836	\$ 17

The Company incurred approximately \$0.1 million in total costs related to the preferred share ATM program during both the three months ended March 31, 2025 and March 31, 2024.

Please see "[Note Q – Subsequent Events](#)" for additional information concerning the Amended Preferred Sales Agreement.

Series C Preferred Shares

On November 20, 2019, the Trust issued 4,000,000 7.875% Series C Preferred Shares (the "Series C Preferred Shares") with a liquidation preference of \$25.00 per share, and on December 2, 2019, the Trust issued 600,000 of the Series C Preferred Shares which were sold pursuant to an option to purchase additional shares by the underwriters. Total proceeds from the issuance of the Series C Preferred Shares were \$115.0 million, or \$111.0

million net of underwriters' discount and issuance costs. Distributions on the Series C Preferred Shares will be payable quarterly in arrears, when and as declared by the Company's board of directors on January 30, April 30, July 30, and October 30 of each year, beginning on January 30, 2020, at a rate per annum of 7.875%. Distributions on the Series C Preferred Shares were cumulative and at March 31, 2025, \$2.6 million of Series C distributions were accumulated and unpaid.

Series B Preferred Shares

On March 13, 2018, the Trust issued 4,000,000 7.875% Series B Preferred Shares (the "Series B Preferred Shares") with a liquidation preference of \$25.00 per share, for gross proceeds of \$100.0 million, or \$96.5 million net of underwriters' discount and issuance costs. Distributions on the Series B Preferred Shares are payable quarterly in arrears, when and as declared by the Company's board of directors on January 30, April 30, July 30, and October 30 of each year, beginning on July 30, 2018, at a rate per annum of 7.875%. Holders of the Series B Preferred Shares are entitled to receive cumulative cash distributions (i) from and including the date of issuance to, but excluding, April 30, 2028 a rate equal to 7.875% per annum and (ii) from and including April 30, 2028, at a floating rate equal to the applicable successor to three-month LIBOR (or a successor rate) plus a spread of 4.985% per annum. Subsequent to April 30, 2028, the distribution rate will be reset quarterly. At March 31, 2025, \$2.5 million of Series B distributions were accumulated and unpaid.

Series A Preferred Shares

On June 28, 2017, the Trust issued 4,000,000 7.250% Series A Preferred Shares (the "Series A Preferred Shares") with a liquidation preference of \$25.00 per share, for gross proceeds of \$100.0 million, or \$96.4 million net of underwriters' discount and issuance costs. When, and if declared by the Company's board of directors, distribution on the Series A Preferred Shares will be payable quarterly on January 30, April 30, July 30, and October 30 of each year, beginning on October 30, 2017, at a rate per annum of 7.250%. Distributions on the Series A Preferred Shares are discretionary and non-cumulative.

Allocation Interests

The holders of the Allocation Interests ("Holders"), through Sostratus LLC, are entitled to receive distributions pursuant to a profit allocation formula upon the occurrence of certain events. The distributions of the profit allocation is paid upon the sale of a business (a "Sale Event") and upon election of the Holder during the 30-day period following the fifth anniversary of the date upon which we acquired a controlling interest in a business (a "Holding Event"). The Company records distributions of the profit allocation to the Holders upon occurrence of a Sale Event or Holding Event as dividends declared on Allocation Interests to stockholders' equity when they are approved by the Board.

Sale Event

The sale of Ergobaby in December 2024 represented a Sale Event, however the calculation of the profit allocation payment resulted in a negative amount and therefore no profit allocation payment was due to the Holders. The negative amount will offset future profit allocation payments due to the Holders.

The sale of Marucci in November 2023 represented a Sale Event and the Company's board of director's approved a distribution of \$48.9 million in the first quarter of 2024. This distribution was paid to the Holders of the Allocation Interests in February 2024.

Reconciliation of net income (loss) available to common shares of Holdings

The following table reconciles net income (loss) attributable to Holdings to net income (loss) attributable to the common shares of Holdings (in thousands):

	Three months ended March 31,	
	2025	2024 (As Restated)
Net income (loss) from continuing operations attributable to Holdings	\$ (30,037)	\$ (60,175)
Less: Distributions paid - Allocation Interests	—	48,941
Less: Distributions paid - Preferred Shares	8,434	6,045
Less: Accrued distributions - Preferred Shares	5,148	2,878
Net income (loss) from continuing operations attributable to common shares of Holdings	<u>\$ (43,619)</u>	<u>\$ (118,039)</u>

Earnings per share

The Company calculates basic and diluted earnings per share using the two-class method which requires the Company to allocate to participating securities that have rights to earnings that otherwise would have been available only to Trust shareholders as a separate class of securities in calculating earnings per share. The Allocation Interests are considered participating securities that contain participating rights to receive profit allocations upon the occurrence of a Holding Event or Sale Event. The calculation of basic and diluted earnings per share for the three months ended March 31, 2025 and 2024 reflects the incremental increase during the period in the profit allocation distribution to Holders related to Holding Events.

Basic and diluted earnings per share for the three months ended March 31, 2025 and 2024 attributable to the common shares of Holdings is calculated as follows (*in thousands, except per share data*):

	Three months ended March 31,	
	2025	2024 (As Restated)
Net income (loss) from continuing operations attributable to common shares of Holdings	\$ (43,619)	\$ (118,039)
Less: Effect of contribution based profit - Holding Event	396	214
Net income (loss) from continuing operations attributable to common shares of Holdings	\$ (44,015)	\$ (118,253)
Income from discontinued operations attributable to Holdings	\$ 44	\$ 3,998
Less: Effect of contribution based profit - Holding Event	—	—
Income from discontinued operations attributable to common shares of Holdings	\$ 44	\$ 3,998
Basic and diluted weighted average common shares outstanding	75,236	75,274
Basic and fully diluted income (loss) per common share attributable to Holdings		
Continuing operations	\$ (0.59)	\$ (1.57)
Discontinued operations	—	0.05
	<u>\$ (0.59)</u>	<u>\$ (1.52)</u>

Distributions

The following table summarizes information related to our quarterly cash distributions on our Trust common and preferred shares (in thousands, except per share data):

Period	Cash Distribution per Share	Total Cash Distributions	Record Date	Payment Date
Trust Common Shares:				
January 1, 2025 - March 31, 2025 ⁽¹⁾	\$ 0.25	\$ 18,809	April 17, 2025	April 24, 2025
October 1, 2024 - December 31, 2024	\$ 0.25	\$ 18,809	January 16, 2025	January 23, 2025
July 1, 2024 - September 30, 2024	\$ 0.25	\$ 18,913	October 17, 2024	October 24, 2024
April 1, 2024 - June 30, 2024	\$ 0.25	\$ 18,913	July 18, 2024	July 25, 2024
January 1, 2024 - March 31, 2024	\$ 0.25	\$ 18,846	April 18, 2024	April 25, 2024
Series A Preferred Shares:				
January 30, 2025 - April 29, 2025 ⁽¹⁾	\$ 0.453125	\$ 2,120	April 15, 2025	April 30, 2025
October 30, 2024 - January 29, 2025	\$ 0.453125	\$ 2,062	January 15, 2025	January 30, 2025
July 30, 2024 - October 29, 2024	\$ 0.453125	\$ 1,930	October 15, 2024	October 30, 2024
April 30, 2024 - July 29, 2024	\$ 0.453125	\$ 1,852	July 15, 2024	July 30, 2024
January 30, 2024 - April 29, 2024	\$ 0.453125	\$ 1,822	April 15, 2024	April 30, 2024
October 30, 2023 - January 29, 2024	\$ 0.453125	\$ 1,813	January 15, 2024	January 30, 2024
Series B Preferred Shares:				
January 30, 2025 - April 29, 2025 ⁽¹⁾	\$ 0.4921875	\$ 3,703	April 15, 2025	April 30, 2025
October 30, 2024 - January 29, 2025	\$ 0.4921875	\$ 3,048	January 15, 2025	January 30, 2025
July 30, 2024 - October 29, 2024 ⁽¹⁾	\$ 0.4921875	\$ 2,347	October 15, 2024	October 30, 2024
April 30, 2024 - July 29, 2024	\$ 0.4921875	\$ 2,064	July 15, 2024	July 30, 2024
January 30, 2024 - April 29, 2024	\$ 0.4921875	\$ 1,983	April 15, 2024	April 30, 2024
October 30, 2023 - January 29, 2024	\$ 0.4921875	\$ 1,969	January 15, 2024	January 30, 2024
Series C Preferred Shares:				
January 30, 2025 - April 29, 2025 ⁽¹⁾	\$ 0.4921875	\$ 3,892	April 15, 2025	April 30, 2025
October 30, 2024 - January 29, 2025	\$ 0.4921875	\$ 3,324	January 15, 2025	January 30, 2025
July 30, 2024 - October 29, 2024	\$ 0.4921875	\$ 2,690	October 15, 2024	October 30, 2024
April 30, 2024 - July 29, 2024	\$ 0.4921875	\$ 2,430	July 15, 2024	July 30, 2024
January 30, 2024 - April 29, 2024	\$ 0.4921875	\$ 2,295	April 15, 2024	April 30, 2024
October 30, 2023 - January 29, 2024	\$ 0.4921875	\$ 2,264	January 15, 2024	January 30, 2024

⁽¹⁾ This distribution was declared on April 3, 2025.

Note J — Noncontrolling Interest

Noncontrolling interest represents the portion of the Company's majority owned subsidiaries' net income (loss) and equity that is owned by noncontrolling shareholders. The following tables reflect the LLC's ownership percentage of its majority owned operating segments and related noncontrolling interest balances as of March 31, 2025 and December 31, 2024:

	% Ownership ⁽¹⁾ March 31, 2025		% Ownership ⁽¹⁾ December 31, 2024	
	Primary	Fully Diluted	Primary	Fully Diluted
5.11	98.0	87.2	97.6	86.9
BOA	91.6	82.8	91.7	83.0
Lugano	59.9	55.0	59.9	55.0
PrimaLoft	90.7	84.7	90.7	84.7
The Honey Pot Co.	85.0	77.1	84.8	77.2
Velocity Outdoor	99.4	93.2	99.4	93.3
Altor	99.3	90.5	99.3	90.2
Arnold	98.0	85.8	98.0	85.8
Sterno	98.5	91.7	98.5	91.6

⁽¹⁾ The principal difference between primary and diluted percentages of our operating segments is due to stock option issuances of operating segment stock to management of the respective businesses.

(in thousands)	Noncontrolling Interest Balances	
	March 31, 2025	December 31, 2024 (As Restated)
5.11	\$ 12,581	\$ 15,104
BOA	17,368	15,103
Lugano (as restated)	(288,391)	(268,595)
PrimaLoft	32,641	32,133
The Honey Pot Co.	41,749	41,869
Velocity Outdoor	6,903	6,824
Altor	6,526	6,283
Arnold	1,640	1,667
Sterno	1,792	1,466
Allocation Interests	100	100
Total (as restated)	\$ (167,091)	\$ (148,046)

Note K — Fair Value Measurement

There were no assets or liabilities measured on a recurring basis as of March 31, 2025 or December 31, 2024. The Company had no assets or liabilities Level 3 fair value measurements during the three months ended March 31, 2025 or during the year ended December 31, 2024.

Valuation Techniques

The Company has not changed its valuation techniques in measuring the fair value of any of its other financial assets and liabilities during the period. For details of the Company's fair value measurement policies under the fair value hierarchy, refer to the Company's 2024 Form 10-K/A.

Nonrecurring Fair Value Measurements

The following table provides the assets and liabilities carried at fair value measured on a non-recurring basis as of December 31, 2024. Refer to ["Note F - Goodwill and Intangible Assets"](#), for a description of the valuation techniques used to determine fair value of the assets measured on a non-recurring basis in the table below. There were no assets or liabilities carried at fair value measured on a non-recurring basis as of March 31, 2025.

	Fair Value Measurements at December 31, 2024				Expense
	Carrying Value	Level 1	Level 2	Level 3	Year ended
(in thousands)					December 31, 2024
Goodwill - Velocity	\$ —	—	—	\$ —	\$ 8,182

Note L — Income taxes

The Company estimates its annual effective tax rate for each fiscal quarter and applies that estimated rate to its interim pre-tax earnings. In this regard, the Company reflects the full year's estimated tax impact of certain unusual or infrequently occurring items and the effects of changes in tax laws or rates in the interim period in which they occur. The Company's parent, the Trust, is subject to entity-level U.S. federal, state and local corporate income taxes on the Company's earnings that flow through to the Trust.

The computation of the annual estimated effective tax rate for each interim period requires certain assumptions, estimates, and significant judgment, including with respect to the projected operating income for the year, projections of income earned and taxes incurred in various jurisdictions, permanent and temporary differences and the likelihood of recovering deferred tax assets. The accounting estimates used to compute the provision for income taxes may change as new events occur, as additional information is obtained, as our tax structure changes or as the tax laws change. Certain foreign operations are subject to foreign income taxation under existing provisions of the laws of those jurisdictions.

The reconciliation between the Federal Statutory Rate and the effective income tax rate for the three months ended March 31, 2025 and 2024 is as follows:

	Three months ended March 31,	
	2025	2024 (As restated)
United States Federal Statutory Rate	21.0 %	21.0 %
State income taxes (net of Federal benefits)	2.5	2.2
Foreign income taxes	1.0	(0.8)
Impact of subsidiary employee stock options	—	(0.2)
Non-deductible acquisition costs	—	(0.3)
Utilization of tax credits	1.8	1.7
Non-recognition of various carryforwards at subsidiaries	(32.8)	(25.4)
United States tax on foreign income	2.1	—
Impairment expense	—	(1.7)
Other	(1.0)	(0.1)
Effective income tax rate	(5.4)%	(3.6)%

Note M — Defined Benefit Plan

In connection with the acquisition of Arnold, the company has a defined benefit plan covering substantially all of Arnold's employees at its Lupfig, Switzerland location. The benefits are based on years of service and the employees' highest average compensation during the specific period.

The unfunded liability of \$2.5 million is recognized in the consolidated balance sheet as a component of other non-current liabilities at March 31, 2025. Net periodic benefit cost consists of the following for the three months ended March 31, 2025 and 2024 (in thousands):

	Three months ended March 31,			
	2025		2024	
Service cost	\$	166	\$	132
Interest cost		40		60
Expected return on plan assets		(29)		(49)
Amortization of prior service cost		(13)		—
Amortization of unrecognized loss		23		—
Effect of settlement		9		(11)
Net periodic benefit cost	\$	196	\$	132

During the three months ended March 31, 2025, per the terms of the pension agreement, Arnold contributed approximately \$0.2 million to the plan. For the remainder of 2025, the expected contribution to the plan will be approximately \$0.5 million.

The plan assets are pooled with assets of other participating employers and are not separable; therefore, the fair values of the pension plan assets at March 31, 2025 were considered Level 3.

Note N - Commitments and Contingencies

General Matters

The Company and its subsidiaries are subject to legal proceedings and claims that arise in the ordinary course of business. A liability for a loss contingency is accrued when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. For all other material loss contingencies, including those where the loss is reasonably possible or where the amount cannot be reasonably estimated, the Company discloses the nature of the contingency. The Lugano Investigation and the restatement of our previously issued consolidated financial statements for the periods ended at December 31, 2024, 2023 and 2022, may result in additional stockholder litigation, regulatory investigations and additional liabilities in future periods.

State Court Action Naming Lugano and the Company as Defendants

On July 24, 2025, a complaint was filed against Lugano, the Company and others in California State Court, styled Champion Force Industrial Limited v. Lugano Diamonds & Jewelry Inc., et al., asserting claims for breach of contract, goods had and received, conversion, fraud, promissory estoppel, unjust enrichment, and fraudulent conveyance. The plaintiff is a vendor of diamonds and finished jewelry to Lugano and seeking in excess of \$56.4 million in damages, principally for unpaid goods. The foregoing matter is in the early stages and the Company is currently unable to determine the likelihood of an unfavorable outcome.

As noted below under the heading Impact of Lugano Chapter 11 Filing on Lugano Claims and Litigation this matter is subject to an automatic stay that prohibits, among other things, the continuation of this action against Lugano, as debtor, outside of the bankruptcy process. If Lugano is determined to be a necessary party to this litigation, it is possible that the litigation may also be stayed as against the Company. Presently, the Company currently remains a defendant in this case but believes that it can avail itself of certain defenses to these claims and intends to vigorously defend itself.

The Company has recorded an accrual of \$51.0 million as of March 31, 2025 related to certain current contractual obligations to Lugano's vendors, including Champion, in accordance with applicable accounting standards. Accordingly, the Company intends to avail itself of all available defenses in the Champion litigation. The Company is unable to reasonably estimate any additional loss or range of possible loss, if any, that may result from the Champion litigation or whether such loss or range of possible loss would be less than, equal or exceed the amounts accrued in respect of Lugano's contract with Champion.

Lugano-Specific Claims and Threatened Claims

During the period from approximately April 1, 2025 to November 21, 2025, litigation has been threatened and initiated by counterparties to transactions that appear to have been overseen by Lugano's former CEO, Moti Ferder, who resigned effective May 7, 2025. The vast majority involve purported investment arrangements whereby the

claimant delivered a specified dollar amount to Lugano in exchange for either (a) a profits interest in the future sale of a specified diamond(s), or (b) a guaranteed interest rate (collectively, "Diamond Financing Arrangements").

Certain Diamond Financing Arrangements are the subject of current litigation, primarily in California State court, and the majority of the plaintiffs in these cases have presented similar fact patterns and are primarily seeking damages for alleged losses of principal amounts invested ("Diamond Financing Litigation"). The total damages being sought by all plaintiffs in Diamond Financing Litigation, is approximately \$32.2 million, plus interest and penalties, in most cases. The Diamond Financing Litigation is in the early stages and the Company is currently unable to determine the likelihood of an unfavorable outcome for any or all of these cases. At this time, management has determined that a loss is reasonably possible; however, management cannot currently reasonably estimate such loss or range of potential loss associated with the Diamond Financing Litigation.

As noted below under the heading Impact of Lugano Chapter 11 Filing on Lugano Claims and Litigation the Diamond Financing Litigation is subject to an automatic stay that prohibits, among other things, the continuation of these actions against Lugano, as debtor, outside of the bankruptcy process. The Company was named in a co-defendant in one Diamond Financing Litigation matter for which the plaintiff is seeking approximately \$1.4 million in damages, plus interest and penalties. If Lugano is determined to be a necessary party to this litigation, it is possible that the litigation may also be stayed as against the Company. Nonetheless, the Company believes that it can avail itself of certain defenses to this claim and intends to vigorously defend itself.

While not the subject of active litigation, claims have been asserted against Lugano and legal action has been threatened by parties to alleged Diamond Financing Arrangements (the "Diamond Financing Arrangement Claims"). At this time, management has determined that a loss resulting from the Diamond Financing Arrangement Claims is reasonably possible; however, management cannot currently reasonably estimate such loss or range of potential loss.

The Company has recorded an accrual of \$181.7 million as of March 31, 2025 of estimated principal as short-term debt and interest expense in its condensed consolidated financial statements related to previously undisclosed financing arrangements at Lugano, in accordance with applicable accounting standards, although such financing arrangements are subject to dispute. Accordingly, the Company intends to avail itself of all available defenses in the Diamond Financing Litigation (or any Diamond Financing Arrangement Claim or other Diamond Financing Arrangements for which claims may arise). The Company is unable to reasonably estimate any additional loss or range of possible loss, if any, that may result from the Diamond Financing Litigation (or any Diamond Financing Arrangement Claim or other Diamond Financing Arrangements for which claims may arise) or whether such loss or range of possible loss would be less than, equal to or exceed the amounts accrued in respect of the previously undisclosed financing arrangements at Lugano.

Impact of Lugano Chapter 11 Filing on Lugano Claims and Litigation

On November 16, 2025, Lugano Holding, Inc. and certain of its subsidiaries, filed voluntary Chapter 11 petitions under the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Upon the filing of a bankruptcy petition, Section 362 of the Bankruptcy Code imposes an automatic stay that prohibits, among other things, the commencement or continuation of numerous actions against the debtor entity (in this case, Lugano), which include all lawsuits and collection efforts. The stay goes into effect immediately upon the bankruptcy filing without any further action by the debtor entity or any other party. The automatic stay remains in place until resolution of the bankruptcy case, or until otherwise waived by the debtor. The automatic stay generally protects only the debtor and does not usually extend to non-debtor parties who may be the subject of claims or litigation, including co-defendants named in litigation where Lugano is also defendant. In certain circumstances, a court may extend the stay to non-debtors if the debtor entity is a necessary party to the action. Thus, upon the filing of its bankruptcy petition, the automatic stay will immediately go into effect and prohibit further litigation against Lugano in courts outside of the Bankruptcy Court but will not necessarily prohibit continuation of actions against the Company in Lugano-related matters.

Leases

The Company and its subsidiaries lease office and manufacturing facilities, computer equipment and software under various arrangements. Certain of the leases are subject to escalation clauses and renewal periods. The Company and its subsidiaries recognize lease expense, including predetermined fixed escalations, on a straight-line basis over the initial term of the lease including reasonably assured renewal periods from the time that the Company and its subsidiaries control the leased property. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Certain of

our subsidiaries have leases that contain both fixed rent costs and variable rent costs based on achievement of certain operating metrics. The variable lease expense was not a material component of our total lease expense for the three months ended March 31, 2025 and 2024. The Company recognized \$13.5 million and \$11.3 million in the three months ended March 31, 2025, and March 31, 2024, respectively, in expense related to operating leases in the condensed consolidated statements of operations. The Company entered into one finance lease in the fourth quarter of 2024. In the three months ended March 31, 2025, the Company recognized \$0.2 million in interest expense related to its finance lease.

The maturities of lease liabilities at March 31, 2025 are as follows (*in thousands*):

	Operating	Finance	Total
2025 (excluding the three months ended March 31, 2025)	\$ 39,637	\$ 539	\$ 40,176
2026	54,207	719	54,926
2027	46,145	7,040	53,185
2028	35,775	—	35,775
2029	26,366	—	26,366
Thereafter	72,773	—	72,773
Total undiscounted lease payments	\$ 274,903	\$ 8,298	\$ 283,201
Less: Interest	66,422	1,401	67,823
Present value of lease liabilities	\$ 208,481	\$ 6,897	\$ 215,378

The calculated amount of the right-of-use assets and lease liabilities are impacted by the length of the lease term and discount rate used to present value the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. In general, it is not reasonably certain that lease renewals will be exercised at lease commencement and therefore lease renewals are not included in the lease term. As the discount rate is rarely determinable, the Company utilizes the incremental borrowing rate of the subsidiary entering into the lease arrangement, on a collateralized basis, over a similar term as adjusted for any country specific risk.

The weighted average remaining lease terms and discount rates for all of our operating leases were as follows:

<u>Lease Term and Discount Rate</u>	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Weighted-average remaining lease term (years)		
Operating Leases	5.94	6.54
Finance Leases	2.08	N/a
Weighted-average discount rate		
Operating Leases	8.93 %	8.62 %
Finance Leases	9.90 %	N/a

Supplemental balance sheet information related to leases was as follows (*in thousands*):

	Line Item in the Company's Consolidated Balance Sheet	March 31, 2025	December 31, 2024
Assets:			
Operating lease right-of-use assets	Other non-current assets	\$ 183,447	\$ 191,639
Finance lease right-of-use assets	Other non-current assets	6,882	6,882
		<u>\$ 190,329</u>	<u>\$ 198,521</u>
Liabilities			
Operating lease liabilities - current	Other current liabilities	\$ 39,033	\$ 38,180
Operating lease liabilities - non-current	Other non-current liabilities	169,449	178,577
Finance lease liabilities - current	Other current liabilities	43	42
Finance lease liabilities - non-current	Other non-current liabilities	6,853	6,866
		<u>\$ 215,378</u>	<u>\$ 223,665</u>

Supplemental cash flow information related to leases was as follows (*in thousands*):

	Three months ended March 31, 2025	Three months ended March 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 13,514	\$ 10,618
Operating cash flows from finance leases	167	—
Financing cash flows from finance leases	13	—
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 2,310	\$ 3,131
Finance leases	—	—

Exit Costs

During 2024, Arnold relocated two of its facilities located in Marengo, Illinois into one combined facility in Woodstock, Illinois. Arnold recorded \$9.9 million in exit costs related to the move of which \$9.3 million was recorded in selling, general and administrative expense and \$0.6 million is recorded in costs of revenues in the consolidated statement of operations in the year ended December 31, 2024. An additional \$2.9 million in expense was incurred related to the move to the new facility that were not classified as exit costs, for total expense of approximately \$13.0 million in the year ended December 31, 2024. Arnold recorded an additional \$0.9 million in costs in the first quarter of 2025 related to the relocation of the two facilities. The exit from the Marengo facility is now substantially complete.

Note O — Related Party Transactions

Management Services Agreement

The LLC entered into the Management Services Agreement ("MSA") with CGM effective May 16, 2006, as amended. Our Chief Executive Officer is a partner of CGM. The MSA provides for, among other things, CGM to perform services for the LLC in exchange for a management fee paid quarterly.

On January 15, 2025, the LLC and the Manager amended the Sixth Amended and Restated Management Services Agreement dated as of September 30, 2014 and originally effective as of May 16, 2006 (the "Existing Agreement"), by entering into a Seventh Amended and Restated Management Services Agreement (the "MSA Amendment"), which restructures the management fee under the Existing Agreement to consist of a base management fee and an incentive management fee. Pursuant to the MSA Amendment, the base management fee will be (i) 2% of the Company's adjusted net assets when the adjusted net assets are less than or equal to \$3.5 billion (the "Initial Threshold Fee"), (ii) the Initial Threshold Fee plus 1.25% of the amount of adjusted net assets exceeding \$3.5 billion when the adjusted net assets are more than \$3.5 billion but less than \$10 billion, or (iii) 1.5% of the adjusted net assets when the adjusted net assets are \$10 billion or more. The incentive management fee will be 0.25% of the amount of adjusted net assets exceeding \$3.5 billion only when the adjusted net assets are more than \$3.5 billion.

but less than \$10 billion and only if the Company's annualized internal rate of return on equity for the trailing three-years exceeds 12%. Any incentive management fee paid to the Manager may only be distributed by the Manager among the then-current Employees (as defined in the MSA) of the Manager. Such incentive management fee is subject to approval by the Compensation Committee of the Board. The MSA Amendment also eliminates the payment of integration services fee by the Company's subsidiaries to the Manager and excludes excess cash held by the Company and the Company's subsidiaries, subject to certain exceptions, from the calculation of the adjusted net assets of the Company, along with certain other changes.

Effect of Restatement on Management Fees

As a result of the restatement of the financial statements as of December 31, 2024, 2023 and 2022 and for the years ended December 31, 2024, 2023 and 2022, as well as for the period ended December 31, 2021 and revisions made in the quarter ended March 31, 2025, the management fees paid to CGM were in excess of the amounts that should have been due under the MSA. While the MSA does not contain an express mechanism that permits the Company to immediately clawback the overpayment of management fees during the aforementioned periods, the MSA provides that future payments under the MSA will be reduced, on a dollar-for-dollar basis, by the aggregate amount of all overpaid management fees. The Company currently estimates the aggregate amount of overpaid management fees as of March 31, 2025 at approximately \$43.1 million, which amount will reduce future payments on a dollar-for-dollar basis. The Board intends to direct the Company to pursue its right to recover all such excess management fees paid to the Manager as soon as is reasonably practicable in light of the facts and circumstances.

The table below presents the management fee amounts that were in excess of the amount due after the restatement (*in thousands*).

Quarter Ended	Management Fee - Incurred ⁽¹⁾	Management Fee - Adjusted for Restatement	Overpayment of Management Fee
December 31, 2021 ⁽²⁾	\$ 12,939	\$ 11,668	\$ 1,271
March 31, 2022	14,436	13,128	1,308
June 30, 2022	14,900	13,117	1,783
September 30, 2022	16,592	14,785	1,807
December 31, 2022	17,300	14,784	2,516
March 31, 2023	16,458	14,202	2,256
June 30, 2023	16,920	14,363	2,557
September 30, 2023	18,596	15,392	3,204
December 31, 2023	16,909	13,080	3,829
March 31, 2024	18,067	14,867	3,200
June 30, 2024	18,864	14,283	4,581
September 30, 2024	18,758	14,351	4,407
December 31, 2024	19,453	13,951	5,502
March 31, 2025	18,863	14,014	4,849
	\$ 239,055	\$ 195,985	\$ 43,070

⁽¹⁾ Management Fee incurred in the quarter indicated prior to the effect of discontinued operation, as applicable.

⁽²⁾ Lugano was acquired on September 3, 2021. The overpayment of Management fee in 2021 is limited to the three months ended December 31, 2021.

LLC Agreement

The LLC agreement gives Holders the right to distributions pursuant to a profit allocation formula upon the occurrence of a Sale Event or a Holding Event. The Holders are entitled to receive and as such can elect to receive, if due pursuant to the profit allocation formula, an allocation payment upon the sale of a business (a "Sale Event") and upon election of the Holders during the 30-day period following the fifth anniversary of the date upon which we acquired a controlling interest in a business (Holding Event). Holders received \$48.9 million in distributions in the

first quarter of 2024 related to a Sale Event that occurred during 2023. Refer to "[Note I - Stockholders' Equity](#)" for a description of the profit allocation payments.

The Lugano bankruptcy will be a Sale Event and any corresponding loss on such Sale Event will have the effect of reducing future allocation payments. The LLC Agreement also contains a mechanism to adjust future profit allocation payments by over-paid and under-paid profit distributions. The Company intends to cause future allocation payments to be adjusted, as necessary, to reflect the impact of the restatement of the Company's financial statements as described in the Form 10-K/A.

Integration Services Agreements

Integration service fees are included in selling, general and administrative expenses on the subsidiaries' statement of operations in the period in which they are incurred. Under the Integration Services Agreement ("ISA"), CGM provides services for new platform acquisitions to, amongst other things, assist the management at the acquired entities in establishing a corporate governance program, implement compliance and reporting requirements of the Sarbanes-Oxley Act of 2002, as amended, and align the acquired entity's policies and procedures with our other subsidiaries. The amendment to the Management Service Agreement entered into in January 2025 eliminated the payment of integration services for future acquisitions.

The Honey Pot Co., which was acquired in January 2024, entered into an ISA with CGM whereby The Honey Pot Co. will pay CGM a total integration services fee of \$3.5 million, payable quarterly over a twelve-month period beginning June 30, 2024. THP paid CGM \$0.9 million in integration service fees in the quarters ended June 30, 2024, September 30, 2024, December 31, 2024 and March 31, 2025, respectively.

The Company and its businesses have the following significant related party transactions

5.11

Related Party Vendor Purchases - 5.11 purchases inventory from a vendor who is a related party to 5.11 through one of the executive officers of 5.11 via the executive's 40% ownership interest in the vendor. 5.11 purchased approximately \$0.2 million and \$0.4 million during the three months ended March 31, 2025 and March 31, 2024, respectively in inventory from the vendor.

BOA

Related Party Vendor Purchases - A contract manufacturer used by BOA as the primary supplier of molded injection parts is a noncontrolling shareholder of BOA. BOA purchased approximately \$12.0 million and \$10.6 million from this supplier during the three months ended March 31, 2025 and March 31, 2024, respectively.

Lugano

Related Party Transaction - In the first quarter of 2025, the former Chief Executive Officer of Lugano represented that he had entered into an agreement with a customer of Lugano to pay, on behalf of the customer, an \$8.8 million outstanding account receivable owed to Lugano since July 2024. However, the former Chief Executive Officer of Lugano misrepresented the purpose and explanation for the transaction. It was subsequently determined that neither the account receivable nor the purpose of the payment by the former Chief Executive Officer of Lugano were factually accurate, and that instead the payment was made by the former Chief Executive Officer of Lugano in furtherance of his previously described schemes.

Related Party Vendor Purchases - Lugano purchases inventory from a vendor who is a related party to Lugano through one of the executive officers of Lugano. The related party relationship commenced in the second quarter of 2024. During the three months ended March 31, 2025, Lugano purchased approximately \$1.9 million in inventory from the vendor.

Note P — Operating Segment Data

At March 31, 2025, the Company had nine reportable operating segments. Each operating segment represents a platform acquisition. The Company's operating segments are strategic business units that offer different products and services. While each is actively managed by the Company, they are managed separately because each business requires different technology and marketing strategies. A description of each of the reportable segments and the types of products from which each segment derives its revenues is as follows:

- 5.11 is a leading provider of purpose-built technical apparel and gear for law enforcement, firefighters, EMS, and military special operations as well as outdoor and adventure enthusiasts. 5.11 is a brand known for innovation and authenticity, and works directly with end users to create purpose-built apparel and gear designed to enhance the safety, accuracy, speed and performance of tactical professionals and enthusiasts worldwide. Headquartered in Costa Mesa, California, 5.11 operates sales offices and distribution centers globally, and 5.11 products are widely distributed in uniform stores, military exchanges, outdoor retail stores, its own retail stores and on 511tactical.com.
- BOA, creator of the revolutionary, award-winning, patented BOA Fit System, partners with market-leading brands to make the best gear even better. Delivering fit solutions purpose-built for performance, the BOA Fit System is featured in footwear across snow sports, cycling, outdoor, athletic, workwear as well as performance headwear and bracing. The system consists of three integral parts: a micro-adjustable dial, high-tensile lightweight laces, and low friction lace guides creating a superior alternative to laces, buckles, Velcro, and other traditional closure mechanisms. Each unique BOA configuration is designed with brand partners to deliver superior fit and performance for athletes, is engineered to perform in the toughest conditions and is backed by The BOA Lifetime Guarantee. BOA is headquartered in Denver, Colorado and has offices in Austria, Greater China, South Korea, and Japan.
- Lugano is designer, manufacturer, and retailer of high-end jewelry. Lugano conducts sales via its own retail salons as well as pop-up showrooms at Lugano-hosted or sponsored events in partnership with organizations in the equestrian, art, and philanthropic communities. Lugano is headquartered in Newport Beach, California.
- PrimaLoft is a leading provider of branded, high-performance synthetic insulation and materials used primarily in consumer outerwear, and accessories. The portfolio of PrimaLoft synthetic insulations offers products that can both mimic natural down aesthetics and provide the freedom to design garments ranging from stylish puffers to lightweight performance apparel. PrimaLoft insulations also offer superior economics to the brand partner and enable better sustainability characteristics through the use of recycled, low-carbon inputs. PrimaLoft is headquartered in Latham, New York.
- The Honey Pot Co. is a leading “better-for-you” feminine care brand, powered by plant-derived ingredients and clinically tested formulas. Founded in 2012 by CEO Beatrice Dixon, The Honey Pot Co. is rooted in the belief that all products should be made with healthy and efficacious ingredients that are kind to and safe for skin. The company offers an extensive range of holistic wellness products across the feminine hygiene, menstrual, personal care, and sexual wellness categories. The Honey Pot Co.’s mission is to educate, support, and provide consumers around the world with tools and resources that promote menstrual health and vaginal wellness. Its products can be found in more than 33,000 stores across the U.S. through mass merchants, drug and grocery retail chains, and online. The Honey Pot Co. is headquartered in Atlanta, Georgia.
- Velocity Outdoor is a leading designer, manufacturer, and marketer of archery products, hunting apparel and related accessories. The archery product category consists of products including Ravin crossbows and CenterPoint archery products, and the apparel category offers high-performance, feature rich hunting and casual apparel under the King’s Camo brand, utilizing King’s own proprietary camo patterns. Velocity Outdoor offers its products through national retail chains and dealer and distributor networks. Velocity Outdoor is headquartered in Rochester, New York. On April 30, 2024, Velocity Outdoor sold the Crosman airgun product division. The results of operation for Crosman are included in the accompanying financial statements through the date of sale.
- Altor Solutions is a designer and manufacturer of custom molded protective foam solutions and original equipment manufacturer components made from expanded polystyrene and expanded polypropylene. Altor provides products to a variety of end markets, including appliances and electronics, pharmaceuticals, health and wellness, automotive, building and other products. Altor is headquartered in St. Louis, Missouri and operates 23 molding and fabricating facilities across North America.
- Arnold is a global solutions provider and manufacturer of engineered solutions for a wide range of specialty applications and end-markets, including aerospace and defense, general industrial, motorsport/transportation, oil and gas, medical, energy, semiconductor and advertising specialties. Arnold engineers solutions for and produces high performance permanent magnets (PMAG), stators, rotors and full electric motors (“Ramco”), precision foil products (Precision Thin Metals or “PTM”), and flexible magnets (Flexmag™) that are mission critical in motors, generators, sensors and other systems and components. Based on its long-term relationships, Arnold has built a diverse and blue-chip customer base totaling more than 2,000 customers and

leading systems-integrators worldwide with a focus on North America, Europe, and Asia. Arnold has built a preferred rare earth supply chain and has leading rare earth and other permanent magnet production capabilities. Arnold is headquartered in Rochester, New York.

- Sterno is a leading manufacturer and marketer of portable food warming systems, creative indoor and outdoor lighting, and home fragrance solutions for the consumer markets. Sterno offers a broad range of wick and gel chafing systems, butane stoves and accessories, liquid and traditional wax candles, catering equipment and lamps through Sterno Products, as well as scented wax cubes, warmer products, outdoor lighting and essential oils used for home decor and fragrance systems through Rimports. Sterno is headquartered in Plano, Texas.

The function of chief operating decision-maker ("CODM") is performed collectively by our Chief Executive Officer, the Chief Operating Officer and the partners of the Company's Manager, CGM. The CODM evaluates financial results by segment, utilizing segment operating income to assess performance and allocate resources. The allocation of resources to operating segments may include, but is not limited to, debt financing through the Company's intercompany credit agreements with its operating segments to fund working capital needs, purchases of capital equipment and add-on acquisitions. The primary resource allocation process occurs predominantly in the annual budget and forecasting process. The CODM then reviews and considers budget-to-actual variances on a monthly basis for segment operating income in order to determine whether to make any adjustments to capital allocations.

The tabular information that follows shows data for each of the operating segments reconciled to amounts reflected in the consolidated financial statements. The operations of each of the operating segments are included in consolidated operating results as of their date of acquisition. Segment profit is determined based on internal performance measures used by the CODM to assess the performance of each business. The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM. In comparison to the Consolidated Statement of Operations, selling, general and administrative expense is exclusive of stock-based compensation and acquisition costs, which are categorized to Other. Corporate consists of corporate overhead and management fees to CGM that are not allocated to the Company's reportable segments. There were no significant inter-segment transactions.

Summary of Operating Segments

Three months ended March 31, 2025										
(in thousands)	5.11	BOA	Lugano	PrimaLoft	THP	Velocity Outdoor	Altor	Arnold	Sterno	Total
Net revenues	\$ 129,370	\$ 48,877	\$ 26,845	\$ 23,645	\$ 36,191	\$ 13,201	\$ 76,257	\$ 34,008	\$ 65,381	\$ 453,775
Cost of revenues	59,622	17,658	13,667	8,508	16,160	9,837	57,221	26,987	48,083	257,743
Selling, general and administrative expense	58,209	12,014	25,608	4,977	10,905	4,774	10,156	7,179	7,929	141,751
Other ⁽¹⁾	2,966	5,550	1,229	6,002	4,290	1,415	3,894	754	3,011	29,111
Total segment operating income (loss)	8,573	13,655	(13,659)	4,158	4,836	(2,825)	4,986	(912)	6,358	25,170
Corporate										(21,729)
Total consolidated operating income										3,441
Interest expense, net										(35,851)
Amortization of debt issuance costs										(1,125)
Other income, net										(13,681)
Total consolidated income from continuing operations before income taxes										\$ (47,216)

⁽¹⁾ Other consists of segment allocated management fees, amortization expense of intangible assets and stock-based compensation.

Three months ended March 31, 2024										
(in thousands)	5.11	BOA	Lugano (As Restated)	PrimaLoft	THP	Velocity Outdoor	Altor	Arnold	Sterno	Total (As Restated)
Net revenues	\$ 124,974	\$ 42,903	\$ 10,793	\$ 22,541	\$ 20,165	\$ 29,899	\$ 53,404	\$ 41,287	\$ 64,860	\$ 410,826
Cost of revenues	59,047	16,688	2,806	8,491	11,580	23,401	37,231	29,482	47,148	235,874
Selling, general and administrative expense	54,805	10,952	19,656	4,616	5,246	8,025	6,699	6,880	8,359	125,238
Other ⁽¹⁾	2,955	5,607	695	6,134	5,989	10,897	2,846	753	4,568	40,444
Total segment operating income (loss)	8,167	9,656	(12,364)	3,300	(2,650)	(12,424)	6,628	4,172	4,785	9,270
Corporate										(21,377)
Total consolidated operating income										(12,107)
Interest expense, net										(25,267)
Amortization of debt issuance costs										(1,005)
Other (expense), net										(47,442)
Total consolidated income from continuing operations before income taxes										\$ (85,821)

⁽¹⁾ Other consists of segment allocated management fees, amortization expense of intangible assets, stock-based compensation, acquisition costs at THP, and goodwill impairment expense of \$8.2 million for Velocity.

Depreciation and Amortization Expense (in thousands)	Three months ended March 31,	
	2025	2024
		(As restated)
5.11	\$ 5,698	\$ 5,799
BOA	5,050	5,237
Lugano (as restated)	1,127	879
PrimaLoft	5,237	5,248
The Honey Pot Co.	4,096	5,087
Velocity Outdoor	1,364	3,271
Altor Solutions	7,061	4,023
Arnold	2,557	2,145
Sterno	3,462	4,921
Total (as restated)	35,652	36,610
Reconciliation of segment to consolidated total:		
Amortization of debt issuance costs	1,125	1,005
Consolidated total (as restated)	\$ 36,777	\$ 37,615

(in thousands)	Accounts Receivable		Identifiable Assets	
	March 31, 2025	December 31, 2024	March 31, 2025 ⁽¹⁾	December 31, 2024 ⁽¹⁾
		(As Restated)		(As Restated)
5.11	\$ 55,878	\$ 59,461	\$ 426,384	\$ 413,831
BOA	4,067	2,357	217,974	219,283
Lugano (as restated)	2,593	647	323,622	315,992
PrimaLoft	2,174	1,871	264,194	268,527
The Honey Pot Co.	19,097	18,579	276,538	284,208
Velocity Outdoor	10,892	7,815	89,212	90,736
Altor Solutions	45,973	45,734	300,586	309,174
Arnold	22,525	24,912	129,444	126,035
Sterno	38,178	52,284	143,392	145,647
Sales allowance accounts	(4,955)	(6,488)	—	—
Total (as restated)	196,422	207,172	2,171,346	2,173,433
Reconciliation of segment to consolidated totals:				
Corporate and other identifiable assets	—	—	103,760	20,901
Total (as restated)	\$ 196,422	\$ 207,172	\$ 2,275,106	\$ 2,194,334

⁽¹⁾ Does not include accounts receivable balances per schedule above or goodwill balances - refer to [Note F - "Goodwill and Other Intangible Assets"](#).

Note Q - Subsequent Events

First Forbearance Agreement with Respect to Credit Agreement

On May 7, 2025, the Company indicated its intent to delay the filing of its Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 and disclosed non-reliance on its 2024 financial statements as a result of concerns about financing, accounting, and inventory practices at one of its subsidiaries, Lugano, and irregularities identified in sales, cost of sales, inventory, and accounts receivable recorded by Lugano. Concurrently, the LLC also provided

notice to the Administrative Agent, advising of the existence of potential defaults or events of default under the Credit Agreement in respect of Lugano (the “Lugano Events of Default”).

On May 22, 2025, the LLC entered into a Forbearance Agreement and Second Amendment to Credit Agreement (the “First Forbearance Agreement”) with the Administrative Agent and the lenders party thereto representing at least 50% of the total credit exposure of all lenders under the Credit Agreement (the “Consenting Lenders”), pursuant to which the Consenting Lenders agreed on behalf of all lenders under the Credit Agreement to refrain from exercising rights and remedies available to them with respect to the Lugano Events of Default until the earliest of: (a) 11:59 p.m. (Eastern Time) on July 25, 2025; (b) the occurrence of any event of default other than a Lugano Event of Default; (c) the breach by the LLC of any covenant or provision of the First Forbearance Agreement; (d) a declaration by the Trustee (as defined below) or any holders of the LLC’s 5.250% senior notes due 2029 (the “2029 Notes”) of any default or event of default under the Indenture dated as of March 23, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “2029 Notes Indenture”) between the LLC and U.S. Bank Trust Company National Association (as successor to U.S. Bank National Association), and (e) the declaration by the Trustee or any holder of the LLC’s 5.000% senior notes due 2032 (the “2032 Notes” and together with the 2029 Notes, the “Notes”) of any default or event of default under the Indenture dated as of November 27, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “2032 Notes Indenture” and together with the 2029 Notes Indenture, the “Indentures”) between the LLC and the Trustee (the “First Forbearance Period”).

During the First Forbearance Period, the lenders under the Credit Agreement agreed to honor requests for credit extensions from the LLC for revolving loans composed of term SOFR loans with an applicable rate of 2.50% per annum plus the SOFR rate for an interest period of one month; provided, however, that such credit extensions could not cause the lenders’ revolving credit exposures (inclusive of letters of credit obligations) to exceed \$40 million. Lenders representing at least 50% of the total credit exposure of all lenders under the Credit Agreement were able, in their discretion, to approve additional revolving borrowings by the LLC in an amount not to exceed an aggregate of \$10 million. The funds provided were able to be used by the LLC for working capital, capital expenditures, general corporate purposes, and any other purpose of the LLC not otherwise prohibited under the Credit Agreement.

In addition to the forbearance of the lenders described above, the First Forbearance Agreement also amended the Credit Agreement to, among other modifications: (i) reduce the aggregate borrowing amount available for revolving commitments to \$100 million; (ii) limit the management fees that may be paid by the LLC to Compass Group Management LLC (the “Manager”) to no more than \$10.5 million per fiscal quarter (with the amount of such management fees that cannot be paid due to this limitation being available to offset any potential future reduction in management fees as a result of any adjustments for deemed overpayments); (iii) limit the management fees that may be paid by the LLC’s subsidiaries to the Manager to no more than \$2.0 million per fiscal quarter; (iv) restrict investments by the LLC into Lugano to no more than \$5 million in the aggregate; (v) impose additional reporting requirements on the LLC; (vi) prohibit certain acquisitions and dispositions; and (vii) require that cash-on hand in excess of \$10 million as of the last business day of any week be paid by the LLC to the Administrative Agent, for the account of the lenders, which payments would be applied to the outstanding revolving loans owing by the LLC and (ix) terminate the commitment of the Lenders to advance Incremental Delayed Draw Term Loans..

On May 22, 2025, the Manager delivered to the Company a waiver agreeing to the management fee limitations described above and waiving any management fees in excess of such limitations.

Securities Class Actions and Derivative Actions Involving the Company

Between May 9, 2025, and June 25, 2025, three putative class actions were commenced against the Company and certain of the Company’s officers and directors, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), and Rule 10b-5 promulgated thereunder in the U.S. District Court for the Central District of California (collectively, the “CA Securities Class Actions”). On August 22, 2025, such CA Securities Class Actions were consolidated under the caption In re: Compass Securities Litigation, and the Court appointed the Eastern Atlantic States Carpenters Benefit Funds (“EAS Carpenters”) as lead plaintiff and the law firm of Cohen Milstein Sellers & Toll PLLC (“Cohen Milstein”) as lead counsel. On May 12, 2025, a separate putative class action was commenced against the Company and certain of its officers and directors in the U.S. District Court for the District of Connecticut, captioned *Moreno v. Compass Diversified Holdings LLC, et al.* (the “Moreno Action”). The plaintiff in the Moreno Action is asserting the same claims as asserted by the plaintiffs in the CA Securities Class Actions. By order dated July 21, 2025, EAS Carpenters was appointed lead plaintiff and Cohen Milstein was appointed lead counsel for the Moreno Action. The foregoing matters are in the early stages and the Company is currently unable to determine the likelihood of an unfavorable outcome. At this time, management has determined

that a loss is reasonably possible but cannot reasonably estimate a range of potential loss. The Company believes it has strong defenses available to it and intends to vigorously defend itself. On December 10, 2025, with the Court's approval, Lead Plaintiff voluntarily dismissed this consolidated action so that it could pursue its claims in the District of Connecticut.

On May 12, 2025, a separate putative class action was commenced against the Company and certain of its officers and directors in the U.S. District Court for the District of Connecticut, captioned *Moreno v. Compass Diversified Holdings LLC, et al.* (the "Moreno Action"). The plaintiff in the Moreno Action is asserting the same claims as asserted by the plaintiffs in the CA Securities Class Actions. By order dated July 21, 2025, EAS Carpenters was appointed lead plaintiff and Cohen Milstein was appointed lead counsel for the Moreno Action. The foregoing matters are in the early stages and the Company is currently unable to determine the likelihood of an unfavorable outcome. At this time, management has determined that a loss is reasonably possible but cannot reasonably estimate a range of potential loss. The Company believes it has strong defenses available to it and intends to vigorously defend itself.

On June 5, 2025, a Company shareholder commenced a shareholder derivative action in the U.S. District Court for the Central District of California, captioned *Jones v. Sabo, et al.* (the "Jones Action"), purporting to assert claims on behalf of the Company against current and former Company officers and directors who were named as defendants. The plaintiff is asserting causes of action for breach of fiduciary duty and violations of Section 14(a) of the Exchange Act. On July 17, 2025, a Company shareholder commenced a second shareholder derivative action in the U.S. District Court for the Central District of California, captioned *Kelly v. Sabo, et al.*, (the "Kelly Action"). The plaintiff in the Kelly Action is asserting the same causes of action, against the same defendants, as the Jones Action. On August 6, 2025, the parties to the Jones Action and the Kelly Action filed a stipulation and proposed order to consolidate the two actions and to stay the actions, pending certain future events. The foregoing matters are in the early stages and the Company is currently unable to determine the likelihood of an unfavorable outcome. At this time, management has determined that a loss is reasonably possible but cannot reasonably estimate a range of potential loss. The Company believes it has strong defenses available to it and intends to vigorously defend itself.

On September 12, 2025, a shareholder of the Company filed a shareholder derivative action in the District Court for the District of Connecticut, captioned *Kamp v. Sabo, et al.* (the "Kamp Action"). The plaintiff in the Kamp Action asserts the same causes of action as in the above derivative cases, plus a cause of action for securities fraud in violation of Section 10(b) and 20 (a) of the Exchange Act and Rule 10b-5 promulgated thereunder. On October 7, 2025, a shareholder of the Company filed a shareholder derivative action in the District Court for the District of Connecticut, captioned *Sulger v. Sabo, et al.* (the "Sulger Action"). The plaintiff in the Sulger Action asserts the same causes of action as in the Kamp Action. On October 9, 2025, a shareholder of CODI commenced a shareholder derivative action in the United State District Court for the District of Connecticut captioned *Moore v. Sabo, et al.*, Case No. 3:25-cv-01707 (the "Moore Action"). The shareholder asserts similar claims against the same defendants as in the Kamp and Sulger actions. On December 8, 2025, the Court consolidated these three cases, which now will be referred to as In re Compass Diversified Holdings Derivative Litigation, Case No. 3:25-cv-01505-AWT. This case is pending before District Court Judge Alvin Thompson, who is also presiding over the federal securities class action. The parties are discussing staying the proceedings in this consolidated derivative case pending further developments in the federal securities class action.

The foregoing matters are in the early stages and the Company is currently unable to determine the likelihood of an unfavorable outcome. At this time, management has determined that a loss is reasonably possible but cannot reasonably estimate a range of potential loss. The Company believes it has strong defenses available to it and intends to vigorously defend itself.

Impairment of Lugano Long-lived Assets

As a result of the preliminary findings of the Lugano Investigation, the Company determined that a triggering event had occurred in the second quarter of 2025 and tested the long-lived assets of Lugano for impairment. The impairment testing indicated that the fair value of the assets was less than the carrying value and the Company recorded impairment expense of \$31.4 million related to property, plant and equipment and right-of-use assets as of June 30, 2025.

External Investigations Involving the Company and Lugano

As a result of the Company's withdrawal of reliance on its 2024, 2023, and 2022 financial statements, its failure to timely file its financial statements for the quarters ended at March 31, 2025 and June 30, 2025, and the underlying conduct at the Company's Lugano subsidiary, there are ongoing investigations initiated by the United States

Securities Exchange Commission (“SEC”) and Department of Justice (“DOJ”). The regulatory investigative process is inherently uncertain the foregoing investigations are in the early stages. Additionally, the Financial Industry Regulatory Authority (“FINRA”) initiated a routine review of trading activity in the Company’s securities following the public announcement of the restatement. On November 17, 2025, the Company received notification from FINRA that its review had been completed and had referred the matter to the SEC for whatever actions the SEC deems appropriate, if any. The Company and Lugano have cooperated and continue to cooperate fully with each investigation and review.

NYSE Notice of Failure to Satisfy a Continued Listing Rule

On May 20, 2025, the Company received a notice from the NYSE indicating that the Company was no longer in compliance with the timely filing criteria outlined in Section 802.01E of the NYSE-Listed Company Manual due to the Company’s failure to timely file its Quarterly Report on Form 10-Q for the quarter ended March 31, 2025. Under NYSE rules, the Company was provided with six months to cure its filing delinquencies by filing its delinquent filings with the SEC. Prior to the expiration of the six month cure period, the Company requested that NYSE exercise its discretionary authority to grant the Company additional time to file its delinquent filings. On November 18, 2025, NYSE extended the Company’s compliance period until January 20, 2026.

Suspension of Distribution on Common Shares

In light of the Lugano Investigation and related matters, on May 27, 2025, the Company announced that it will suspend the quarterly cash distribution historically paid to common shareholders in order to preserve cash and protect long-term value until such time as the Company’s Board of Directors deems it appropriate to resume such distributions.

Suspension of At-the-Market Offering Programs

As a result of the commencement of the Lugano Investigation and related events, the Company determined it was unable to offer and sell shares under its common and preferred at-the-market equity offering programs.

Second Forbearance Agreement with Respect to Credit Agreement

On June 25, 2025, the Company further disclosed non-reliance on its 2022 and 2023 financial statements as a result of the Lugano matters.

On July 25, 2025, the LLC entered into a Second Forbearance Agreement and Third Amendment to Credit Agreement (the “Second Forbearance Agreement”) with the Administrative Agent and the Consenting Lenders, pursuant to which the Consenting Lenders agreed on behalf of all lenders under the Credit Agreement to refrain from exercising rights and remedies available to them with respect to the Lugano Events of Default until the earliest of: (a) 11:59 p.m. (Eastern Time) on October 24, 2025; (b) the occurrence of any event of default other than a Lugano Event of Default; (c) the breach by the LLC of any covenant or provision of the Second Forbearance Agreement; (d) a declaration by the Trustee or any holders of the LLC’s 2029 Notes of any default or event of default under the 2029 Notes Indenture, for which a forbearance agreement was not executed with the LLC within five business days after the date of such declaration; and (e) the declaration by the Trustee or any holder of the 2032 Notes of any default or event of default under the 2032 Notes Indenture, for which a forbearance agreement was not executed with the LLC within five business days after the date of such declaration (the period from July 25, 2025 through the earliest of events (a) through (e) above, the “Second Forbearance Period”).

During the Second Forbearance Period, the lenders under the Credit Agreement, as amended by the Second Forbearance Agreement, agreed to honor requests for credit extensions from the LLC for revolving loans composed of term SOFR loans with an applicable rate of 2.50% per annum plus the SOFR rate for an interest period of one month; provided, however, that such credit extensions were not to cause the lenders’ revolving credit exposures (inclusive of letters of credit obligations) to exceed \$60 million. Lenders representing at least 50% of the total credit exposure of all lenders under the Credit Agreement were able, in their discretion, to approve additional revolving borrowings by the LLC in an amount not to exceed an aggregate of \$10 million. The funds provided were able to be used by the LLC for working capital, capital expenditures, general corporate purposes, and any other purpose of the LLC not otherwise prohibited under the Credit Agreement. In addition, during the Second Forbearance Period, the LLC was permitted to make Restricted Payments (as defined in the Credit Agreement), including any dividend or other distribution with respect to equity interests, if, after giving effect to any indebtedness incurred in connection with such payment (a) all cash of the LLC on deposit with the Administrative Agent or subject to a qualifying control account, plus (b) unused borrowing availability, was not less than \$10 million; provided, however, that the foregoing was not the exclusive method by which the LLC may make Restricted Payments.

In addition to the forbearance of the lenders described above, the Second Forbearance Agreement also amended the Credit Agreement to, among other modifications, limit the management fees that could be paid by the LLC to the Manager to no more than \$5 million per fiscal quarter (with the amount of such management fees that could not be paid due to this limitation being available to offset any potential future reduction in management fees as a result of any adjustments for deemed overpayments).

On July 25, 2025, the Manager delivered to the Company a waiver agreeing to the management fee limitations described above and waiving any management fees in excess of such limitations.

Indenture Forbearance Agreement

In connection with the Lugano matters, the LLC has been in regular communication with holders of the LLC's Notes concerning the existence of the potential for default under the terms of the Indentures in respect of the Lugano matters.

To provide the Company with adequate time to complete the restatement of its 2022, 2023, and 2024 financial statements and to file its quarterly reports for the first and second quarters of 2025, on August 29, 2025, the LLC entered into a Forbearance Agreement (the "Indenture Forbearance Agreement") with certain holders of the Notes (collectively, the "Supporting Holders") and, for certain limited purposes described therein, the Trustee, pursuant to which, during the Indenture Forbearance Period (as defined below), the Supporting Holders agreed to forbear, and to direct the Trustee to forbear, from exercising rights and remedies available to them with respect to (i) actual or potential defaults or events of default under the Indentures resulting from any breach of the Indentures' requirement to provide certain financial within specified time periods, and (ii) any other default or event of default mutually agreed upon between the Supporting Holders and the LLC in writing and delivered to the Trustee (events (i) and (ii), collectively, the "Specified Defaults") until the earliest of: (a) the occurrence or existence of any event of default under the Indentures, other than the Specified Defaults, that is not cured or waived within any applicable grace or cure period under the Indentures; (b) the failure of the LLC to timely comply with any term, condition, or covenant of the Indenture Forbearance Agreement; (c) the termination of the forbearance period provided under the Second Forbearance Agreement with respect to the Credit Agreement, such forbearance period having not been extended or replaced by another forbearance or similar agreement among the parties thereto within three (3) business days of such termination; (d) the cure of any Specified Default related to any breach of the requirement to provide certain financial information within specified time periods pursuant to Section 4.03 of the Indentures; (e) the LLC's failure to cause the execution and the delivery of supplemental indentures in respect of each series of Notes substantially in the form provided in the Indenture Forbearance Agreement providing for the payment to the holders of the Notes of the fees specified in the Indenture Forbearance Agreement (or another form reasonably acceptable to the Supporting Holders providing for the payment of the same fees) (the "Supplemental Indentures"), or alternatively the LLC fails to make certain cash fee payment within fifteen business days of August 29, 2025, and (f) 11:59 p.m. ET on October 24, 2025 (the period from August 29, 2025 through the earliest of events (a) through (f) above, the "Indenture Forbearance Period").

During the Indenture Forbearance Period, the Supporting Holders also agreed (1) in the event that the Trustee or any holder or group of holders of the Notes declares the 2029 Notes and/or the 2032 Notes to be due and payable immediately solely as a result of any Specified Default (an "Acceleration"), the Supporting Holders would (a) deliver written notice and direction to the Trustee to rescind and not seek any remedy under the Indenture in connection with such Acceleration in accordance with the terms of the Indentures and (b) take all other action in the Supporting Holders' power to cause such Acceleration to be rescinded and cancelled, to the extent permitted by the Indentures, and (2) not to transfer any right, title or interest in their respective Notes, unless (x) such transferee is a party to the Indenture Forbearance Agreement or (y) the transferee executes a joinder agreeing to be bound by the terms of the Indenture Forbearance Agreement if such transferee is not already a party to the Indenture Forbearance Agreement.

As consideration for entering into Indenture Forbearance Agreement, the LLC agreed to pay to each holder of Notes such holder's pro rata share of (a) an upfront fee, paid in kind by increasing the principal amount of the applicable series of Notes, equal to 1.75% of the aggregate principal amount of Notes outstanding, and (b) additional interest, paid in kind by increasing the principal amount of the applicable series of Notes, equal to the equivalent of a 5.00% per annum increase in the interest rate for the applicable series of Notes for the period between August 1, 2025 and October 24, 2025.

Supplemental Indentures

On September 9, 2025, the LLC entered into (a) a second supplemental indenture by and between the LLC and the Trustee amending and supplementing the 2029 Notes Indenture (the “2029 Second Supplemental Indenture”); and (b) a second supplemental indenture (the “2032 Second Supplemental Indenture” and, together with the 2029 Second Supplemental Indenture, the “Supplemental Indentures”) by and between the LLC and the Trustee, amending and supplementing the 2032 Notes Indenture.

The Supplemental Indentures: (a) amend and restate Section 2.01(a) of each of the Indentures to (i) require all Notes to be in minimum denominations of \$1.00 and integral multiples of \$1.00 in excess thereof and (ii) authorize the payment of the PIK Payments (defined below), which shall be paid in kind as an increase in the principal amount of the Global Notes (as defined in the Indentures) held by Cede & Co., as nominee for the Depositary (as defined in the Indentures); and (b) add a new Section 4.19 to each of the Indentures (i) requiring the LLC to make (A) a special one-time payment in kind (the “Fixed PIK Payment”) on September 17, 2025 (the “Fixed PIK Payment Date”) in an amount equal to \$17.50 per \$1,000 of the principal amount of the Notes outstanding to the holders of such Notes as of September 16, 2025; and (B) an additional interest payment on the Notes (the “Interest PIK Payment” and, together with the Fixed PIK Payment, the “PIK Payments”) at a rate of 5.00% per annum for each day during the period beginning on, and including, August 1, 2025 and ending on the earlier of (X) October 24, 2025 and (Y) the date of delivery to the Trustee of restated audited annual financials for fiscal years 2022, 2023, and 2024 and unaudited financials for the first quarter of fiscal year 2025.

Pursuant to Section 4.19(c), PIK Payments on the Notes were payable by increasing the principal amount of the outstanding Global Notes by an amount equal to the amount of the applicable PIK Payment (rounded down to the nearest whole dollar) as directed by the LLC. Such increased principal amount is fungible with the Notes issued prior to the applicable date of such PIK Payment and will bear interest from the most recent interest payment date on the Notes prior to the applicable date of such PIK Payment. The principal of all Notes resulting from a PIK Payment will mature on the maturity dates of the Notes.

On October 27, 2025, the Trustee delivered a notice of default under the Indentures related to the Company’s failure to deliver to the Trustee the Company’s consolidated financial statements for the fiscal quarter ending March 31, 2025 within the time period required under the Indenture Forbearance Agreement. The Company is currently within the sixty (60) day cure period provided under the Indentures to remedy such defaults prior to the occurrence of an event of default.

Third Forbearance Agreement with Respect to Credit Agreement

On October 10, 2025, the LLC entered into a Third Forbearance Agreement (the “Third Forbearance Agreement”) with the Consenting Lenders, pursuant to which the Consenting Lenders agreed on behalf of all lenders under the Credit Agreement to refrain from exercising rights and remedies available to them with respect to the Lugano Events of Default until the earliest of: (a) the occurrence of any event of default other than a Lugano Event of Default; (b) the breach by the LLC of any covenant or provision of the Third Forbearance Agreement; (c) a declaration by the Trustee or any holders of the LLC’s 2029 Notes of any default or event of default under the 2029 Notes Indenture, which has not been cured and for which a forbearance agreement was not executed with the LLC within five business days after the date of such declaration; (d) the declaration by the Trustee or any holder of the 2032 Notes of any default or event of default under the 2032 Notes Indenture, which was not cured and for which a forbearance agreement was not executed with the LLC within five business days after the date of such declaration; and (e) 11:59 p.m. (Eastern Time) on November 24, 2025 (the period from October 10, 2025 through the earliest of events (a) through (e) above, the “Third Forbearance Period”). However, with respect to the foregoing clauses (c) and (d), if the Administrative Agent agreed to extend the date on which the restated financial statements were required to be delivered as discussed below, such five-business-day requirement would be extended to 10 days.

Prior to the Third Forbearance Agreement becoming effective on October 10, 2025, the LLC was required to deliver, among other things, to the Administrative Agent, for distribution to the lenders, a budget of the LLC’s projected receipts and disbursements for the 13-week period following the such effective date (the “Forbearance Budget”) that was acceptable to the Administrative Agent and the lenders representing at least 50% of the total credit exposure of all lenders under the Credit Agreement, which Forbearance Budget could be updated as requested by the LLC if such update was acceptable to the Administrative Agent in its sole discretion. During the Third Forbearance Period, the LLC could not utilize the proceeds of collateral or loans for any purpose not contemplated under the Forbearance Budget and the LLC’s total cash disbursements in any calendar week (excluding disbursements for fees and costs of the Administrative Agent’s financial advisor and counsel) could not

exceed the projected total cash disbursements set forth in the Forbearance Budget for such week by more than \$1 million in the aggregate.

The Third Forbearance Agreement provided that the LLC may make Restricted Payments (as defined in the Credit Agreement) during the Third Forbearance Period to the extent such Restricted Payments were set forth in the Forbearance Budget and after giving effect thereto and the incurrence of any indebtedness in connection therewith the sum of (i) all cash of the LLC on deposit with the Administrative Agent or subject to a qualifying control account, plus (ii) unused borrowing availability, was not less than \$10,000,000; provided, however, that the foregoing was not the exclusive method by which the LLC may make Restricted Payments. The Third Forbearance Agreement also required the LLC to deliver (i) the restated audited financials for the fiscal year ended December 31, 2024 and any other fiscal years for which restated financials were prepared, and (ii) the financials for the month ended June 30, 2025, both on or before October 24, 2025, which could be extended by the Administrative Agent for no more than 10 days.

On October 21, 2025, the Company was advised that the Administrative Agent agreed to extend to November 3, 2025 the deadline for the delivery of certain restated financial statements as specified in the Third Forbearance Agreement. Subsequently, on October 30, 2025, the Consenting Lenders agreed to extend to November 10, 2025 the deadline for delivery of such financial statements.

During the Third Forbearance Period, the lenders under the Credit Agreement, as amended by the Third Forbearance Agreement, were required to honor requests for credit extensions from the LLC for revolving loans composed of term SOFR loans with an applicable rate of 2.50% per annum plus the SOFR rate for an interest period of one month; provided, however, that such credit extensions could not cause the lenders' revolving credit exposures (inclusive of letters of credit obligations) to exceed \$60 million, without the additional capacity at the discretion of the lenders previously allowed under the Second Forbearance Agreement.

Fourth Forbearance Agreement with Respect to Credit Agreement

On November 7, 2025, the LLC entered into a Fourth Forbearance Agreement and Fourth Amendment to Credit Agreement (the "Fourth Forbearance Agreement") with the Administrative Agent and the Consenting Lenders, which replaced the Third Forbearance Agreement. Pursuant to the Fourth Forbearance Agreement, the Consenting Lenders agreed on behalf of all lenders under the Credit Agreement to refrain from exercising rights and remedies available to them with respect to the Lugano Events of Default until the earliest of: (a) the occurrence of any event of default other than a Lugano Event of Default; (b) the breach by the LLC of any covenant or provision of the Fourth Forbearance Agreement; (c) the commencement of any remedies by the Trustee or any holders of either (i) the 2029 Notes based upon any default or event of default under the 2029 Notes Indenture or (ii) the 2032 Notes based upon any default or event of default under the 2032 Notes Indenture; (d) the failure by the LLC to timely deliver the restated audited financials that were required to be delivered to the New York Stock Exchange ("NYSE") on or before November 19, 2025 (or such later deadline for delivery as determined by NYSE); and (e) 11:59 p.m. (Eastern Time) on November 24, 2025 (the period from November 7, 2025 through the earliest of events (a) through (e) above, the "Fourth Forbearance Period").

In connection with the Fourth Forbearance Agreement becoming effective on November 7, 2025, the LLC delivered, among other things, to the Administrative Agent, for distribution to the lenders, an updated Forbearance Budget of the LLC's projected receipts and disbursements for the 13-week period following the effective date of the Fourth Forbearance Agreement, which Forbearance Budget could be updated as requested by the LLC if such update were acceptable to the Administrative Agent in its sole discretion. During the Fourth Forbearance Period, the LLC could not utilize the proceeds of collateral or loans for any purpose not contemplated under the Forbearance Budget and the LLC's total cash disbursements in any calendar week (excluding disbursements for fees and costs of the Administrative Agent's financial advisor and counsel) could not exceed the projected total cash disbursements set forth in the Forbearance Budget for such week by more than \$1 million in the aggregate.

The Fourth Forbearance Agreement provided that the LLC could make Restricted Payments (as defined in the Credit Agreement) during the Fourth Forbearance Period to the extent such Restricted Payments were set forth in the Forbearance Budget and after giving effect thereto and the incurrence of any indebtedness in connection therewith the sum of (i) all cash of the LLC on deposit with the Administrative Agent or subject to a qualifying control account, plus (ii) unused borrowing availability, was not less than \$10,000,000; provided, however, that the foregoing was not the exclusive method by which the LLC could make Restricted Payments. The Fourth Forbearance Agreement also required the LLC to deliver (i) the restated audited financials for the fiscal year ended December 31, 2024 and any other fiscal years for which restated financials were prepared, and (ii) the financials for

the months ended June 30, 2025, July 31, 2025, August 31, 2025 and September 30, 2025, all on or before November 24, 2025.

During the Fourth Forbearance Period, the lenders under the Credit Agreement were required to honor requests for credit extensions from the LLC for revolving loans composed of term SOFR loans with an applicable rate of 2.50% per annum plus the SOFR rate for an interest period of one month; provided, however, that such credit extensions could not cause the lenders' revolving credit exposures (inclusive of letters of credit obligations) to exceed \$60 million.

In addition to the forbearance of the lenders described above, the Fourth Forbearance Agreement also amended the Credit Agreement to, among other modifications, provided the LLC with greater flexibility in connection with the disposition of Lugano assets and in making financing available to Lugano.

Lugano Chapter 11 Proceedings

On November 16, 2025, Lugano and certain of its subsidiaries filed voluntary Chapter 11 petitions under the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Lugano Bankruptcy"). As a result the Lugano Bankruptcy, effective November 16, 2025, Lugano and its subsidiaries were deconsolidated from the Company's financial statements pursuant to ASC 810 - Consolidation.

Fifth Forbearance Agreement with Respect to Credit Agreement

On November 24, 2025, the Company entered into a Fifth Forbearance Agreement (the "Fifth Forbearance Agreement") with the Administrative Agent and the Consenting Lenders, pursuant to which the Consenting Lenders agreed on behalf of all lenders under the Credit Agreement to refrain from exercising rights and remedies available to them with respect to the Lugano Events of Default until the earliest of: (a) the occurrence of any event of default other than a Lugano Event of Default; (b) the breach by the Company of any covenant or provision of the Fifth Forbearance Agreement; (c) the commencement of any remedies by the trustee or any holders of either (i) the 2029 Notes based upon any default or event of default under the 2029 Notes Indenture, or (ii) the 2032 Notes based upon any default or event of default under the 2032 Notes Indenture; and (d) 11:59 p.m. (Eastern Time) on December 19, 2025 (the period from the Effective Date through the earliest of events (a) through (d) above, the "Fifth Forbearance Period").

In connection with the Fifth Forbearance Agreement becoming effective, the Company delivered, among other things, to the Administrative Agent, for distribution to the lenders, an updated Forbearance Budget of the LLC's projected receipts and disbursements for the 13-week period following the effective date of the Fifth Forbearance Agreement, which Forbearance Budget may be updated as requested by the Company if such update is acceptable to the Administrative Agent in its sole discretion. During the Fifth Forbearance Period, the Company cannot utilize the proceeds of collateral or loans for any purpose not contemplated under the Forbearance Budget and the Company's total cash disbursements in any calendar week (excluding disbursements for fees and costs of the Administrative Agent's financial advisor and counsel) cannot exceed the projected total cash disbursements set forth in the Forbearance Budget for such week by more than \$1 million in the aggregate.

The Fifth Forbearance Agreement provides that the Company may make Restricted Payments (as defined in the Credit Agreement) during the Fifth Forbearance Period to the extent such Restricted Payments are set forth in the Forbearance Budget and after giving effect thereto and the incurrence of any indebtedness in connection therewith the sum of (i) all cash of the Company on deposit with the Administrative Agent or subject to a qualifying control account, plus (ii) unused borrowing availability, is not less than \$10,000,000; provided, however, that the forgoing is not the exclusive method by which the Company may make Restricted Payments.

During the Forbearance Period, the lenders under the Credit Agreement will honor requests for credit extensions from the Company for revolving loans composed of term SOFR loans with an applicable rate of 2.50% per annum plus the SOFR rate for an interest period of one month; provided, however, that such credit extensions shall not cause the lenders' revolving credit exposures (inclusive of letters of credit obligations) to exceed \$60 million. In addition, the modification of certain documents in connection with the Lugano Bankruptcy will require the prior written consent of the Administrative Agent or both the Administrative Agent and the Consenting Lenders.

The Fifth Forbearance Agreement also required the Company to deliver the restated audited financials for the fiscal year ended December 31, 2024 and any other fiscal years for which restated financials were prepared, on or before December 5, 2025. Because we did not file the 2024 Form 10-K/A until December 8, 2025, the Fifth Forbearance Agreement initially expired on December 6, 2025. However, on December 9, 2025, subsequent to the filing of the 2024 Form 10-K/A, the Company was advised that the required lenders under the Credit Agreement (1) agreed to

waive the requirement for the Company to deliver the restated financial statements by December 5, 2025 under the Fifth Forbearance Agreement and (2) further agreed that the financial statements and the report and opinion of the Company's independent certified public accountant as they appear in the 2024 Form 10-K/A satisfied the requirements of the Credit Agreement and the Fifth Forbearance Agreement. As a result of the foregoing, the Fifth Forbearance Agreement continues in effect until December 19, 2025 unless terminated earlier in accordance with its terms.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Item 2 contains forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q are subject to a number of risks and uncertainties, some of which are beyond our control. Our actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which we are not currently aware or which we currently deem immaterial could also cause our actual results to differ, including those discussed in the section entitled "Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q as well as those risk factors discussed in the section entitled "Risk Factors" in our Amendment No. 1 to the Company's Annual Report on Form 10-K ("Form 10-K/A") for the fiscal year ended December 31, 2024 and in the section entitled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Restatement of Previously Issued Financial Statements

As described in Part 1, Item 1., Note A to the Condensed Consolidated Financial Statements, the Company has restated its Condensed Consolidated Financial Statements as of March 31, 2024 and for the three months ended March 31, 2024. As a result, the previously reported financial information as of March 31, 2024 and for the three months ended March 31, 2024 in this Management's Discussion and Analysis ("MD&A") have been updated to reflect the restatements. See Item 1. Note A - Presentation and principles of consolidation in the Consolidated Financial Statements for additional information related to these restatements, including descriptions of the adjustments and the impacts on the Consolidated Financial Statements.

Going Concern

As of the date of the filing of this Form 10-Q, the Company is not in compliance with certain covenants under its 2022 Credit Facility. While the Company is currently operating under a forbearance agreement with its lenders under the 2022 Credit Facility while it negotiates an amendment to the 2022 Credit Facility, that agreement is scheduled to expire on December 19, 2025, unless terminated earlier in accordance with its terms. Accordingly, management has determined, applying the going-concern guidance under U.S. GAAP, that there is substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements set forth in this Form 10-Q are issued. For more information concerning this emphasis of matter paragraph and the Company's ability to continue as a going concern, please see the section titled "Going Concern" under the heading "Liquidity and Capital Resources" in this MD&A.

Overview

Compass Diversified Holdings ("Holdings", or the "Trust") was incorporated in Delaware on November 18, 2005. Compass Group Diversified Holdings LLC (the "LLC") was also formed on November 18, 2005. Holdings and the LLC (collectively, the "Company") were formed to acquire and manage a group of small and middle-market businesses headquartered in North America. The LLC is a controlling owner of nine businesses, or operating segments, at March 31, 2025. The segments are as follows: 5.11 Acquisition Corp. ("5.11"), Boa Holdings Inc. ("BOA"), Lugano Holdings, Inc. ("Lugano Diamonds" or "Lugano"), Relentless Topco, Inc. ("PrimaLoft"), THP Topco, Inc. ("The Honey Pot Co." or "THP"), CBCP Products, LLC ("Velocity Outdoor" or "Velocity"), AMTAC Holdings LLC ("Arnold"), FFI Compass, Inc. ("Altior Solutions" or "Altior"), and SternoCandleLamp Holdings, Inc. ("Sterno").

We acquired our existing businesses (operating segments) that we own at March 31, 2025 as follows:

Business	Acquisition Date	Ownership Interest - March 31, 2025	
		Primary	Diluted
Arnold	March 5, 2012	98.0%	85.8%
Sterno	October 10, 2014	98.5%	91.7%
5.11	August 31, 2016	98.0%	87.2%
Velocity Outdoor	June 2, 2017	99.4%	93.2%
Altor Solutions	February 15, 2018	99.3%	90.5%
BOA	October 16, 2020	91.6%	82.8%
Lugano	September 3, 2021	59.9%	55.0%
PrimaLoft	July 12, 2022	90.7%	84.7%
The Honey Pot Co.	January 31, 2024	85.0%	77.1%

We categorize our subsidiary businesses into two separate groups of businesses: (i) branded consumer businesses, and (ii) industrial businesses. Branded consumer businesses are those businesses that we believe capitalize on a valuable brand name in their respective market sectors. We believe that our branded consumer businesses are leaders in their respective particular product categories. Industrial businesses are those businesses that focus on manufacturing and selling particular products and/ or industrial services within a specific market sector. We believe that our industrial businesses are leaders in their specific market sector. We previously announced our desire to acquire businesses in the healthcare sector, with a focus on outsourced pharma, medical manufacturing services and provider services. We have not yet acquired a business in the healthcare sector.

The following is an overview of each of our operating segments:

Branded Consumer

5.11 - 5.11 is a leading provider of purpose-built technical apparel and gear for law enforcement, firefighters, EMS, and military special operations as well as outdoor and adventure enthusiasts. 5.11 is a brand known for innovation and authenticity, and works directly with end users to create purpose-built apparel and gear designed to enhance the safety, accuracy, speed and performance of tactical professionals and enthusiasts worldwide. 5.11 products are widely distributed in uniform stores, military exchanges, outdoor retail stores, its own retail stores and on 511tactical.com.

BOA - creator of the revolutionary, award-winning, patented BOA Fit System, partners with market-leading brands to make the best gear even better. Delivering fit solutions purpose-built for performance, the BOA Fit System is featured in footwear across snow sports, cycling, outdoor, athletic, workwear as well as performance headwear and bracing. The system consists of three integral parts: a micro-adjustable dial, high-tensile lightweight laces, and low friction lace guides creating a superior alternative to laces, buckles, Velcro, and other traditional closure mechanisms. Each unique BOA configuration is designed with brand partners to deliver superior fit and performance for athletes, is engineered to perform in the toughest conditions and is backed by The BOA Lifetime Guarantee.

Lugano - Lugano is a designer, manufacturer, and retailer of high-end jewelry. Lugano conducts sales via its own retail salons as well as pop-up showrooms at Lugano-hosted or sponsored events in partnership with organizations in the equestrian, art, and philanthropic communities. Lugano is headquartered in Newport Beach, California.

PrimaLoft - PrimaLoft is a leading provider of branded, high-performance synthetic insulation and materials used primarily in consumer outerwear, and accessories. The portfolio of PrimaLoft synthetic insulations offers products that can both mimic natural down aesthetics and provide the freedom to design garments ranging from stylish puffers to lightweight performance apparel. PrimaLoft insulations also offer superior economics to the brand partner and enable better sustainability characteristics through the use of recycled, low-carbon inputs.

The Honey Pot Co. - The Honey Pot Co. is a leading “better-for-you” feminine care brand, powered by plant-derived ingredients and clinically tested formulas. The Honey Pot Co. is rooted in the belief that all products should be made with healthy and efficacious ingredients that are kind to and safe for skin. The company offers an extensive range of holistic wellness products across the feminine hygiene, menstrual, personal care, and sexual wellness categories.

The Honey Pot Co.'s mission is to educate, support, and provide consumers around the world with tools and resources that promote menstrual health and vaginal wellness. Its products can be found in stores across the U.S. through mass merchants, drug and grocery retail chains, and online.

Velocity Outdoor - is a leading designer, manufacturer, and marketer of archery products, hunting apparel and related accessories. The archery product category consists of products including Ravin crossbows and CenterPoint archery products, and the apparel category offers high-performance, feature rich hunting and casual apparel under the King's Camo brand, utilizing King's own proprietary camo patterns. Velocity Outdoor offers its products through national retail chains and dealer and distributor networks.

Industrial

Altor Solutions - Altor Solutions is a designer and manufacturer of custom molded protective foam solutions and original equipment manufacturer components made from expanded polystyrene and expanded polypropylene. Altor provides products to a variety of end markets, including appliances and electronics, pharmaceuticals, health and wellness, automotive, building and other products.

Arnold - Arnold is a global solutions provider and manufacturer of engineered solutions for a wide range of specialty applications and end-markets, including aerospace and defense, general industrial, motorsport/transportation, oil and gas, medical, energy, semiconductor and advertising specialties. Arnold engineers solutions for and produces high performance permanent magnets (PMAG), stators, rotors and full electric motors ("Ramco"), precision foil products (Precision Thin Metals or "PTM"), and flexible magnets (Flexmag™) that are mission critical in motors, generators, sensors and other systems and components. Based on its long-term relationships, Arnold has built a diverse and blue-chip customer base totaling more than 2,000 customers and leading systems-integrators worldwide with a focus on North America, Europe, and Asia. Arnold has built a preferred rare earth supply chain and has leading rare earth and other permanent magnet production capabilities.

Sterno - Sterno is a leading manufacturer and marketer of portable food warming systems, creative indoor and outdoor lighting, and home fragrance solutions for the consumer markets. Sterno offers a broad range of wick and gel chafing systems, butane stoves and accessories, liquid and traditional wax candles, catering equipment and lamps through Sterno Products, as well as scented wax cubes, warmer products, outdoor lighting and essential oils used for home decor and fragrance systems through Rimports.

Management Strategy and Business Outlook

Our management strategy involves the proactive financial and operational management of the subsidiaries we own in order to increase cash flows and shareholder value. While our subsidiary businesses have different growth opportunities and potential rates of growth, we actively manage each of our subsidiary businesses to increase the value of, and cash generated by, each business through various initiatives, including making selective capital investments to expand geographic reach, increase capacity or reduce manufacturing costs of our subsidiary businesses; improving and expanding existing sales and marketing programs; and assisting in the acquisition and integration of complementary businesses.

The Company's areas of focus for 2025, which are generally applicable to each of our businesses, include:

- Pursuing sales growth through a combination of new product development, increasing distribution, new customer acquisitions and selective international expansion;
- Driving free cash flow through increased net income and effective working capital management, enabling continued investment in our businesses;
- Raising prices, when appropriate, on our goods due to rising input costs to preserve operating margins;
- Taking market share, where possible, in each of our niche market leading companies, generally at the expense of less focused or less well capitalized competitors;
- Striving for excellence in supply chain management, manufacturing and technological capabilities;
- Continuing to pursue expense reduction and cost savings in lower margin business lines or in response to lower production volume; and
- Continuing to grow through disciplined, strategic acquisitions and rigorous integration processes.

Recent Events

Amendment of Credit Agreement

On January 9, 2025, the LLC entered into a First Incremental Facility Amendment (the "Amendment") to its existing Credit Agreement (as defined below). The Amendment was by and among the LLC, the lenders party thereto (the "Lenders"), and Bank of America, N.A., as administrative agent for the Lenders (the "Administrative Agent").

The Amendment modifies the LLC's Third Amended and Restated Credit Agreement, dated as of July 12, 2022, as amended, among the LLC, the Lenders, the Administrative Agent and the other financial institutions party thereto (the "Credit Agreement"), to provide for (a) an additional advance of the term loan in the aggregate amount of \$200 million (the "Incremental Term Loan") on the date of the Amendment, and (b) delayed draw term loan commitments in the aggregate amount of \$100 million (the "Incremental Delayed Draw Term Loan Commitments," and the loan drawn thereunder is referred to herein as the "Incremental Delayed Draw Term Loan"), which may be reduced or terminated by the LLC upon five business days' notice and pursuant to which the Company may make no more than two draws by July 9, 2025. The proceeds from the Incremental Term Loan and the Incremental Delayed Draw Term Loan will be used for new acquisitions, working capital, capital expenditures and other general corporate purposes.

The Incremental Term Loan, along with the existing term loan under the Credit Agreement, will require quarterly repayments of principal amounts ranging from \$3.75 million to \$11.25 million, commencing March 31, 2025, with a final payment of principal and interest due on July 12, 2027.

Please see "[Note Q – Subsequent Events](#)" for additional information concerning the Credit Agreement included in the "Notes to the Consolidated Financial Statements" included in this Form 10-Q.

Amendment of Management Services Agreement

On January 15, 2025, the LLC and the Manager amended the Sixth Amended and Restated Management Services Agreement dated as of September 30, 2014 and originally effective as of May 16, 2006 (the "Existing Agreement"), by entering into a Seventh Amended and Restated Management Services Agreement (the "MSA Amendment"), which restructures the management fee under the Existing Agreement to consist of a base management fee and an incentive management fee. Pursuant to the MSA Amendment, the base management fee will be (i) 2% of the Company's adjusted net assets when the adjusted net assets are less than or equal to \$3.5 billion (the "Initial Threshold Fee"), (ii) the Initial Threshold Fee plus 1.25% of the amount of adjusted net assets exceeding \$3.5 billion when the adjusted net assets are more than \$3.5 billion but less than \$10 billion, or (iii) 1.5% of the adjusted net assets when the adjusted net assets are \$10 billion or more. The incentive management fee will be 0.25% of the amount of adjusted net assets exceeding \$3.5 billion only when the adjusted net assets are more than \$3.5 billion but less than \$10 billion and only if the Company's annualized internal rate of return on equity for the trailing three-years exceeds 12%. Any incentive management fee paid to the Manager may only be distributed by the Manager among the then-current Employees (as defined in the MSA) of the Manager. Such incentive management fee is subject to approval by the Compensation Committee of the Board. The MSA Amendment also eliminates the payment of integration services fee by the Company's subsidiaries to the Manager and excludes excess cash held by the Company and the Company's subsidiaries, subject to certain exceptions, from the calculation of the adjusted net assets of the Company, along with certain other changes.

Non-GAAP Financial Measures

In addition to the results of operations contained in this report, which have been prepared and presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP"), we have also included supplemental information concerning our results of operations on a non-GAAP basis. A non-GAAP financial measure is a numerical measure of historical or future performance, financial position or cash flow that excludes amounts, or is subject to adjustments that effectively exclude amounts, included in the most directly comparable measure calculated and presented in accordance with GAAP in our financial statements, and vice versa for measures that include amounts, or are subject to adjustments that effectively include amounts, that are excluded from the most directly comparable measure as calculated and presented.

See "Reconciliation of Non-GAAP Financial Measures" for further discussion of our non-GAAP financial measures and related reconciliations.

Results of Operations

The following discussion reflects a comparison of the historical results of operations of our consolidated business for the three months ended March 31, 2025 and March 31, 2024, and components of the results of operations for each of our operating segments on a stand-alone basis. The Company has restated its Condensed Consolidated Financial Statements as of March 31, 2024 and for the three months ended March 31, 2024. As a result, the previously reported financial information as of March 31, 2024 and for the three months ended March 31, 2024 in this Management's Discussion and Analysis ("MD&A") have been updated to reflect the restatements.

In the following results of operations, we provide (i) our actual Consolidated Results of Operations for the three months ended March 31, 2025 and 2024, which includes the historical results of operations of each of our businesses (operating segments) from the date of acquisition in accordance with US GAAP, and (ii) comparative historical components of the results of operations for each of our businesses on a stand-alone basis for the three months ended March 31, 2025 and 2024, where all periods presented include relevant pro forma adjustments for pre-acquisition periods and explanations where applicable. For the acquisition of The Honey Pot Co. in January 2024, the pro forma results of operations for The Honey Pot Co. business segment has been prepared as if we purchased this business on January 1, 2024. We believe this is the most meaningful comparison for the operating results of acquired business segments. The following results of operations at each of our businesses are not necessarily indicative of the results to be expected for a full year.

All dollar amounts in the financial tables are presented in thousands. Certain amounts and percentages may not sum or recalculate due to the presentation of rounded numbers. Amounts discussed within the supporting narrative are calculated based on unrounded numbers and consequently the sum of the components may not agree to totals using the rounded numbers provided. References in the financial tables to percentage changes that are not meaningful are denoted by "NM."

Consolidated Results of Operations (As Restated):

Three months ended March 31, 2025 compared to three months ended March 31, 2024 (As Restated)

The following table sets forth our unaudited results of operations for the periods indicated, in dollars and as a percentage of net revenues:

(in thousands)	Three months ended				
	March 31, 2025		March 31, 2024		
			(As Restated)		
Net revenues	\$	453,775	100.0 %	\$	410,826 100.0 %
Cost of revenues		257,743	56.8 %		235,874 57.4 %
Gross profit		196,032	43.2 %		174,952 42.6 %
Selling, general and administrative expense		150,377	33.1 %		137,724 33.5 %
Management fees		18,863	4.2 %		17,942 4.4 %
Amortization expense		23,351	5.1 %		23,211 5.6 %
Impairment expense		—	— %		8,182 2.0 %
Operating income (loss)		3,441	0.8 %		(12,107) (2.9)%
Interest expense		(35,851)	(7.9)%		(25,267) (6.2)%
Amortization of debt issuance costs		(1,125)	(0.2)%		(1,005) (0.2)%
Other income (expense)		(13,681)	(3.0)%		(47,442) (11.5)%
Loss from continuing operations before income taxes		(47,216)	(10.4)%		(85,821) (20.9)%
Provision for income taxes		2,538	0.6 %		3,110 0.8 %
Net loss from continuing operations	\$	(49,754)	(11.0)%	\$	(88,931) (21.6)%

Net revenues (as Restated)

(in thousands)	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
		(As Restated)		
5.11	\$ 129,370	\$ 124,974	\$ 4,396	3.5 %
BOA	48,877	42,903	5,974	13.9 %
Lugano	26,845	10,793	16,052	148.7 %
PrimaLoft	23,645	22,541	1,104	4.9 %
The Honey Pot Co.	36,191	20,165	16,026	79.5 %
Velocity	13,201	29,899	(16,698)	(55.8)%
Total Branded Consumer	\$ 278,129	\$ 251,275	\$ 26,854	10.7 %
Altor	76,257	53,404	22,853	42.8 %
Arnold	34,008	41,287	(7,279)	(17.6)%
Sterno	65,381	64,860	521	0.8 %
Total Industrial	\$ 175,646	\$ 159,551	\$ 16,095	10.1 %
Consolidated net revenues	\$ 453,775	\$ 410,826	\$ 42,949	10.5 %

Consolidated net revenues for the three months ended March 31, 2025 increased by approximately \$42.9 million, or 10.5%, compared to the corresponding period in 2024. During the three months ended March 31, 2025 compared to 2024, we saw notable increases in net revenues at 5.11 (\$4.4 million increase), BOA (\$6.0 million increase), Lugano (\$16.1 million increase), The Honey Pot Co. (\$16.0 million increase) and Altor (\$22.9 million increase). The Honey Pot Co. was acquired on January 31, 2024 and had an incremental revenue increase of \$5.4 million quarter over quarter on a pro forma basis. The increase in net revenue at Altor was attributable to the acquisition of Lifoam in October 2024. These increases in net revenue was offset by notable decreases in net revenue at Velocity (\$16.7 million decrease, primarily as a result of the sale of Crosman) and Arnold (\$7.3 million decrease). Refer to "Results of Operations - Operating Segments" for a more detailed analysis of net revenues by operating segment.

We do not generate any revenues apart from those generated by our subsidiaries. We may generate interest income on the investment of available funds, but expect such earnings to be minimal. We make loans from the Company to our subsidiary businesses and also hold equity interests in those businesses. Cash flows coming to the Trust and the LLC are the result of interest payments on those loans, amortization of those loans and additional principal payments on those loans. However, on a consolidated basis, these items will be eliminated.

Gross Profit (as restated)

(in thousands)	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
		(As Restated)		
5.11	\$ 69,748	\$ 65,927	\$ 3,821	5.8 %
BOA	31,219	26,215	5,004	19.1 %
Lugano	13,179	7,987	5,192	65.0 %
PrimaLoft	15,137	14,050	1,087	7.7 %
The Honey Pot Co.	20,031	8,585	11,446	133.3 %
Velocity	3,363	6,498	(3,135)	(48.2)%
Total Branded Consumer	\$ 152,677	\$ 129,262	\$ 23,415	18.1 %
Altor	19,036	16,173	2,863	17.7 %
Arnold	7,021	11,806	(4,785)	(40.5)%
Sterno	17,298	17,711	(413)	(2.3)%
Total Industrial	\$ 43,355	\$ 45,690	\$ (2,335)	(5.1)%
Consolidated gross profit	\$ 196,032	\$ 174,952	\$ 21,080	12.0 %

Gross Margin

Branded Consumer	54.9 %	51.4 %	3.5%
Industrial	24.7 %	28.6 %	(4.0)%
Consolidated gross margin	43.2 %	42.6 %	0.6%

On a consolidated basis, gross profit increased approximately \$21.1 million during the three months ended March 31, 2025 compared to the corresponding period in 2024. We saw notable increases in gross profit at 5.11 (\$3.8 million increase), BOA (\$5.0 million increase) and Lugano (\$5.2 million increase), that correlates with the increase in net revenue in the first quarter of 2025. We also saw increases in gross profit at The Honey Pot Co. and Altor attributable to the timing of acquisitions with The Honey Pot Co. acquired by the Company on January 31, 2024 and therefore only two months of activity are included in the three months ended March 31, 2024, and Altor acquiring Lifoam on October 1, 2024. We saw notable decreases in gross profit at Velocity (\$3.1 million decrease, primarily as a result of the sale of Crosman) and Arnold (\$4.8 million decrease) that corresponded to the decrease in net revenue noted above. Gross profit as a percentage of net revenues was approximately 43.2% in the three months ended March 31, 2025 compared to 42.6% in the three months ended March 31, 2024. The increase in gross profit as a percentage of net revenue in the quarter ended March 31, 2025 as compared to the quarter ended March 31, 2024 is driven by the mix of products sold, with increases in net revenue at our higher margin businesses, particularly Lugano. Our branded consumer businesses had gross profit as a percentage of net revenues of 54.9% in the first quarter of 2025 as compared to 51.4% in the first quarter of 2024, while our industrial businesses had gross profit as a percentage of net revenues of 24.7% in the first quarter of 2025 as compared to 28.6% in the first quarter of 2024. The decrease in gross profit as a percentage of net revenues at our industrial businesses was attributable to higher fixed overhead costs absorbed on a lower revenue base due to the decrease in sales.

Selling, general and administrative expense

(in thousands)	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Selling, general and administrative expense	\$ 150,377	\$ 137,724	\$ 12,653	9.2 %

Consolidated selling, general and administrative expense increased approximately \$12.7 million during the three months ended March 31, 2025, compared to the corresponding period in 2024, driven primarily by increases at Lugano (\$6.4 million) due to increased investment in salons and headcount, 5.11 (\$3.4 million increase) due to increases in headcount and employee compensation, and Altor (\$3.5 million increase) due to the acquisition of Lifoam in the fourth quarter of 2024. The Honey Pot Co. was acquired by the Company on January 31, 2024 and had incremental selling, general and administrative expense of \$2.1 million during the three months ended March 31, 2025. The increase in selling, general and administrative expense was partially offset by a decrease in expense at Velocity after their disposition of the Crosman product line in the second quarter of 2024.

At the corporate level, general and administrative expense was \$4.6 million in the first quarter of 2025 and \$4.9 million in the first quarter of 2024. The decrease in general and administrative expense in the first quarter of 2025 related to the timing of certain expenses versus the prior year and non-recurring professional fees incurred in the first quarter of 2024.

Management fees

(in thousands)	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Management fees	\$ 18,863	\$ 17,942	\$ 921	5.1 %

Pursuant to the Management Services Agreement ("MSA"), we pay CGM a quarterly management fee equal to 0.5% (2.0% annually) of our consolidated adjusted net assets. We accrue for the management fee on a quarterly basis. Effective January 15, 2025, the LLC and CGM entered into the MSA amendment to, beginning with the first fiscal quarter for 2025, restructure the management fee under the MSA to consist of a base management fee and an incentive management fee. Pursuant to the MSA Amendment, the base management fee will be (i) 2% of the

Company's adjusted net assets when the adjusted net assets are less than or equal to \$3.5 billion (the "Initial Threshold Fee"), (ii) the Initial Threshold Fee plus 1.25% of the amount of adjusted net assets exceeding \$3.5 billion when the adjusted net assets are more than \$3.5 billion but less than \$10 billion, or (iii) 1.5% of the adjusted net assets when the adjusted net assets are \$10 billion or more. The incentive management fee will be 0.25% of the amount of adjusted net assets exceeding \$3.5 billion only when the adjusted net assets are more than \$3.5 billion but less than \$10 billion and only if the Company's annualized internal rate of return on equity for the trailing three-years exceeds 12%. The MSA Amendment also eliminates the payment of integration services fee to the Manager for future acquisitions and excludes excess cash held by the Company and the Company's subsidiaries, subject to certain exceptions, from the calculation of the adjusted net assets of the Company, along with certain other changes. For the three months ended March 31, 2025, we incurred approximately \$18.9 million in management fees as compared to \$17.9 million in fees in the three months ended March 31, 2024. The increase in management fees is primarily attributable to the increase in adjusted net assets during the prior year, which was partially offset by the effect of the amendments made to the MSA.

As a result of the restatement of the financial statements as of December 31, 2024, 2023 and 2022 and for the years ended December 31, 2024, 2023 and 2022, as well as for the period ended December 31, 2021 and revisions made in the quarter ended March 31, 2025, the management fees paid to CGM were in excess of the amounts that should have been due under the MSA. While the MSA does not contain an express mechanism that permits the Company to immediately clawback the overpayment of management fees during the aforementioned periods, the MSA provides that future payments under the MSA will be reduced, on a dollar-for-dollar basis, by the aggregate amount of all overpaid management fees. The Company currently estimates the aggregate amount of overpaid management fees as of March 31, 2025 at approximately \$43.1 million, which amount will reduce future payments on a dollar-for-dollar basis.

Amortization expense (as restated)

(in thousands)	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
		(As Restated)		
Amortization expense	\$ 23,351	\$ 23,211	\$ 140	0.6 %

Amortization expense for the three months ended March 31, 2025 increased \$0.1 million as compared to the three months ended March 31, 2024 as a result of the amortization expense associated with the intangibles that were recognized in conjunction with the purchase price allocation for Lifoam, the add-on acquisition that Altor completed in the fourth quarter of 2024, partially offset by the reduction in expense associated with the sale of Crosman in the second quarter of 2024.

Impairment expense

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Impairment expense	\$ —	\$ 8,182	\$ (8,182)	(100.0)%

In the prior year, Velocity performed an impairment test of their goodwill as part of the annual impairment test at March 31, 2024. The impairment test resulted in Velocity recording impairment expense of \$8.2 million in the quarter ended March 31, 2024.

Interest expense (as restated)

(in thousands)	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
		(As Restated)		
Interest expense	35,851	25,267	\$ 10,584	41.9 %

We recorded interest expense totaling \$35.9 million for the three months ended March 31, 2025 compared to \$25.3 million for the comparable period in 2024, an increase of \$10.6 million. In January 2025, we amended our credit

facility to provide for an additional advance of the term loan in the aggregate amount of \$200 million on the date of the amendment, and a delayed draw term loan commitment in the aggregate amount of \$100 million. The proceeds from the initial \$200 million were used to repay amounts outstanding under our revolving credit facility, and the excess amount was held as cash on the balance sheet during the first quarter. In the prior year, the cash proceeds from our sale of Marucci in November 2023 earned interest income during January 2024 before being used to pay for the acquisition of The Honey Pot Co. in January 2024. The result of these transactions was a higher amount outstanding under the credit facility in the first quarter of 2025 compared to the first quarter of 2024, although at lower effective interest rates quarter over quarter, and a higher amount of interest income earned in the first quarter of 2024 as compared to the first quarter of 2025. The interest expense also reflects an increase of \$7.2 million in interest expense related to financing arrangements at our Lugano business.

Other income (expense) (as restated)

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
(in thousands)		(As Restated)		
Other income (expense)	\$ (13,681)	\$ (47,442)	\$ 33,761	(71.2)%

For the quarter ended March 31, 2025, we recorded \$13.7 million in other expense as compared to \$47.4 million in other expense in the quarter ended March 31, 2024, a decrease in expense of \$33.8 million. In both periods, the other expense primarily represents expense recognized at Lugano related to losses resulting from the accounting for the transactions associated with the off-balance sheet arrangements (\$13.8 million in expense in the three months ended March 31, 2025 and \$44.6 million in the three months ended March 31, 2024). A significant portion of the expense associated with the Lugano financing arrangements was recognized in the historical restatement period (the years ending December 31, 2024, 2023 and 2022) which resulted in lower expense in the current year. Other income (expense) typically reflects the movement in foreign currency at our subsidiary businesses with international operations, gains or (losses) realized on the sale of property, plant and equipment, and expenses incurred or income earned that are not considered a part of our operations. In the quarter ended March 31, 2024, the expense also reflected a non-recurring loss on an equity method investment at Altor Solutions.

Income taxes (as restated)

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
(in thousands)		(As Restated)		
Provision for income taxes	\$ 2,538	\$ 3,110	\$ (572)	(18.4)%
Effective tax rate	(5.4)%	(3.6)%		

We had an income tax provision of \$2.5 million during the three months ended March 31, 2025 compared to an income tax provision of \$3.1 million during the same period in 2024, a decrease of \$0.6 million due to the increase in income from continuing operation before income taxes. Our effective tax rate in the quarter ended March 31, 2025 was (5.4)%, compared to an effective income tax rate of (3.6)% during the same period in 2024. Our tax rate is affected by recurring items, such as tax rates in foreign jurisdictions and the relative amounts of income we earn in those jurisdictions. It is also affected by discrete items that may occur in any given year but are not consistent from year to year. In addition to state income taxes, the items with the most significant impact on the difference between our statutory U.S. federal income tax rate of 21% and our effective income tax rate for the three months ended March 31, 2025 and 2024 was the limitations on the net operating loss carryforwards and utilization of tax credits at our subsidiaries.

Results of Operations - Operating Segments

Three months ended March 31, 2025 compared to three months ended March 31, 2024

Branded Consumer Businesses

5.11

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Net sales	\$ 129,370	\$ 124,974	\$ 4,396	3.5 %

Net sales for the three months ended March 31, 2025 were \$129.4 million as compared to net sales of \$125.0 million for the three months ended March 31, 2024, an increase of \$4.4 million, or 3.5%. This increase was driven by a \$5.5 million increase in domestic wholesale sales from strong demand and the fulfillment of large contracts, as well as a \$3.2 million increase in direct-to-consumer sales due to an increase in full-price sales for new products. These increases were offset by a \$2.9 million decrease in international sales and a \$1.4 million decrease in direct-to-agency sales due to the timing of large contracts.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Segment operating income	\$ 8,573	\$ 8,167	\$ 406	5.0 %
Segment operating margin	6.6 %	6.5 %	NM	

Segment operating income for the three months ended March 31, 2025 was \$8.6 million, an increase of \$0.4 million when compared to segment operating income of \$8.2 million for the same period in 2024. The increase in segment operating income was driven by the higher net sales as well as favorable gross margin performance, supported by a higher mix of full-price sales. The increase was offset by an increase in selling, general and administrative expenses primarily attributable to higher payroll expense and marketing spending to drive sales growth. Segment operating margin was consistent quarter over quarter, at 6.6% in the first quarter of 2025 and 6.5% in the first quarter of 2024.

BOA

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Net sales	\$ 48,877	\$ 42,903	\$ 5,974	13.9 %

Net sales for the three months ended March 31, 2025 were \$48.9 million as compared to net sales of \$42.9 million for the three months ended March 31, 2024, an increase of \$6.0 million, or 13.9%. The increase was reflected across key industries including Cycling, Workwear, Outdoor, Helmets and Snow Sports. The increase in sales was a result of the improvement of end market inventory levels, coupled with market share gains in many of our key industries.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Segment operating income	\$ 13,655	\$ 9,656	\$ 3,999	41.4 %
Segment operating margin	27.9 %	22.5 %	5.4%	

Segment operating income for the three months ended March 31, 2025 was \$13.7 million, an increase of \$4.0 million when compared to segment operating income of \$9.7 million for the same period in 2024. The increase in segment operating income was driven by higher sales, improved product margins and fixed manufacturing overhead leverage. This was partially offset by an increase in employee related costs. Segment operating margin was 27.9% in the first quarter of 2025 and 22.5% in the first quarter of 2024. The increase in operating margin in the current quarter was driven by both improved gross profit margin as well as operating expense leverage.

Lugano

	Three months ended			
	March 31, 2025	March 31, 2024 (As Restated)	Increase (Decrease)	
Net sales	\$ 26,845	\$ 10,793	\$ 16,052	148.7 %

Net sales for the three months ended March 31, 2025 were \$26.8 million an increase of approximately \$16.1 million, or 148.7%, compared to net sales of \$10.8 million in the corresponding quarter ended March 31, 2024. In the current year quarter, Lugano had stronger same store sales growth. Lugano opened its London, England salon in the second quarter of 2024.

	Three months ended			
	March 31, 2025	March 31, 2024 (As Restated)	Increase (Decrease)	
Segment operating loss	(13,659)	(12,364)	\$ (1,295)	10.5 %
Segment operating margin	(50.9)%	(114.6)%	63.7%	

Segment operating loss increased during the three months ended March 31, 2025 to \$13.7 million, as compared to \$12.4 million in the corresponding period in 2024. This increase was a result of higher selling general and administrative expense driven by increased headcount and employee related costs. Segment operating margin was (50.9)% in the first quarter of 2025 as compared to (114.6)% in the first quarter of 2024 due to the lower revenue base after the restatement that did not correlate to the higher selling, general and administrative spend.

PrimaLoft

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Net sales	\$ 23,645	\$ 22,541	\$ 1,104	4.9 %

Net sales for the three months ended March 31, 2025 were \$23.6 million, an increase of \$1.1 million as compared to net sales of \$22.5 million for the three months ended March 31, 2024. The increase in net sales in the current quarter versus the quarter ended March 31, 2024 is attributable to new programs with European and Asia brand partners resulting in an increase in sales for the first quarter of 2025 compared to the first quarter of 2024, as well as an increase in shipments earlier in the period due to the timing of the Chinese New Year in 2025 compared to 2024.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Segment operating income	\$ 4,158	\$ 3,300	\$ 858	26.0 %
Segment operating margin	17.6 %	14.6 %	2.9%	

Segment operating income for the three months ended March 31, 2025 was \$4.2 million, an increase of \$0.9 million when compared to segment operating income of \$3.3 million for the same period in 2024, driven by the increase in net sales. Segment operating margin was 17.6% in the first quarter of 2025 as compared to 14.6% in the first quarter of 2024.

The Honey Pot Co.

In the following results of operations, we provide comparative proforma results of operations for The Honey Pot Co. for the three and three months ended March 31, 2025 and March 31, 2024 as if we had acquired the business on January 1, 2024. The results of operations that follow include relevant proforma adjustments for the pre-acquisition period and explanations where applicable. The operating results for The Honey Pot Co. have been included in the consolidated results of operation from the date of acquisition on January 31, 2024.

Proforma results of operations include the following proforma adjustments as if we had acquired The Honey Pot Co. on January 1, 2024:

- Incremental stock compensation expense of \$0.3 million for the three months ended March 31, 2024. This amount is included in SG&A and reduces segment operating income.
- Amortization expense associated with the intangible assets recorded in connection with the purchase price allocation for THP of \$1.3 million for the three months ended March 31, 2024. This amount reduces segment operating income.
- Management fees that would have been payable to the Manager during each period. THP will pay a management fee of \$1.0 million per year (\$0.25 million per quarter) to CGM. This amount reduces segment operating income.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
		Pro forma		
Net sales	\$ 36,191	\$ 30,836	\$ 5,355	17.4 %

Net sales for the three months ended March 31, 2025 were \$36.2 million, an increase of \$5.4 million or 17.4% from net sales of \$30.8 million for the three months ended March 31, 2024. The increase in net sales is primarily due to strong volume growth due to market share gain in our Period Care product line, particularly in mass retail, drugstores and online. Overall, volume and share growth continues to be fueled by compelling innovation, targeted investments in demand generation, and disciplined investments in capabilities to accelerate growth.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
		Pro forma		
Segment operating income (loss)	\$ 4,836	\$ (691)	\$ 5,527	(799.9)%
Segment operating margin	13.4 %	(2.2)%		15.6%

Segment operating income for the three months ended March 31, 2025 was \$4.8 million, an increase of \$5.5 million when compared to segment operating loss of \$0.7 million for the same period in 2024. Segment operating income in the first quarter of 2024 included certain non-recurring expenses related to the acquisition of The Honey Pot Co. in January 2024, including \$2.7 million of inventory step-up amortization expense and \$3.5 million in acquisition costs. Operating margin in the first quarter of 2025 was 13.4% as compared to (2.2)% in the first quarter of 2024, with the increase attributable to the non-recurring expenses incurred in the prior year.

Velocity Outdoor

On April 30, 2024, Velocity Outdoor sold its Crosman airgun product division. The results of operations for the three months ended March 31, 2024 presented below include the results from the Crosman airgun product division.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Net sales	\$ 13,201	\$ 29,899	\$ (16,698)	(55.8)%

Net sales for the three months ended March 31, 2025 were \$13.2 million, a decrease of \$16.7 million or 55.8%, compared to net sales of \$29.9 million in the same period in 2024. The decrease in net sales for the three months ended March 31, 2025 was driven by the divestiture of Crosman. The remaining product categories, which consist

of the archery and hunting apparel product categories, increased 37.6% compared to the same period in 2024 due to increased archery sales through the dealer and distributor channels and improved online sales of apparel.

	Three months ended		
	March 31, 2025	March 31, 2024	Increase (Decrease)
Segment operating loss	\$ (2,825)	\$ (12,424)	\$ 9,599 (77.3)%
Segment operating margin	(21.4)%	(41.6)%	20.2%

Segment operating loss for the three months ended March 31, 2025 was \$2.8 million compared to segment operating loss of \$12.4 million for the same period in 2024. The loss in the prior year was driven primarily by the goodwill impairment expense of \$8.2 million recognized in the first quarter of 2024. Segment operating margin was (21.4)% in the first quarter of 2025 as compared to (41.6)% in the first quarter 2024. Despite an improvement in gross margin quarter over quarter attributable to the sale of the Crosman product line, the decrease in net sales led to a decrease in operating expense leverage, with selling, general and administrative expense as a percentage of net sales of 37.0% in the quarter ended March 31, 2025 as compared to 27.5% in the quarter ended March 31, 2024.

Industrial Businesses

Altor Solutions

	Three months ended		
	March 31, 2025	March 31, 2024	Increase (Decrease)
Net sales	\$ 76,257	\$ 53,404	\$ 22,853 42.8 %

Net sales for the quarter ended March 31, 2025 were \$76.3 million, an increase of \$22.9 million, or 42.8%, compared to net sales of \$53.4 million in the quarter ended March 31, 2024. The increase in net sales during the quarter was driven by the acquisition of Lifoam in October 2024. Lifoam contributed \$32.6 million in net sales in the first quarter of 2025. The increase in net sales attributable to Lifoam was offset by lower quarterly sales due to shifting market conditions of perishable and cold chain markets and supplier diversification initiatives on behalf of several of Altor's customers.

	Three months ended		
	March 31, 2025	March 31, 2024	Increase (Decrease)
Segment operating income	\$ 4,986	\$ 6,628	\$ (1,642) (24.8)%
Segment operating margin	6.5 %	12.4 %	(5.9)%

Segment operating income was \$5.0 million in the three months ended March 31, 2025, a decrease of \$1.6 million as compared to the three months ended March 31, 2024. Segment operating margin was 6.5% in the first quarter of 2025 as compared to 12.4% in the first quarter of 2024, with the decrease driven by a reduction in fixed cost of goods sold coverage due to lower sales levels on the non-Lifoam portion of the business and increases in selling, general and administrative costs related to the acquisition and integration activities.

Arnold

	Three months ended		
	March 31, 2025	March 31, 2024	Increase (Decrease)
Net sales	\$ 34,008	\$ 41,287	\$ (7,279) (17.6)%

Net sales for the three months ended March 31, 2025 were approximately \$34.0 million, a decrease of \$7.3 million compared to net sales of \$41.3 million in the same period in 2024. The decrease in net sales is primarily a result of lower demand in various markets and delays in production startup at new facilities.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Segment operating income (loss)	\$ (912)	\$ 4,172	\$ (5,084)	(121.9)%
Segment operating margin	(2.7)%	10.1 %	(12.8)%	

Segment operating loss for the three months ended March 31, 2025 was approximately \$0.9 million, a decrease of \$5.1 million when compared to the same period in 2024. The decrease in segment operating income (loss) was driven by the sales shortfall, unfavorable product mix and non-recurring move related expenses. Segment operating margin was (2.7)% in the first quarter of 2025 as compared to 10.1% in the first quarter of 2024.

Sterno

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Net sales	\$ 65,381	\$ 64,860	\$ 521	0.8 %

Net sales for the three months ended March 31, 2025 were approximately \$65.4 million, an increase of \$0.5 million, or 0.8%, compared to net sales of \$64.9 million in the same period in 2024. The net sales variance reflects a slight increase in sales volume for wax, fragrance oil, and multi-use oils.

	Three months ended			
	March 31, 2025	March 31, 2024	Increase (Decrease)	
Segment operating income	\$ 6,358	\$ 4,785	\$ 1,573	32.9 %
Segment operating margin	9.7 %	7.4 %	2.3 %	

Segment operating income for the three months ended March 31, 2025 was approximately \$6.4 million, an increase of \$1.6 million compared to the three months ended March 31, 2024, driven by reduced amortization expense for intangibles that have been fully amortized (amortization expense decreased \$1.5 million quarter over quarter). Segment operating margin was 9.7% in the first quarter of 2025 as compared to 7.4% in the first quarter of 2024.

Liquidity and Capital Resources

We generate cash primarily from the operations of our subsidiaries, and we have the ability to borrow under our 2022 Credit Facility to fund our operating, investing and financing activities. Our principal uses of cash are operating expenses, payment of management fees, capital expenditures, working capital needs, debt service, dividends on the preferred shares of the Trust, and strategic growth initiatives, including potential acquisitions. In connection with the Lugano Investigation, we have incurred unanticipated costs for accounting, financing and legal fees in connection with the restatements, including those associated with our entry into forbearance agreements with respect to our credit agreement and indentures due to potential defaults or events of default thereunder. We expect to continue to incur costs, including financing and legal fees related to our financing arrangements and costs related to ongoing securities litigation resulting from the Lugano Investigation and the restatement of our previously issued financial statements.

On January 9, 2025, the LLC entered into a First Incremental Facility Amendment to its existing Credit Agreement. The Amendment modifies the LLC's Third Amended and Restated Credit Agreement, dated as of July 12, 2022, as amended, among the LLC, the Lenders, the Administrative Agent and the other financial institutions party thereto (the "Credit Agreement"), to provide for (a) an additional advance of the term loan in the aggregate amount of \$200 million on the date of the Amendment, and (b) delayed draw term loan commitments in the aggregate amount of \$100 million which may be reduced or terminated by the LLC upon five business days' notice and pursuant to which the Company may make no more than two draws by July 9, 2025. The proceeds from the Incremental Term Loan and the Incremental Delayed Draw Term Loan were to be used for new acquisitions, working capital, capital expenditures and other general corporate purposes. The Company did not utilize the delayed draw feature and it expired on July 9, 2025.

As of March 31, 2025, we had \$1,000.0 million of indebtedness associated with our 5.250% Senior Notes due 2029 (the "2029 Notes" or "2029 Senior Notes"), \$300.0 million of indebtedness associated with our 5.000% Senior Notes (the "2032 Notes" or "2032 Senior Notes") and \$571.3 million outstanding on our 2022 Term Loan. Only our 2022 Term Loan has required principal payments. Long-term debt liquidity requirements consist of the payment in full of our Notes upon their respective maturity dates, amounts outstanding under our 2022 Revolving Credit Facility upon its maturity date, and principal payments under our 2022 Term Loan. The 2022 Term Loan requires quarterly payments commencing September 30, 2022, with a final payment of all remaining principal and interest due on July 12, 2027, which is the 2022 Term Loan's maturity date. At March 31, 2025, approximately 31% of our outstanding debt was subject to interest rate changes.

At March 31, 2025, we had approximately \$146.2 million of cash and cash equivalents on hand, an increase of \$86.6 million as compared to the year ended December 31, 2024. The majority of our cash is in non-interest bearing checking accounts or invested in short-term money market accounts and is maintained in accordance with the Company's investment policy, which identifies allowable investments and specifies credit quality standards.

Below is a summary of the change in cash and cash equivalents for the three months ended March 31, 2025 and 2024 is as follows :

	Three months ended	
	March 31, 2025	March 31, 2024 (As Restated)
(in thousands)		
Net cash provided by (used in):		
Operating activities	\$ (29,348)	\$ (25,368)
Investing activities	(12,922)	(382,478)
Financing activities	128,240	23,072
Effect of exchange rates on cash and cash equivalents	606	(989)
Net increase (decrease) in cash and cash equivalents	\$ 86,576	\$ (385,763)

Going Concern

As of the date of filing this Form 10-Q, the Company is not in compliance with certain financial and other covenants under its 2022 Credit Facility. These instances of noncompliance include (i) breaches of financial covenants under

the 2022 Credit Facility in historical periods (including December 31, 2024), resulting from required retesting of such covenants in connection with the restatement of our consolidated financial statements for the fiscal years as of and ended December 31, 2022, 2023, and 2024 and the interim periods therein, (ii) and prior defaults and events of default resulting from the circumstances related to Lugano.

The Company is currently operating under a forbearance agreement with its lenders under the 2022 Credit Facility as described in [“Note Q – Subsequent Events”](#) in the “Notes to Consolidated Financial Statements” in this Form 10-Q, while the Company negotiates an amendment to the 2022 Credit Facility to account for the deconsolidation of Lugano from the Company’s financial statements and Lugano’s entry into Chapter 11 proceedings (also as discussed in more detail in [“Note Q – Subsequent Events”](#) in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q). The forbearance agreement is scheduled to expire on December 19, 2025. If an amendment to the 2022 Credit Facility is not executed on or before December 19, 2025, then beginning December 20, 2025 the lenders under the 2022 Credit Facility may elect to exercise the remedies available to them, including but not limited to declaring borrowings due and payable, discontinuing further lending commitments, imposing cash-management controls, and instructing customers to remit payments directly to the administrative agent.

If our borrowings under the 2022 Credit Facility are accelerated and the acceleration is not rescinded, annulled, or otherwise cured within thirty (30) days after the notice of acceleration, the holders of the 2029 Notes and the 2032 Notes would have the right to declare the notes due and payable as well.

Because there can be no assurance that amendments to the Company’s debt instruments or any other relief will be obtained before an acceleration remedy would become available to the 2022 Credit Facility lenders or the holders of the 2029 Notes and 2032 Notes, management has concluded, applying the going-concern guidance under U.S. GAAP, that these conditions raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date the consolidated financial statements included in this Form 10-Q are issued. Although the Company is actively negotiating an amendment to the 2022 Credit Facility that would include a waiver of ongoing noncompliance, that amendment has not been executed, is not fully within the Company’s control, and therefore cannot be considered a probable mitigating plan for purposes of alleviating substantial doubt.

The Company is pursuing various operational and financial initiatives intended to strengthen liquidity and reduce leverage, including evaluating potential subsidiary divestitures, organic deleveraging actions, potential strategic transactions involving real estate, and actions to maximize recoveries in connection with Lugano’s Chapter 11 proceedings. If successfully executed, these plans (together with expected operating cash flow from the Company’s operating subsidiaries excluding Lugano) could enhance the Company’s ability to continue to operate and meet its obligations; however, because these initiatives are not committed or fully within management’s control, they have not been assumed in the Company’s going concern evaluation and may not be achieved on the timetable necessary to alleviate the substantial doubt described above.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue to realize its assets and satisfy its liabilities in the ordinary course of business. For additional information regarding the impact of the Company’s covenant noncompliance on the classification of the Company’s indebtedness, see [“Note H – Debt”](#) in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q.

Operating Activities

For the three months ended March 31, 2025, cash flows used in operating activities totaled approximately \$29.3 million, which represents a \$4.0 million increase in cash use compared to cash used in operating activities of \$25.4 million during the three-month period ended March 31, 2024. Cash used in operating activities for working capital for the three months ended March 31, 2025 was \$12.6 million, as compared to cash provided by operating activities for working capital of \$17.2 million for the three months ended March 31, 2024. We typically have a higher usage of cash for working capital in the first half of the year as most of our subsidiaries will build up inventories after the fourth quarter of the prior year. In the prior year, our 5.11 business did not have a build up of inventory until the second quarter of 2024 due to a delay in receipt of inventory as purchases of non-PFAS inventory had longer than expected lead times. The cash flows for working capital in the first quarter of 2025 reflect more normalized cash flow patterns.

Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2025 totaled \$12.9 million, compared to cash used in investing activities of \$382.5 million in the same period of 2024. In the prior year, cash used in

investing activities reflects our acquisition of The Honey Pot Co. in January 2024, while investing activities in the current year is primarily capital expenditures. Capital expenditures spend increased \$5.4 million during the three months ended March 31, 2025 as compared to the three months ended March 31, 2024, with \$13.1 million in capital expenditures in 2025 and \$7.7 million in capital expenditures in 2024. The increase in capital expenditures is primarily due to increased capital expenditures at Lugano related to their salon expansion and overall growth, and Arnold, related to the relocation of two of their facilities in the United States. We expect capital expenditures for the full year of 2025 to be between approximately \$50 million to \$60 million.

Financing Activities

Cash flows provided by financing activities totaled approximately \$128.2 million during the three months ended March 31, 2025 compared to cash flows provided by financing activities of \$23.1 million during the three months ended March 31, 2024. Financing activities in the current year reflects \$58.1 million in Trust preferred shares issued under our at-the-market share offering program while financing activities in the first three months of 2024 reflects \$2.0 million in Trust common and preferred shares issued under our at-the-market share offering program. In the current year, we added an additional \$200 million in outstanding term loan, a portion of which was used to repay amounts outstanding under our revolving credit facility, resulting in net borrowings of \$90 million. In the prior year comparable period, we had net borrowings under the credit facility of \$46 million. The prior year cash provided by financing activities also reflects the amount of equity investment made by noncontrolling shareholders related to the acquisition of The Honey Pot Co. (\$41.7 million). Financing activities in both periods reflect the payment of our common and preferred share distributions, and prior period financing cash flows includes the payment of the profit allocation from the sale of Marucci to the Allocation Interest Holders of \$48.9 million.

Our Lugano business entered into various financing arrangements with third parties that resulted in debt being recorded. In the three months ended March 31, 2025 and 2024, the cash flows provided by these financing arrangements totaled \$15.6 million and \$12.2 million, respectively.

Intercompany Debt

A component of our acquisition financing strategy that we utilize in acquiring the subsidiary businesses we own and manage is to provide both equity capital and debt capital, raised at the parent level through our existing credit facility. Our strategy of providing intercompany debt financing within the capital structure of our subsidiaries allows us the ability to distribute cash to the parent company through monthly interest payments and amortization of the principal on these intercompany loans. Each loan to our subsidiary businesses has a scheduled maturity and each subsidiary business is entitled to repay all or a portion of the principal amount of the outstanding loans, without penalty, prior to maturity. Certain of our subsidiaries have paid down their respective intercompany debt balances through the cash flow generated by these subsidiaries and we have recapitalized, and expect to continue to recapitalize, these subsidiaries in the normal course of our business. The recapitalization process involves funding the intercompany debt using either cash on hand at the parent or our applicable credit facility, and serves the purpose of optimizing the capital structure at our subsidiaries and providing the noncontrolling shareholders with a distribution on their ownership interest in a cash flow positive business.

We will from time to time, amend the intercompany credit agreements to reflect changes in the business or funding needs of our businesses. The following amendments have been made in the time period indicated:

We have made several amendments to the Lugano intercompany credit agreement to allow Lugano to continue to expand its operations and build inventory to support its salon expansion. Amendments were made to the Lugano intercompany credit agreement in the first quarter of 2025 and the first, second, third and fourth quarter of 2024.

In the first quarter of 2024, we amended the PrimaLoft intercompany credit agreement to amend the fixed charge ratio and leverage ratio covenants contained within its intercompany credit agreement.

In the second quarter of 2024, we amended the Velocity intercompany credit agreement to reflect the sale of the Crosman division. The amendment revises the principal payments due under the credit facility and waives the fixed charge coverage covenant for the quarters ended June 30, 2024 and September 30, 2024.

In the third quarter of 2024, we amended the Arnold intercompany credit agreement to increase the amount of the term loan outstanding under the credit agreement. Arnold was in the process of relocating two of their product divisions to a new facility at the time of the amendment. Arnold incurred total expense of approximately \$13.0 million in the year ended December 31, 2024, and an additional \$0.9 million in costs in the first quarter of 2025 related to the relocation of the two facilities. Arnold exceeded the capital expenditure spend that was permitted under the amendment and was granted a waiver at December 31, 2024 and March 31, 2025.

In the fourth quarter of 2024, we amended the Altor intercompany credit agreement to increase the amount of the term loan to finance the acquisition of Lifoam on October 1, 2024, and extended the term of the intercompany credit agreement by an additional three years.

All of our subsidiaries were in compliance with the financial covenants included within their intercompany credit arrangements at March 31, 2025 except Lugano, Velocity and Arnold. Velocity was issued a waiver for the fourth quarter of 2024 and first quarter of 2025 related to the fixed charge coverage ratio in their intercompany credit agreement. Arnold received a waiver for the fourth quarter of 2024 and first quarter of 2025 related to the fixed charge ratio covenant in their intercompany credit agreement. As a result of the restatement of Lugano's historical financial information, Lugano was not in compliance with the covenants in its intercompany credit agreement with the Company at March 31, 2025. On June 6, 2025, the Company issued a Notice of Default to Lugano for failure to comply with the intercompany credit agreement (the Lugano Events of Default"). On August 29, 2025, the Company entered into a forbearance agreement with Lugano (the Lugano Forbearance Agreement"). The Lugano Forbearance Agreement, as amended, whereby the Company agreed to forbear from exercising its rights and remedies as a lender under the Lugano intercompany credit agreement due to the Lugano Events of Default. The Lugano Forbearance Agreement, as amended, was in effect until November 16, 2025 when Lugano filed for bankruptcy protection.

All intercompany loans eliminate in consolidation and are not reflected in the consolidated balance sheet. As of March 31, 2025, we had the following outstanding loans due from each of our subsidiary businesses (*in thousands*):

Subsidiary	Intercompany loan
5.11	\$ 144,738
BOA	156,561
Lugano	659,349
PrimaLoft	152,069
The Honey Pot Co.	94,000
Velocity Outdoor	53,600
Altor	191,491
Arnold	88,346
Sterno	70,213
Total intercompany debt	\$ 1,610,367
Corporate and eliminations	(1,610,367)
Total	\$ —

Our primary source of cash is from the receipt of interest and principal on the outstanding loans to our subsidiaries. Accordingly, we are dependent upon the earnings of and cash flow from these businesses, which are available for (i) operating expenses; (ii) payment of principal and interest under our applicable credit facility and interest on our Senior Notes; (iii) payments to CGM due pursuant to the MSA and payments to Sostratus LLC pursuant to the LLC Agreement; (iv) cash distributions to our shareholders; and (v) investments in future acquisitions. Payments made under (iii) above are required to be paid before distributions to shareholders and may be significant and exceed the funds held by us, which may require us to dispose of assets or incur debt to fund such expenditures.

Financing Arrangements

2022 Credit Facility

On July 12, 2022, we entered into the Third Amended and Restated Credit Agreement (the "2022 Credit Facility"). The 2022 Credit Facility provides for revolving loans, swing line loans and letters of credit up to a maximum aggregate amount of \$600 million (the "2022 Revolving Credit Facility") and also permits the LLC, prior to the applicable maturity date, to increase the revolving loan commitment and/or obtain term loans in an aggregate amount of up to \$250 million, subject to certain restrictions and conditions. All amounts outstanding under the 2022 Revolving Credit Facility will become due on July 12, 2027, which is the maturity date of loans advanced under the 2022 Revolving Credit Facility. The 2022 Credit Facility also provided for a \$400 million term loan (the "2022 Term Loan"). In January 2025, the Company entered into an amendment of the 2022 Credit Facility to provide for (a) an additional advance of the term loan in the aggregate amount of \$200 million on the date of the amendment, and (b) delayed draw term loan commitments in the aggregate amount of \$100 million, which may be reduced or terminated

by the Company upon five business days' notice and pursuant to which the Company may make no more than two draws by July 9, 2025. The initial \$200 million draw was used to reduce the amount outstanding under the 2022 Revolving Credit Facility and for general corporate purposes. The Company did not draw on the delayed draw term loan and the commitment expired on July 9, 2025. The 2022 Term Loan requires quarterly payments commencing September 30, 2022, with a final payment of all remaining principal and interest due on July 12, 2027, which is the 2022 Term Loan's maturity date.

Net availability under the 2022 Revolving Credit Facility was approximately \$596.6 million at March 31, 2025, however, the Company was not in compliance with the financial covenants contained in the 2022 Credit Facility as of March 31, 2025 and as a result, the availability of the 2022 Revolving Credit Facility at March 31, 2025 would have been limited. The outstanding borrowings under the 2022 Revolving Credit Facility include \$3.5 million of outstanding letters of credit at March 31, 2025, which are not reflected on our balance sheet.

Please see "[Note Q – Subsequent Events](#)" in the "Notes to the Condensed Consolidated Financial Statements" in this Form 10-Q for additional information concerning the 2022 Credit Facility.

Senior Notes

2032 Notes

On November 17, 2021, we consummated the issuance and sale of \$300 million aggregate principal amount of our 5.000% Senior Notes due 2032 (the "2032 Notes") offered pursuant to a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933 (the "Securities Act"), and to non-U.S. persons under Regulation S under the Securities Act. The 2032 Notes were issued pursuant to an indenture, dated as of November 17, 2021 (the "2032 Notes Indenture"), between the LLC and U.S. Bank National Association, as trustee. The 2032 Notes bear interest at the rate of 5.000% per annum and will mature on January 15, 2032. Interest on the 2032 Notes is payable in cash on July 15th and January 15th of each year. The 2032 Notes are general unsecured obligations of the LLC and are not guaranteed by our subsidiaries.

Please see "[Note Q – Subsequent Events](#)" in the "Notes to the Condensed Consolidated Financial Statements" in this Form 10-Q for additional information concerning the 2032 Senior Notes.

2029 Notes

On March 23, 2021, we consummated the issuance and sale of \$1,000 million aggregate principal amount of our 5.250% Senior Notes due 2029 (the "2029 Notes") offered pursuant to a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act, and to non-U.S. persons under Regulation S under the Securities Act. The 2029 Notes were issued pursuant to an indenture, dated as of March 23, 2021 (the "2029 Notes Indenture"), between the LLC and U.S. Bank National Association, as trustee. The 2029 Notes bear interest at the rate of 5.250% per annum and will mature on April 15, 2029. Interest on the 2029 Notes is payable in cash on April 15th and October 15th of each year. The 2029 Notes are general unsecured obligations of the LLC and are not guaranteed by our subsidiaries.

Please see "[Note Q – Subsequent Events](#)" in the "Notes to the Condensed Consolidated Financial Statements" in this Form 10-Q for additional information concerning the 2029 Senior Notes.

Borrowings under our 2022 Credit Facility are subject to certain conditions and customary events of default, including, without limitation, failure to make payments, cross-default to certain other debt, breaches of covenants, breaches of representations and warranties, a change in control, certain monetary judgments, and bankruptcy and ERISA events. Upon any such event of default, the principal amount of any unpaid loans and all other obligations under the 2022 Credit Facility may be declared immediately due and payable and any letters of credit then outstanding may be required to be cash collateralized, and the Agent and the Lenders may exercise any rights or remedies available to them under the 2022 Credit Facility. The Company was not in compliance with such financial covenants as of March 31, 2025 and the year ended December 31, 2024 and had not received forbearance or other relief from its lenders as of those dates. As a result, the lenders had the contractual right on those dates to accelerate the Company's outstanding obligations under the 2022 Credit Facility. Accordingly, the Company has classified outstanding borrowings under the 2022 Term Loan and 2022 Revolving Credit facility as current at March 31, 2025 and December 31, 2024 in the Consolidated Financial Statements. Furthermore, because the 2029 Notes and 2032 Notes may have been subject to acceleration had the lenders under the 2022 Credit Facility exercised their acceleration rights, the 2029 Notes and 2032 Notes have also been classified as current at March 31, 2025 and December 31, 2024 in the Condensed Consolidated Financial Statements.

The following table reflects required and actual financial ratios as of March 31, 2025 included as part of the affirmative covenants in our 2022 Credit Facility.

Description of Required Covenant Ratio	Covenant Ratio Requirement	Actual Ratio
Consolidated Fixed Charge Coverage Ratio	Greater than or equal to 1.50:1.0	0.62:1.0
Consolidated Senior Secured Leverage Ratio	Less than or equal to 3.50:1.0	1.69:1.0
Consolidated Total Leverage Ratio	Less than or equal to 5.00:1.0	6.46:1.0

Interest Expense

The components of interest expense and periodic interest charges on outstanding debt are as follows (*in thousands*):

	Three months ended March 31,	
	2025	2024
Interest on credit facilities	\$ 9,582	\$ 7,985
Interest on Senior Notes	16,875	16,875
Unused fee on Revolving Credit Facility	675	551
Other interest expense ⁽¹⁾	9,047	1,704
Interest income	(328)	(1,848)
Interest expense, net	<u>\$ 35,851</u>	<u>\$ 25,267</u>

⁽¹⁾ Other interest expense includes interest amounts related to Lugano financing arrangements.

The following table provides the effective interest rate of the Company's outstanding debt at March 31, 2025 and December 31, 2024 (*in thousands*):

	March 31, 2025		December 31, 2024	
	Effective Interest Rate	Amount	Effective Interest Rate	Amount
2029 Senior Notes	5.25%	\$ 1,000,000	5.25%	\$ 1,000,000
2032 Senior Notes	5.00%	300,000	5.00%	300,000
2022 Term Loan	6.73%	571,250	7.60%	375,000
2022 Revolving Credit Facility		—	7.62%	110,000
Unamortized debt issuance costs		(11,186)		(10,710)
Total debt outstanding		<u>\$ 1,860,064</u>		<u>\$ 1,774,290</u>

Reconciliation of Non-GAAP Financial Measures

GAAP or U.S. GAAP refer to generally accepted accounting principles in the United States. From time to time we may publicly disclose certain "non-GAAP" financial measures in the course of our investor presentations, earnings releases, earnings conference calls or other venues. A non-GAAP financial measure is a numerical measure of historical or future performance, financial position or cash flow that excludes amounts, or is subject to adjustments that effectively exclude amounts, included in the most directly comparable measure calculated and presented in accordance with GAAP in our financial statements, and vice versa for measures that include amounts, or are subject to adjustments that effectively include amounts, that are excluded from the most directly comparable measure as calculated and presented.

We have included information to reconcile non-GAAP financial measures for the periods presented to the most directly comparable GAAP financial measure. We use non-GAAP information for financial and operational decision-making purposes and as a means to evaluate the underlying performance of our business and/or in forecasting our business. We believe that the presentation of such non-GAAP information, when considered in conjunction with the most directly comparable GAAP information, provides additional useful information for investors in their assessment of the underlying performance of our business. The presentation of these non-GAAP financial measures supplements other metrics we use to internally evaluate our subsidiary businesses and facilitate the comparison of past and present operations. These measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP, and may be different from or otherwise inconsistent with non-GAAP financial measures used by other companies.

The tables below reconcile the most directly comparable GAAP financial measures to Adjusted earnings before Interest, Income Taxes, Depreciation and Amortization ("Adjusted EBITDA") and Adjusted Earnings.

Adjusted EBITDA – EBITDA is calculated as net income (loss) from continuing operations before interest expense, income tax expense (benefit), depreciation expense and amortization expense. Amortization expenses consist of amortization of intangibles, amortization of inventory step-up associated with purchase price allocations of our acquisitions, and debt charges, including debt issuance costs. Adjusted EBITDA is calculated utilizing the same calculation as described in arriving at EBITDA further adjusted by: (i) non-controlling stockholder compensation, which generally consists of non-cash stock option expense; (ii) successful acquisition costs, which consist of transaction costs (legal, accounting, due diligence, etc.) incurred in connection with the successful acquisition of a business expensed during the period in compliance with ASC 805; (iii) impairment charges, which reflect write downs to goodwill or other intangible assets; (iv) changes in the fair value of contingent consideration subsequent to initial purchase accounting, (v) integration service fees, which reflect fees paid by newly acquired companies to the Manager for integration services performed during the first year of ownership; and (vi) items of other income or expense that are material to a subsidiary and non-recurring in nature.

Adjusted Earnings — Adjusted earnings is calculated as net income (loss) adjusted to include the cost of the distributions to preferred shareholders, and adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items the exclusion of which management believes provides insight regarding our ongoing operating performance. Depending on the period presented, these adjusted measures exclude the impact of certain of the following items: gains (losses) and income (loss) from discontinued operations, income (loss) from noncontrolling interest, amortization expense, subsidiary stock compensation expense, acquisition-related expenses and items of other income or expense that may be material to a subsidiary and non-recurring in nature.

Adjusted EBITDA and Adjusted Earnings are non-GAAP measures used by the Company to assess its performance. We believe that Adjusted EBITDA and Adjusted Earnings provide useful information to investors and reflect important financial measures that are used by management in the monthly analysis of our operating results and in preparation of our annual budgets. We believe that investors' understanding of our performance is enhanced by disclosing these performance measures as this presentation allows investors to view the performance of our businesses in a manner similar to the methods used by us and the management of our subsidiary businesses, provides additional insight into our operating results and provides a measure for evaluating targeted businesses for acquisition.

Adjusted EBITDA and Adjusted Earnings exclude the effects of items which reflect the impact of long-term investment decisions, rather than the performance of near-term operations. When compared to net income (loss) and net income (loss) from continuing operations, Adjusted Earnings and Adjusted EBITDA, respectively, are each limited in that they do not reflect the periodic costs of certain capital assets used in generating revenues of our subsidiary businesses or the non-cash charges associated with impairments, as well as certain cash charges. The presentation of Adjusted Earnings provides insight into our operating results. Adjusted EBITDA and Adjusted Earnings are not meant to be a substitute for GAAP, and may be different from or otherwise inconsistent with non-GAAP financial measures used by other companies.

Reconciliation of Net income (loss) from continuing operations to Adjusted EBITDA

The following tables reconcile *Adjusted EBITDA* to net income (loss) from continuing operations, which we consider to be the most comparable GAAP financial measure (*in thousands*):

Adjusted EBITDA
Three months ended March 31, 2025

	Corporate	5.11	BOA	Lugano	PrimaLoft	THP	Velocity Outdoor	Altor	Arnold	Sterno	Consolidated
Net income (loss) from continuing operations	\$ (8,764)	\$ 3,906	8,243	\$(51,634)	\$ (437)	\$ 1,754	\$ (4,167)	\$ (228)	\$ (1,606)	\$ 3,179	\$ (49,754)
Adjusted for:											
Provision (benefit) for income taxes	—	1,144	1,166	(256)	394	419	44	13	(1,383)	997	2,538
Interest expense, net	26,843	1	(1)	8,875	(7)	(2)	(1)	—	143	—	35,851
Intercompany interest	(39,893)	3,344	3,984	15,375	4,129	2,602	1,421	4,854	1,915	2,269	—
Depreciation and amortization	74	5,772	5,248	1,593	5,315	4,160	1,369	7,192	2,578	3,476	36,777
EBITDA	(21,740)	14,167	18,640	(26,047)	9,394	8,933	(1,334)	11,831	1,647	9,921	25,412
Other (income) expense	14	105	63	13,515	1	(3)	(127)	215	(2)	(100)	13,681
Noncontrolling shareholder compensation	—	545	1,346	916	549	25	105	245	4	277	4,012
Integration services fee	—	—	—	—	—	875	—	—	—	—	875
Other ⁽¹⁾	—	—	—	—	—	—	—	562	915	69	1,546
Adjusted EBITDA	\$ (21,726)	\$ 14,817	\$ 20,049	\$ (11,616)	\$ 9,944	\$ 9,830	\$ (1,356)	\$ 12,853	\$ 2,564	\$ 10,167	\$ 45,526

⁽¹⁾ Other represents non-recurring operating expenses that are included by management in the calculation of Adjusted EBITDA when analyzing monthly operating results of our subsidiaries. In the current year, the calculation of Adjusted EBITDA for Arnold includes the add-back of certain expenses that have been incurred related to the relocation of two of Arnold's facilities in the United States, and for Altor includes the add-back of certain expenses incurred related to restructuring of their facilities after the acquisition of Lifoam.

Adjusted EBITDA
Three months ended March 31, 2024

	Corporate	5.11	BOA	Lugano (As Restated)	PrimaLoft	THP	Velocity Outdoor	Altor	Arnold	Sterno	Consolidated (As restated)
Net income (loss) from continuing operations	\$ (7,394)	\$ 3,400	\$ 3,351	\$ (70,848)	\$ (1,313)	\$ (3,490)	\$ (15,973)	\$ 693	\$ 1,651	\$ 992	\$ (88,931)
Adjusted for:											
Provision (benefit) for income taxes	—	1,203	539	158	(80)	(1,167)	580	628	796	453	3,110
Interest expense, net	23,593	(3)	(3)	1,695	(2)	(22)	44	—	(35)	—	25,267
Intercompany interest	(37,815)	3,526	5,492	11,758	4,616	1,996	3,218	2,009	1,700	3,500	—
Depreciation and amortization	280	5,873	5,438	1,110	5,327	5,138	3,276	4,085	2,153	4,935	37,615
EBITDA	(21,336)	13,999	14,817	(56,127)	8,548	2,455	(8,855)	7,415	6,265	9,880	(22,939)
Other (income) expense	(39)	(34)	75	44,639	—	(17)	(297)	3,236	52	(173)	47,442
Noncontrolling shareholder compensation	—	534	1,429	504	680	145	194	252	4	329	4,071
Impairment expense	—	—	—	—	—	—	8,182	—	—	—	8,182
Acquisition expenses	—	—	—	—	—	3,479	—	—	—	—	3,479
Other	—	—	—	—	—	90	—	—	—	184	274
Adjusted EBITDA ⁽¹⁾	\$ (21,375)	\$ 14,499	\$ 16,321	\$ (10,984)	\$ 9,228	\$ 6,152	\$ (776)	\$ 10,903	\$ 6,321	\$ 10,220	\$ 40,509

⁽¹⁾ As a result of the sale of Ergobaby in December 2024, Adjusted EBITDA does not include \$1.4 million that was previously included in the three months ended March 31, 2024.

Reconciliation of Net income (loss) to Adjusted Earnings (Loss) and Adjusted EBITDA

The following table reconciles Adjusted Earnings to Net income (loss), which we consider the most comparable GAAP financial measure, and Adjusted Earnings (Loss) to Adjusted EBITDA (*in thousands*):

	Three months ended March 31,	
	2025	2024
		(As Restated)
Net loss	\$ (49,710)	\$ (85,269)
Income from discontinued operations, net of tax	—	317
Gain on sale of discontinued operations, net of tax	44	3,345
Net loss from continuing operations	\$ (49,754)	\$ (88,931)
Less: loss from continuing operations attributable to noncontrolling interest	(19,717)	(28,756)
Net loss attributable to Holdings - continuing operations	\$ (30,037)	\$ (60,175)
Adjustments:		
Distributions paid - preferred shares	(8,434)	(6,045)
Amortization expense - intangibles and inventory step-up	23,351	25,879
Impairment expense	—	8,182
Stock compensation	4,012	4,071
Acquisition expenses	—	3,479
Integration Services Fee	875	—
Other	1,546	274
Adjusted Loss	\$ (8,687)	\$ (24,335)
Plus (less):		
Depreciation expense	12,301	10,731
Income tax provision	2,538	3,110
Interest expense	35,581	25,267
Amortization of debt issuance costs	1,125	1,005
Income from continuing operations attributable to noncontrolling interest	(19,717)	(28,756)
Distributions paid - preferred shares	8,434	6,045
Other (income) expense	13,681	47,442
Adjusted EBITDA	\$ 45,256	\$ 40,509

Seasonality

Earnings of certain of our operating segments are seasonal in nature due to various recurring events, holidays and seasonal weather patterns, as well as the timing of our acquisitions during a given year. Historically, the third and fourth quarter have produced the highest net sales in our fiscal year.

Related Party Transactions

Management Services Agreement

We entered into the MSA with CGM effective May 16, 2006. The MSA provides for, among other things, CGM to perform services for the LLC in exchange for a management fee paid quarterly, as defined in the MSA. Our Chief Executive Officer is a partner of CGM.

In January 2025, the LLC and the Manager amended the Sixth Amended and Restated Management Services Agreement by entering into a Seventh Amended and Restated Management Services Agreement (the "MSA Amendment"), which restructures the management fee to consist of a base management fee and an incentive management fee. Pursuant to the MSA Amendment, the base management fee will be (i) 2% the Company's adjusted net assets when the adjusted net assets are less than or equal to \$3.5 billion (the "Initial Threshold Fee"), (ii) the Initial Threshold Fee plus 1.25% of the amount of adjusted net assets exceeding \$3.5 billion when the adjusted net assets are more than \$3.5 billion but less than \$10 billion, or (iii) 1.5% of the adjusted net assets when the adjusted net assets are \$10 billion or more. The incentive management fee will be 0.25% of the amount of adjusted net assets exceeding \$3.5 billion only when the adjusted net assets are more than \$3.5 billion but less than \$10 billion and only if the Company's annualized internal rate of return on equity for the trailing three-years exceeds 12%. Any incentive management fee paid to the Manager may only be distributed by the Manager among the then-current Employees (as defined in the MSA) of the Manager. Such incentive management fee is subject to approval by the Compensation Committee of the Board. The Amendment also eliminates the payment of integration services fee by the Company's subsidiaries to the Manager and excludes excess cash held by the Company and the Company's subsidiaries, subject to certain exceptions, from the calculation of the adjusted net assets of the Company, along with certain other changes.

For the three months ended March 31, 2025 and 2024, the Company incurred the following management fees to CGM, by entity:

(in thousands)	Three months ended March 31,	
	2025	2024
5.11	\$ 250	\$ 250
BOA	250	250
Lugano	188	188
PrimaLoft	250	250
The Honey Pot Co.	250	—
Velocity	125	125
Altor	188	188
Arnold Magnetics	125	125
Sterno	125	125
Corporate	17,112	16,441
	<u>\$ 18,863</u>	<u>\$ 17,942</u>

Effect of Restatement on Management Fees

As a result of the restatement of the financial statements as of December 31, 2024, 2023 and 2022 and for the years ended December 31, 2024, 2023 and 2022, as well as for the period ended December 31, 2021 and revisions made in the quarter ended March 31, 2025, the management fees paid to CGM were in excess of the amounts that should have been due under the MSA. While the MSA does not contain an express mechanism that permits the Company to immediately clawback the overpayment of management fees during the aforementioned periods, the MSA provides that future payments under the MSA will be reduced, on a dollar-for-dollar basis, by the aggregate amount of all overpaid management fees. The Company currently estimates the aggregate amount of overpaid management fees as of March 31, 2025 at approximately \$43.1 million, which amount will reduce future payments on a dollar-for-dollar basis. The Board intends to direct the Company to pursue its right to recover all such excess management fees paid to the Manager as soon as is reasonably practicable in light of the facts and circumstances. Refer to "[Note O - Related Parties](#)" included in the "Notes to the Condensed Consolidated Financial Statements" in this Form 10-Q, for the calculation of the management fee amounts that were in excess of the amount due after the restatement.

Integration Services Agreements

Integration services represent fees paid by newly acquired companies to the Manager for integration services performed during the first year of ownership. Under the Integration Services Agreement ("ISA"), CGM provides services for new platform acquisitions to, amongst other things, assist the management at the acquired entities in establishing a corporate governance program, implement compliance and reporting requirements of the Sarbanes-

Oxley Act of 2002, as amended, and align the acquired entity's policies and procedures with our other subsidiaries. Integration services fees are recorded as selling, general and administrative expense in the consolidated statement of operations. The amendment to the Management Service Agreement entered into in January 2025 eliminated the payment of integration services for future acquisitions.

The Honey Pot Co., which was acquired in January 2024, entered into an ISA with CGM whereby The Honey Pot Co. will pay CGM a total integration services fee of \$3.5 million, payable quarterly over a twelve-month period beginning June 30, 2024. THP paid CGM \$0.9 million in integration service fees in the quarter ended March 31, 2025.

Allocation Interests

At the time of our Initial Public Offering, we issued Allocation Interests governed by our LLC agreement that entitled the holders (the "Holders") to receive distributions pursuant to a profit allocation formula upon the occurrence of certain events. The Holders are entitled to receive, if due pursuant to the profit allocation formula, an allocation payment upon the sale of a business (a "Sale Event") and upon election of the Holder during the 30-day period following the fifth anniversary of the date upon which we acquired a controlling interest in a business (a "Holding Event"). Payments of profit allocation to the Holders are accounted for as dividends declared on Allocation Interests and recorded in stockholders' equity once they are approved by our Board.

The sale of Marucci in November 2023 represented a Sale Event and the Company's board of directors approved a distribution of \$48.9 million in the first quarter of 2024. This distribution was paid to the Holders of the Allocation Interests in February 2024.

The sale of Ergobaby in December 2024 represented a Sale Event, however the calculation of the profit allocation payment resulted in a negative amount therefore no profit allocation payment was due to the Holders. The negative amount will offset future profit allocation payments due to the Holders.

The Lugano bankruptcy will be a Sale Event and any corresponding loss on such Sale Event will have the effect of reducing future allocation payments. The LLC Agreement also contains a mechanism to adjust future profit allocation payments by over-paid and under-paid profit distributions. The Company intends to cause future allocation payments to be adjusted, as necessary, to reflect the impact of the restatement of the Company's financial statements as described in the 2024 Form 10-K/A.

5.11

Related Party Vendor Purchases - 5.11 purchases inventory from a vendor who is a related party to 5.11 through one of the executive officers of 5.11 via the executive's 40% ownership interest in the vendor. 5.11 purchased approximately \$0.2 million and \$0.4 million during the three months ended March 31, 2025 and March 31, 2024, respectively in inventory from the vendor.

BOA

Related Party Vendor Purchases - A contract manufacturer used by BOA as the primary supplier of molded injection parts is a noncontrolling shareholder of BOA. BOA purchased approximately \$12.0 million and \$10.6 million from this supplier during the three months ended March 31, 2025 and March 31, 2024, respectively.

Lugano

Related Party Transaction - In the first quarter of 2025, the former Chief Executive Officer of Lugano represented that he had entered into an agreement with a customer of Lugano to pay, on behalf of the customer, an \$8.8 million outstanding account receivable owed to Lugano since July 2024. However, the former Chief Executive Officer of Lugano misrepresented the purpose and explanation for the transaction. It was subsequently determined that neither the account receivable nor the purpose of the payment by the former Chief Executive Officer of Lugano were factually accurate, and that instead the payment was made by the former Chief Executive Officer of Lugano in furtherance of his previously described schemes.

Related Party Vendor Purchases - Lugano purchases inventory from a vendor who is a related party to Lugano through one of the executive officers of Lugano. The related party relationship commenced in 2024. During the three months ended March 31, 2025, Lugano purchased approximately \$1.9 million in inventory from the vendor.

Off-Balance Sheet Arrangements

We have no special purpose entities or off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates under different assumptions and judgments and uncertainties, and potentially could result in materially different results under different conditions. These critical accounting policies and estimates are reviewed periodically by our independent auditors and the audit committee of our board of directors.

Except as set forth below, our critical accounting estimates have not changed materially from those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2024 Form 10-K/A as filed with the SEC on December 8, 2025.

Goodwill and Indefinite-lived Intangible Asset Impairment Testing

Goodwill represents the excess amount of the purchase price over the fair value of the assets acquired. Our goodwill and indefinite lived intangible assets are tested for impairment on an annual basis as of March 31st, and if current events or circumstances require, on an interim basis. Goodwill is allocated to various reporting units, which are generally an operating segment. Each of our subsidiary businesses represents a reporting unit.

We use a qualitative approach to test goodwill for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is greater than its carrying amount as a basis for determining whether it is necessary to perform the goodwill impairment testing. The qualitative factors we consider include, in part, the general macroeconomic environment, industry and market specific conditions for each reporting unit, financial performance including actual versus planned results and results of relevant prior periods, operating costs and cost impacts, as well as issues or events specific to the reporting unit. If qualitative factors are not sufficient to determine that the fair value of a reporting unit is more likely than not to exceed its carrying value, we will perform a quantitative test of the reporting unit whereby we estimate the fair value of the reporting unit using an income approach or market approach, or a weighting of the two methods. Under the income approach, we estimate the fair value of our reporting unit based on the present value of future cash flows. Cash flow projections are based on management's estimate of revenue growth rates and operating margins and take into consideration industry and market conditions as well as company specific economic factors. The discount rate used is based on the weighted average cost of capital adjusted for the relevant risk associated with the business and the uncertainty associated with the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimate fair value based on market multiples of revenue and earnings derived from comparable public companies with operating characteristics that are similar to the reporting unit. When market comparables are not meaningful or available, we estimate the fair value of the reporting unit using only the income approach. The valuation approaches are subject to key judgments and assumptions that are sensitive to change such as judgments and assumptions about appropriate sales growth rates, operating margins, weighted average cost of capital, and comparable company market multiples. When developing these key judgments and assumptions, we consider economic, operational and market conditions that could impact the fair value of the reporting unit. Estimates are inherently uncertain and represent only management's reasonable expectations regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will most likely differ from actual future results.

Annual Impairment Testing

2025 Annual Impairment Testing

For our annual impairment testing at March 31, 2025, we performed a qualitative assessment of our reporting units with goodwill balances. The results of the qualitative analysis indicated that it was more-likely-than-not that the fair value of each of our reporting units except PrimaLoft exceeded their carrying value. Based on our analysis, we determined that the PrimaLoft operating segment required quantitative testing because we could not conclude that the fair value of the reporting unit significantly exceeded the carrying value based on qualitative factors alone. We performed a quantitative test of PrimaLoft using an income approach and a market approach to determine the fair value of the PrimaLoft reporting unit. The discount rate used in the income approach was 11.3%. The results of the testing indicated that the fair value of PrimaLoft exceeded the carrying value by 12.1%.

2024 Annual Impairment Testing

For our annual impairment testing at March 31, 2024, we performed a qualitative assessment of our reporting units. The results of the qualitative analysis indicated that it was more-likely-than-not that the fair value of each of our reporting units except Velocity exceeded their carrying value. Based on our analysis, we determined that the Velocity operating segment required quantitative testing because we could not conclude that the fair value of this reporting unit significantly exceeded the carrying value based on qualitative factors alone. We performed a quantitative test of Velocity and the results of the testing indicated that the fair value of Velocity did not exceed the carrying value, resulting in goodwill impairment expense of \$8.2 million as of March 31, 2024, which represented the remaining balance of goodwill at Velocity.

Indefinite-lived intangible assets

We use a qualitative approach to test indefinite lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform quantitative impairment testing. Our indefinite-lived intangible asset consists of a trade name with a carrying value of approximately \$30.8 million. The results of the qualitative analysis of our reporting unit's indefinite-lived intangible asset, which we completed as of March 31, 2025, indicated that the fair value of the indefinite lived intangible asset exceeded its carrying value.

Recent Accounting Pronouncements

Refer to [Note A - "Presentation and Principles of Consolidation"](#) of the condensed consolidated financial statements for a discussion of recent accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk since December 31, 2024. For a further discussion of our exposure to market risk, refer to the section entitled "Quantitative and Qualitative Disclosures about Market Risk" that was disclosed in Part II, Item 7A of our Form 10-K/A.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Form 10-Q. As previously disclosed in the 2024 Form 10-K/A, management identified material weaknesses in internal control over financial reporting. Because these material weaknesses had not been fully remediated as of March 31, 2025, management concluded that the Company's disclosure controls and procedures were not effective as of that date.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2025, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The material weaknesses described in the 2024 Form 10-K/A were identified subsequent to the end of the quarter, and therefore no remediation activities had been designed or implemented as of March 31, 2025. Following the identification of the material weaknesses, management began developing a remediation plan, as described in the 2024 Form 10-K/A. These remediation activities were initiated after the quarter ended and accordingly are not reflected as changes in internal control over financial reporting for the quarter ended March 31, 2025.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes to those legal proceedings associated with the Company's business together with legal proceedings for the businesses discussed in the section entitled "Legal Proceedings" that was disclosed in Part I, Item 3 of the 2024 Form 10-K/A, as filed with the SEC on December 8, 2025.

ITEM 1A. RISK FACTORS

The risk factors disclosed in our 2024 Form 10-K/A for the fiscal year ended December 31, 2024 should be considered together with information included in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 and should not be considered the only risks to which we are exposed. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, including our results of operations, liquidity and financial condition. We believe there have been no material changes from the risk factors previously disclosed.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1	<u>Third Amended and Restated Trust Agreement of the Trust (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.2	<u>First amendment to Third Amended and Restated Trust Agreement of the Trust (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on September 3, 2024 (File No. 001-34926)).</u>
3.3	<u>Sixth Amended and Restated Operating Agreement of the Company (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.4	<u>First Amendment to the Sixth Amended and Restated Operating Agreement of the Company (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on February 14, 2022 (File No. 001-34927)).</u>
3.5	<u>Second Amendment to the Sixth Amended and Restated Trust agreement of the Trust (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on September 3, 2024 (File No. 001-34926)).</u>
3.6	<u>Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series A Preferred Shares (incorporated by reference to Exhibit 3.3 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.7	<u>First Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series A Preferred Shares (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.8	<u>Second Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series A Preferred Shares (incorporated by reference Exhibit 4.11 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.9	<u>Compass Group Diversified Holdings LLC Trust Interest Designation of Series A Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on June 28, 2017 (File No. 001-34927)).</u>
3.10	<u>First Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series A Trust Preferred Interests (incorporated by reference to Exhibit 3.4 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.11	<u>Second Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series A Trust Preferred Interests (incorporated by reference Exhibit 4.14 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.12	<u>Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series B Preferred Shares (incorporated by reference to Exhibit 3.4 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.13	<u>First Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series B Preferred Shares (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.14	<u>Second Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series B Preferred Shares (incorporated by reference Exhibit 4.17 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.15	<u>Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series B Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on March 13, 2018 (File No. 001-34927)).</u>
3.16	<u>First Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series B Trust Preferred Interests (incorporated by reference to Exhibit 3.5 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.17	<u>Second Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series B Trust Preferred Interests (incorporated by reference Exhibit 4.20 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>

3.18	<u>Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series C Preferred Shares (incorporated by reference to Exhibit 3.5 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.19	<u>First Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series C Preferred Shares (incorporated by reference to Exhibit 3.3 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.20	<u>Second Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series C Preferred Shares (incorporated by reference Exhibit 4.23 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.21	<u>Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series C Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on November 20, 2019 (File No. 001-34927)).</u>
3.22	<u>First Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series C Trust Preferred Interests (incorporated by reference to Exhibit 3.6 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.23	<u>Second Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series C Trust Preferred Interests (incorporated by reference Exhibit 4.26 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
10.1	<u>Seventh Amended and Restated Management Service Agreement by and between Compass Group Diversified Holdings LLC, and Compass Group Management LLC, dated as of January 15, 2025 and originally effective as of May 16, 2006 (incorporated by reference to Exhibit 10.1 of the Form 8-K filed on January 15, 2025 (File No. 001-34927)).</u>
10.2	<u>First Supplemental Indenture, dated as of January 15, 2025, to the Indenture dated as of March 23, 2021 between Compass Group Diversified Holdings LLC and U.S. Bank National Association (incorporated by reference to Exhibit 10.2 of the Form 8-K filed on January 15, 2025 (File No. 000-34927)).</u>
10.3	<u>First Supplemental Indenture, dated as of January 15, 2025, to the Indenture dated as of November 17, 2021 between Compass Group Diversified Holdings LLC and U.S. Bank National Association (incorporated by reference to Exhibit 10.3 of the Form 8-K filed on January 15, 2025 (File No. 000-34927)).</u>
10.4	<u>First Incremental Facility Amendment, dated January 9, 2025, by and among Compass Diversified Holdings LLC, Bank of America, N.A., and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Form 8-K filed on January 10, 2025 (File No. 001-34927)).</u>
31.1*	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Registrant</u>
31.2*	<u>Rule 13a-14(a)/15d-14(a) Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Registrant</u>
32.1**	<u>Certification of Chief Executive Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Chief Financial Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE*

Inline XBRL Taxonomy Extension Presentation Linkbase Document

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Cover page formatted as Inline XBRL and contained in Exhibit 101

*

Filed herewith.

+

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 18, 2025

COMPASS DIVERSIFIED HOLDINGS

By: /s/ Stephen Keller
Stephen Keller
Regular Trustee

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 18, 2025

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Stephen Keller
Stephen Keller
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

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3.6	<u>Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series A Preferred Shares (incorporated by reference to Exhibit 3.3 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.7	<u>First Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series A Preferred Shares (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.8	<u>Second Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series A Preferred Shares (incorporated by reference Exhibit 4.11 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.9	<u>Compass Group Diversified Holdings LLC Trust Interest Designation of Series A Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on June 28, 2017 (File No. 001-34927)).</u>
3.10	<u>First Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series A Trust Preferred Interests (incorporated by reference to Exhibit 3.4 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.11	<u>Second Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series A Trust Preferred Interests (incorporated by reference Exhibit 4.14 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.12	<u>Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series B Preferred Shares (incorporated by reference to Exhibit 3.4 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.13	<u>First Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series B Preferred Shares (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
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3.16	<u>First Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series B Trust Preferred Interests (incorporated by reference to Exhibit 3.5 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.17	<u>Second Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series B Trust Preferred Interests (incorporated by reference Exhibit 4.20 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>

3.18	<u>Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series C Preferred Shares (incorporated by reference to Exhibit 3.5 of the Form 8-K filed on August 4, 2021 (File No. 001-34927)).</u>
3.19	<u>First Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series C Preferred Shares (incorporated by reference to Exhibit 3.3 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.20	<u>Second Amendment to Amended and Restated Share Designation of Compass Diversified Holdings with respect to Series C Preferred Shares (incorporated by reference Exhibit 4.23 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
3.21	<u>Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series C Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on November 20, 2019 (File No. 001-34927)).</u>
3.22	<u>First Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series C Trust Preferred Interests (incorporated by reference to Exhibit 3.6 of the Form 8-K filed on March 20, 2024 (File No. 001-34926)).</u>
3.23	<u>Second Amendment to Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series C Trust Preferred Interests (incorporated by reference Exhibit 4.26 of the Form S-3 filed on September 4, 2024 (File No. 333-281931)).</u>
10.1	<u>Seventh Amended and Restated Management Service Agreement by and between Compass Group Diversified Holdings LLC, and Compass Group Management LLC, dated as of January 15, 2025 and originally effective as of May 16, 2006 (incorporated by reference to Exhibit 10.1 of the Form 8-K filed on January 15, 2025 (File No. 001-34927)).</u>
10.2	<u>First Supplemental Indenture, dated as of January 15, 2025, to the Indenture dated as of March 23, 2021 between Compass Group Diversified Holdings LLC and U.S. Bank National Association (incorporated by reference to Exhibit 10.2 of the Form 8-K filed on January 15, 2025 (File No. 000-34927)).</u>
10.3	<u>First Supplemental Indenture, dated as of January 15, 2025, to the Indenture dated as of November 17, 2021 between Compass Group Diversified Holdings LLC and U.S. Bank National Association (incorporated by reference to Exhibit 10.3 of the Form 8-K filed on January 15, 2025 (File No. 000-34927)).</u>
10.4	<u>First Incremental Facility Amendment, dated January 9, 2025, by and among Compass Diversified Holdings LLC, Bank of America, N.A., and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Form 8-K filed on January 10, 2025 (File No. 001-34927)).</u>
31.1*	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Registrant</u>
31.2*	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Registrant</u>
32.1**	<u>Certification of Chief Executive Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Chief Financial Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover page formatted as Inline XBRL and contained in Exhibit 101

* Filed herewith.

+ In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Elias J. Sabo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Compass Group Diversified Holdings LLC (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 18, 2025

/s/ Elias J. Sabo

Elias J. Sabo

*Chief Executive Officer of
Compass Group Diversified Holdings LLC
(Principal Executive Officer)*

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen Keller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Compass Diversified Holdings and Compass Group Diversified Holdings LLC (each, the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 18, 2025

/s/ Stephen Keller

Stephen Keller

*Regular Trustee of Compass Diversified Holdings and Chief
Financial Officer of*

*Compass Group Diversified Holdings LLC
(Principal Financial and Accounting Officer)*

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of COMPASS GROUP DIVERSIFIED HOLDINGS LLC on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elias J. Sabo, Chief Executive Officer of Compass Group Diversified Holdings LLC, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Compass Group Diversified Holdings LLC.

Dated: December 18, 2025

/s/ Elias J. Sabo

Elias J. Sabo

Chief Executive Officer,
Compass Group Diversified Holdings LLC

The foregoing certification is being furnished to accompany Compass Group Diversified Holdings LLC's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Compass Group Diversified Holdings LLC that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Compass Group Diversified Holdings LLC and will be retained by Compass Group Diversified Holdings LLC and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of COMPASS DIVERSIFIED HOLDINGS and COMPASS GROUP DIVERSIFIED HOLDINGS LLC on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Keller, Regular Trustee of Compass Diversified Holdings and Chief Financial Officer of Compass Group Diversified Holdings LLC, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Compass Diversified Holdings and Compass Group Diversified Holdings LLC.

Dated: December 18, 2025

/s/ Stephen Keller

Stephen Keller

Regular Trustee, Compass Diversified Holdings and
Chief Financial Officer,
Compass Group Diversified Holdings LLC

The foregoing certification is being furnished to accompany Compass Diversified Holdings' and Compass Group Diversified Holdings LLC's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Compass Diversified Holdings and Compass Group Diversified Holdings LLC that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Compass Diversified Holdings and Compass Group Diversified Holdings LLC and will be retained by Compass Diversified Holdings and Compass Group Diversified Holdings LLC and furnished to the Securities and Exchange Commission or its staff upon request.