

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

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 31, 2024**

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

**Delaware  
(State or other jurisdiction  
of incorporation)**

**001-34927  
(Commission  
File Number)**

**57-6218917  
(I.R.S. Employer  
Identification No.)**

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

**Delaware  
(State or other jurisdiction  
of incorporation)**

**001-34926  
(Commission  
File Number)**

**20-3812051  
(I.R.S. Employer  
Identification No.)**

**301 Riverside Avenue, Second Floor, Westport, CT 06880  
(Address of principal executive offices and zip code)**

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

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of Each Class   | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---|-------------------|---|
| 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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Section 2 Financial Information**

### **Item 2.02 Results of Operations and Financial Condition**

On July 31, 2024, Compass Diversified Holdings (NYSE: CODI) and Compass Group Diversified Holdings LLC (collectively "CODI") issued a press release announcing its consolidated operating results for the three and six months ended June 30, 2024. A copy of the press release is furnished within this report as Exhibit 99.1.

## **Section 7 Regulation FD**

### **Item 7.01 Regulation FD Disclosure**

CODI has updated its investor presentation and will make it available on its website at [ir.compassdiversified.com](http://ir.compassdiversified.com). CODI management uses this presentation from time to time when interacting with investors and analysts to discuss the operations and strategies of our businesses.

## **Section 9 Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

| <b>Exhibit Number</b> | <b>Description</b>  |
|-----------------------|---|
| 99.1                  | <a href="#">Earnings Release of CODI dated July 31, 2024</a>                |
| 104                   | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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**SIGNATURES**

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

Date: July 31, 2024

COMPASS DIVERSIFIED HOLDINGS

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham

*Regular Trustee*

**SIGNATURES**

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

Date: July 31, 2024

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham

*Chief Financial Officer*



## Compass Diversified Reports Second Quarter 2024 Financial Results

**Westport, Conn., July 31, 2024** – Compass Diversified (NYSE: CODI) (“CODI” or the “Company”), an owner of leading middle market businesses, announced today its consolidated operating results for the three months ended June 30, 2024.

“I’m pleased to announce another strong quarter with results that exceeded our expectations, driven by continued strength in our consumer businesses,” said Elias Sabo CEO of Compass Diversified. “While Q2 saw deteriorating economic conditions that negatively impacted our industrial vertical, our branded consumer businesses performed exceptionally well with net sales up close to 20%, or 11% on a pro forma basis, offsetting any weaknesses in our industrial businesses. As expected, destocking headwinds subsided this past quarter, which meant both BOA and PrimaLoft performed exceptionally well and Lugano continued to grow at an extraordinary pace.”

### Second Quarter 2024 Financial Summary vs. Same Year-Ago Period (where applicable)

- Net sales up 11% to \$542.6 million and up 6% on a pro forma basis.
- Branded Consumer net sales up 11% on a pro forma basis to \$373.5 million.
- Industrial net sales down 4% to \$169.1 million.
- Loss from continuing operations of \$13.7 million vs. income from continuing operations of \$10.1 million.
- Net loss of \$(13.7) million vs. net income of \$17.1 million, primarily due to the loss of \$24.6 million from the divestiture of Crosman Corporation, a division of Velocity Outdoor.
- Adjusted Earnings, a non-GAAP financial measure, was up 36% to \$39.8 million vs. \$29.2 million.
- Adjusted EBITDA, a non-GAAP financial measure, was up 27% to \$105.4 million.
- Paid a second quarter 2024 cash distribution of \$0.25 per share on CODI's common shares in July 2024.

### Recent Business Highlights

- On April 30, 2024, CODI announced the divestiture of Crosman Corporation, the air gun division of its Velocity Outdoor subsidiary.
- On April 18, 2024, The Honey Pot Co., a subsidiary of CODI and a leading, better-for-you feminine care brand, announced the appointment of three new female members to its board of directors.

### Second Quarter 2024 Financial Results

Net sales in the second quarter of 2024 were \$542.6 million, up 11% compared to \$486.9 million in the second quarter of 2023. This was driven by our acquisition of The Honey Pot Co. in January 2024 and continued strong sales growth at Lugano and BOA. On a pro forma basis, assuming CODI had acquired The Honey Pot Co. on January 1, 2023, net sales were up 6%.

On a pro forma basis, Branded Consumer net sales increased 11% to \$373.5 million compared to the second quarter of 2023.

Industrial net sales decreased 4% to \$169.1 million compared to the second quarter of 2023.

Operating income for the second quarter of 2024 was \$61.3 million compared to \$42.1 million in the second quarter of 2023. Operating income in the second quarter of 2024 reflected higher gross profit at our Branded Consumer brands, offset by increased SG&A and amortization expense from our acquisition of The Honey Pot Co. in the first quarter of 2024.

Loss from continuing operations in the second quarter of 2024 was \$(13.7) million compared to income from continuing operations of \$10.1 million in the second quarter of 2023, primarily reflecting the loss on the divestiture of Crosman Corporation.

Net loss in the second quarter of 2024 was \$(13.7) million compared to net income of \$17.1 million in the second quarter of 2023, primarily reflecting the loss on the divestiture of Crosman Corporation.

Adjusted Earnings (see "Note Regarding Use of Non-GAAP Financial Measures" below) for the second quarter of 2024 increased 36% to \$39.8 million compared to \$29.2 million a year ago. CODI's weighted average number of shares outstanding in the second quarter of 2024 was 75.39 million compared to 71.93 million in the prior year second quarter.

Adjusted EBITDA (see "Note Regarding Use of Non-GAAP Financial Measures" below) in the second quarter of 2024 was \$105.4 million, up 27% compared to \$82.9 million in the second quarter of 2023. The increase was primarily due to strong results at BOA and Lugano, and the addition of The Honey Pot Co. in the first quarter of 2024. The Company no longer adds back management fees in its calculation of Adjusted EBITDA. Management fees incurred during the second quarter were \$18.9 million.

### **Liquidity and Capital Resources**

As of June 30, 2024, CODI had approximately \$68.4 million in cash and cash equivalents, \$54.0 million outstanding on its revolver, \$380.0 million outstanding in term loans, \$1.0 billion outstanding in 5.250% Senior Notes due 2029 and \$300.0 million outstanding in 5.000% Senior Notes due 2032.

As of June 30, 2024, the Company had no significant debt maturities until 2027 and had net borrowing availability of approximately \$543.6 million under its revolving credit facility.

### **Second Quarter 2024 Distributions**

On July 2, 2024, CODI's board of directors declared a second quarter distribution of \$0.25 per share on the Company's common shares. The cash distribution was paid on July 25, 2024, to all holders of record of common shares as of July 18, 2024.

The board also declared a quarterly cash distribution of \$0.453125 per share on the Company's 7.250% Series A Preferred Shares (the "Series A Preferred Shares"). The distribution on the Series A Preferred Shares covers the period from, and including, April 30, 2024, up to, but excluding, July 30, 2024. The distribution for such period was payable on July 30, 2024, to all holders of record of Series A Preferred Shares as of July 15, 2024.

The board also declared a quarterly cash distribution of \$0.4921875 per share on the Company's 7.875% Series B Preferred Shares (the "Series B Preferred Shares"). The distribution on the Series B Preferred Shares covers the period from, and including, April 30, 2024, up to, but excluding, July 30, 2024. The distribution for such period was payable on July 30, 2024, to all holders of record of Series B Preferred Shares as of July 15, 2024.

The board also declared a quarterly cash distribution of \$0.4921875 per share on the Company's 7.875% Series C Preferred Shares (the "Series C Preferred Shares"). The distribution on the Series C Preferred Shares covers the period from, and including, April 30, 2024, up to, but excluding, July 30, 2024. The

distribution for such period was payable on July 30, 2024, to all holders of record of Series C Preferred Shares as of July 15, 2024.

## **2024 Outlook**

As a result of CODI's financial performance in the second quarter, it's expectations for the remainder of 2024 and its current view of the economy, the Company is maintaining its 2024 outlook.

CODI continues to expect its current subsidiaries, inclusive of The Honey Pot Co. as if it owned it from January 1, 2024, to produce Subsidiary Adjusted EBITDA (see "Note Regarding Use of Non-GAAP Financial Measures" below) for the full year 2024 of between \$480 million and \$520 million.

Of this range, CODI now expects its Branded Consumer vertical to produce \$365 million to \$395 million, an upward revision of \$10 million, and its Industrial vertical to produce \$115 million to \$125 million, a downward revision of \$10 million. These estimates are based on the summation of the Company's expectations for its current subsidiaries in 2024, and is absent additional acquisitions or divestitures, and excludes corporate expenses such as interest expense, management fees paid by CODI and corporate overhead.

CODI continues to expect to earn Adjusted EBITDA (see "Note Regarding Use of Non-GAAP Financial Measures" below), which includes management fees and corporate expenses, of \$390 million to \$430 million for the full year 2024. Adjusted EBITDA only includes results from The Honey Pot Co. from the date of acquisition.

In addition, the Company is maintaining its Adjusted Earnings guidance and expects to earn between \$148 million and \$163 million (see "Note Regarding Use of Non-GAAP Financial Measures" below) for the full year 2024.

In reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K, CODI has not reconciled 2024 Subsidiary Adjusted EBITDA, 2024 Adjusted EBITDA or 2024 Adjusted Earnings to their comparable GAAP measure because it does not provide guidance on Income (Loss) from Continuing Operations or Net Income (Loss) or the applicable reconciling items as a result of the uncertainty regarding, and the potential variability of, these items. For the same reasons, CODI is unable to address the probable significance of the unavailable information, which could be material to future results.

## **Conference Call**

In conjunction with this announcement, CODI will host a conference call on July 31, 2024, at 5:00 p.m. E.T. / 2:00 p.m. PT with the Company's Chief Executive Officer, Elias Sabo, the Company's Chief Financial Officer, Ryan Faulkingham, and Pat Maciariello the Chief Operating Officer of Compass Group Management. A live webcast of the call will be available on the [Investor Relations](#) section of CODI's website. To access the call by phone, please go to this link ([registration link](#)) and you will be provided with dial in details. To avoid delays, we encourage participants to dial into the conference call 15 minutes ahead of the scheduled start time. A replay of the webcast will also be available for a limited time on the Company's website.

## **Note Regarding Use of Non-GAAP Financial Measures**

Adjusted EBITDA and Adjusted Earnings are non-GAAP measures used by the Company to assess its performance. We have reconciled Adjusted EBITDA to Income (Loss) from Continuing Operations and Adjusted Earnings to Net Income (Loss) on the attached schedules. We consider Income (Loss) from Continuing Operations to be the most directly comparable GAAP financial measure to Adjusted EBITDA and Net Income (Loss) to be the most directly comparable GAAP financial measure to Adjusted Earnings. We believe that Adjusted EBITDA and Adjusted Earnings provides useful information to investors and reflect important financial measures as each excludes 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 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 businesses or the non-cash charges associated with impairments, as well as certain cash charges. The presentation of Adjusted EBITDA allows investors to view the performance of our businesses in a manner similar to the methods used by us and the management of our businesses, provides additional insight into our operating results and provides a measure for evaluating targeted businesses for acquisition. The presentation of Adjusted Earnings provides insight into our operating results and provides a measure for evaluating earnings from continuing operations available to common shareholders.

Pro forma net sales is defined as net sales including the historical net sales relating to the pre-acquisition periods of The Honey Pot Co., assuming that the Company acquired The Honey Pot Co. on January 1, 2023. We have reconciled pro forma net sales to net sales, the most directly comparable GAAP financial measure, on the attached schedules. We believe that pro forma net sales is useful information for investors as it provides a better understanding of sales performance, and relative changes thereto, on a comparable basis. Pro forma net sales is not necessarily indicative of what the actual results would have been if the acquisition had in fact occurred on the date or for the periods indicated nor does it purport to project net sales for any future periods or as of any date.

Adjusted EBITDA, Adjusted Earnings and pro forma net sales are not meant to be a substitute for GAAP measures and may be different from or otherwise inconsistent with non-GAAP financial measures used by other companies.

### **About Compass Diversified**

Since its IPO in 2006, CODI has consistently executed on its strategy of owning and managing a diverse set of highly defensible, middle-market businesses across the industrial, branded consumer, and healthcare sectors. CODI leverages its permanent capital base, long-term disciplined approach, and actionable expertise to maintain controlling ownership interests in each of its subsidiaries, maximizing its ability to impact long-term cash flow generation and value creation. CODI provides both debt and equity capital for its subsidiaries, contributing to their financial and operating flexibility. CODI utilizes the cash flows generated by its subsidiaries to invest in the long-term growth of the Company and has consistently generated strong returns through its culture of transparency, alignment, and accountability. For more information, please visit [compassdiversified.com](http://compassdiversified.com).

### **Forward Looking Statements**

*Certain statements in this press release may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements as to our future performance or liquidity, such as expectations regarding our results of operations and financial condition, our 2024 Subsidiary Adjusted EBITDA, our 2024 Adjusted EBITDA, our 2024 Adjusted Earnings, our pending acquisitions and divestitures, and other statements with regard to the future performance of CODI. We may use words such as “plans,” “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “may,” “seek,” “look,” and similar expressions to identify forward-looking statements. The forward-looking statements contained in this press release involve risks and uncertainties. Actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in CODI’s annual report on Form 10-K and its quarterly reports on Form 10-Q. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment, including changes in inflation and interest rates; risks associated with possible disruption in CODI’s operations or the economy generally due to terrorism, war, natural disasters or social, civil and political unrest; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities); environmental risks affecting the business or operations of our subsidiaries; disruption in the global supply chain, labor shortages and high labor costs; our business prospects and the prospects of our subsidiaries; the impact of, and ability to successfully complete and integrate,*

*acquisitions that we may make; the ability to successfully complete when we've executed divestitures agreements; the dependence of our future success on the general economy and its impact on the industries in which we operate; the ability of our subsidiaries to achieve their objectives; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our subsidiaries; and other considerations that may be disclosed from time to time in CODI's publicly disseminated documents and filings. Undue reliance should not be placed on such forward-looking statements as such statements speak only as of the date on which they are made. Although, except as required by law, CODI undertakes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that CODI may make directly to you or through reports that it in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.*

## **Investor Relations**

Compass Diversified  
[irinquiry@compassdiversified.com](mailto:irinquiry@compassdiversified.com)

Gateway Group  
Cody Slach  
949.574.3860  
[CODI@gateway-grp.com](mailto:CODI@gateway-grp.com)

## **Media Relations**

Compass Diversified  
[mediainquiry@compassdiversified.com](mailto:mediainquiry@compassdiversified.com)

The IGB Group  
Leon Berman  
212-477-8438  
[lberman@igbir.com](mailto:lberman@igbir.com)



**Compass Diversified Holdings**  
**Condensed Consolidated Balance Sheets**

| <i>(in thousands)</i>                               | <b>June 30, 2024</b> | <b>December 31, 2023</b> |
|---|----------------------|--------------------------|
|   | <b>(Unaudited)</b>   |                          |
| <b>Assets</b>                                       |                      |                          |
| Current assets                                      |                      |                          |
| Cash and cash equivalents                           | \$ 68,370            | \$ 450,477               |
| Accounts receivable, net                            | 358,530              | 318,241                  |
| Inventories, net                                    | 843,634              | 740,387                  |
| Prepaid expenses and other current assets           | 126,027              | 94,715                   |
| Total current assets                                | 1,396,561            | 1,603,820                |
| Property, plant and equipment, net                  | 180,928              | 192,562                  |
| Goodwill  | 1,003,685            | 901,428                  |
| Intangible assets, net                              | 1,088,647            | 923,905                  |
| Other non-current assets                            | 188,373              | 195,266                  |
| <b>Total assets</b>                                 | <b>\$ 3,858,194</b>  | <b>\$ 3,816,981</b>      |
| <b>Liabilities and stockholders' equity</b>         |                      |                          |
| Current liabilities                                 |                      |                          |
| Accounts payable and accrued expenses               | \$ 268,874           | \$ 250,868               |
| Due to related party                                | 17,928               | 16,025                   |
| Current portion, long-term debt                     | 10,000               | 10,000                   |
| Other current liabilities                           | 37,486               | 35,465                   |
| Total current liabilities                           | 334,288              | 312,358                  |
| Deferred income taxes                               | 138,218              | 120,131                  |
| Long-term debt                                      | 1,712,084            | 1,661,879                |
| Other non-current liabilities                       | 204,852              | 203,232                  |
| <b>Total liabilities</b>                            | 2,389,442            | 2,297,600                |
| <b>Stockholders' equity</b>                         |                      |                          |
| Total stockholders' equity attributable to Holdings | 1,216,504            | 1,326,750                |
| Noncontrolling interest                             | 252,248              | 192,631                  |
| Total stockholders' equity                          | 1,468,752            | 1,519,381                |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 3,858,194</b>  | <b>\$ 3,816,981</b>      |

**Compass Diversified Holdings**  
**Consolidated Statements of Operations**  
(Unaudited)

| <i>(in thousands, except per share data)</i>  | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|---|-----------------------------|------------|---------------------------|------------|
|   | 2024                        | 2023       | 2024                      | 2023       |
| Net sales   | \$ 542,595                  | \$ 486,889 | \$ 1,066,885              | \$ 970,822 |
| Cost of sales   | 283,481                     | 270,248    | 565,944                   | 549,117    |
| <b>Gross profit</b>   | 259,114                     | 216,641    | 500,941                   | 421,705    |
| Operating expenses:   |                             |            |                           |            |
| Selling, general and administrative expense   | 151,446                     | 133,755    | 302,160                   | 264,019    |
| Management fees   | 18,864                      | 16,795     | 36,931                    | 33,065     |
| Amortization expense  | 27,461                      | 23,978     | 53,749                    | 47,951     |
| Impairment expense  | —                           | —          | 8,182                     | —          |
| <b>Operating income</b>   | 61,343                      | 42,113     | 99,919                    | 76,670     |
| Other income (expense):   |                             |            |                           |            |
| Interest expense, net   | (26,561)                    | (26,613)   | (50,136)                  | (52,793)   |
| Amortization of debt issuance costs   | (1,004)                     | (1,024)    | (2,009)                   | (2,029)    |
| Loss on sale of Crosman   | (24,606)                    | —          | (24,606)                  | —          |
| Other income (expense), net   | (1,375)                     | (105)      | (4,249)                   | 1,055      |
| <b>Net income from continuing operations before income taxes</b>                      | 7,797                       | 14,371     | 18,919                    | 22,903     |
| Provision for income taxes  | 21,520                      | 4,320      | 30,206                    | 11,240     |
| <b>Income (loss) from continuing operations</b>                                       | (13,723)                    | 10,051     | (11,287)                  | 11,663     |
| Income from discontinued operations, net of income tax                                | —                           | 2,840      | —                         | 12,840     |
| Gain on sale of discontinued operations   | —                           | 4,232      | 3,345                     | 102,221    |
| <b>Net income (loss)</b>  | (13,723)                    | 17,123     | (7,942)                   | 126,724    |
| Less: Net income from continuing operations attributable to noncontrolling interest   | 5,806                       | 3,498      | 13,235                    | 7,669      |
| Less: Net income from discontinued operations attributable to noncontrolling interest | —                           | 19         | —                         | 52         |
| <b>Net income (loss) attributable to Holdings</b>                                     | \$ (19,529)                 | \$ 13,606  | \$ (21,177)               | \$ 119,003 |
| <b>Amounts attributable to Holdings</b>   |                             |            |                           |            |
| Income (loss) from continuing operations  | \$ (19,529)                 | \$ 6,553   | \$ (24,522)               | \$ 3,994   |
| Income from discontinued operations   | —                           | 2,821      | —                         | 12,788     |
| Gain on sale of discontinued operations, net of income tax                            | —                           | 4,232      | 3,345                     | 102,221    |
| <b>Net income (loss) attributable to Holdings</b>                                     | \$ (19,529)                 | \$ 13,606  | \$ (21,177)               | \$ 119,003 |
| <b>Basic income (loss) per common share attributable to Holdings</b>                  |                             |            |                           |            |
| Continuing operations   | \$ (0.45)                   | \$ (0.45)  | \$ (1.30)                 | \$ (0.59)  |
| Discontinued operations   | —                           | 0.10       | 0.04                      | 1.57       |
|   | \$ (0.45)                   | \$ (0.35)  | \$ (1.26)                 | \$ 0.98    |
| Basic weighted average number of common shares outstanding                            | 75,389                      | 71,932     | 75,332                    | 72,055     |
| Cash distributions declared per Trust common share                                    | \$ 0.25                     | \$ 0.25    | \$ 0.50                   | \$ 0.50    |

**Compass Diversified Holdings**  
**Net Income (Loss) to Non-GAAP Adjusted Earnings and Non-GAAP Adjusted EBITDA**  
**(Unaudited)**

| <i>(in thousands)</i>   | Three Months Ended June 30, |                  | Six Months Ended June 30, |                   |
|---|-----------------------------|------------------|---------------------------|-------------------|
|   | 2024                        | 2023             | 2024                      | 2023              |
| Net income (loss)   | \$ (13,723)                 | \$ 17,123        | \$ (7,942)                | \$ 126,724        |
| Income from discontinued operations, net of tax                                 | —                           | 2,840            | —                         | 12,840            |
| Gain on sale of discontinued operations, net of tax                             | —                           | 4,232            | 3,345                     | 102,221           |
| Net income (loss) from continuing operations                                    | \$ (13,723)                 | \$ 10,051        | \$ (11,287)               | \$ 11,663         |
| Less: income from continuing operations attributable to noncontrolling interest | 5,806                       | 3,498            | 13,235                    | 7,669             |
| Net income (loss) attributable to Holdings - continuing operations              | \$ (19,529)                 | \$ 6,553         | \$ (24,522)               | \$ 3,994          |
| Adjustments:  |                             |                  |                           |                   |
| Distributions paid - preferred shares   | (6,101)                     | (6,046)          | (12,146)                  | (12,091)          |
| Amortization expense - intangibles and inventory step up                        | 28,641                      | 23,977           | 57,755                    | 49,125            |
| Impairment expense  | —                           | —                | 8,182                     | —                 |
| Loss on sale of Crosman   | 24,606                      | —                | 24,606                    | —                 |
| Tax effect - loss on sale of Crosman  | 7,254                       | —                | 7,254                     | —                 |
| Stock compensation  | 3,927                       | 3,207            | 8,257                     | 4,848             |
| Acquisition expenses  | —                           | —                | 3,479                     | —                 |
| Integration services fee  | 875                         | 1,188            | 875                       | 2,375             |
| Other   | 131                         | 348              | 405                       | 780               |
| <b>Adjusted Earnings</b>  | <b>\$ 39,804</b>            | <b>\$ 29,227</b> | <b>\$ 74,145</b>          | <b>\$ 49,031</b>  |
| Plus (less):  |                             |                  |                           |                   |
| Depreciation expense  | 10,504                      | 12,107           | 21,396                    | 23,262            |
| Income tax provision  | 21,520                      | 4,320            | 30,206                    | 11,240            |
| Interest expense  | 26,561                      | 26,613           | 50,136                    | 52,793            |
| Amortization of debt issuance costs   | 1,005                       | 1,024            | 2,009                     | 2,029             |
| Tax effect - loss on sale of Crosman  | (7,254)                     | —                | (7,254)                   | —                 |
| Income from continuing operations attributable to noncontrolling interest       | 5,806                       | 3,498            | 13,235                    | 7,669             |
| Distributions paid - preferred shares   | 6,101                       | 6,046            | 12,146                    | 12,091            |
| Other (income) expense  | 1,375                       | 105              | 4,249                     | (1,055)           |
| <b>Adjusted EBITDA</b>  | <b>\$ 105,422</b>           | <b>\$ 82,940</b> | <b>\$ 200,268</b>         | <b>\$ 157,060</b> |

**Compass Diversified Holdings**  
**Net Income (Loss) from Continuing Operations to Non-GAAP Consolidated Adjusted EBITDA Reconciliation**  
**Three Months Ended June 30, 2024**  
**(Unaudited)**

|   | Corporate          | 5.11             | BOA              | Ergobaby        | Lugano           | PrimaLoft        | THP             | Velocity Outdoor | Altor           | Arnold          | Sterno           | Consolidated      |
|---|--------------------|------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|-----------------|-----------------|------------------|-------------------|
| <b>Income (loss) from continuing operations</b> | \$ (7,188)         | \$ 5,457         | \$ 8,995         | \$ (1,277)      | \$ 14,781        | \$ 325           | \$ (4,114)      | \$ (39,226)      | \$ 2,701        | \$ 2,258        | \$ 3,565         | \$ (13,723)       |
| Adjusted for:                                   |                    |                  |                  |                 |                  |                  |                 |                  |                 |                 |                  |                   |
| Provision (benefit) for income taxes            | —                  | 1,807            | 1,930            | 1,689           | 4,625            | 664              | (1,402)         | 8,717            | 1,098           | 1,190           | 1,202            | 21,520            |
| Interest expense, net                           | 26,450             | 1                | (10)             | —               | —                | (3)              | (3)             | 11               | —               | 115             | —                | 26,561            |
| Intercompany interest                           | (40,896)           | 3,253            | 5,299            | 2,125           | 13,579           | 4,430            | 2,925           | 2,364            | 1,868           | 1,797           | 3,256            | —                 |
| Depreciation and amortization                   | 180                | 5,708            | 5,411            | 2,189           | 2,525            | 5,323            | 5,507           | 2,006            | 4,085           | 2,261           | 4,955            | 40,150            |
| <b>EBITDA</b>                                   | <b>(21,454)</b>    | <b>16,226</b>    | <b>21,625</b>    | <b>4,726</b>    | <b>35,510</b>    | <b>10,739</b>    | <b>2,913</b>    | <b>(26,128)</b>  | <b>9,752</b>    | <b>7,621</b>    | <b>12,978</b>    | <b>74,508</b>     |
| Other (income) expense                          | 502                | 107              | 57               | —               | (70)             | 4                | (13)            | 26,195           | (572)           | (61)            | (168)            | 25,981            |
| Noncontrolling shareholder compensation         | —                  | 552              | 1,419            | 247             | 699              | 315              | 472             | 176              | 252             | 5               | (210)            | 3,927             |
| Integration services fee                        | —                  | —                | —                | —               | —                | —                | 875             | —                | —               | —               | —                | 875               |
| Other   | —                  | —                | —                | —               | —                | —                | —               | —                | —               | —               | 131              | 131               |
| <b>Adjusted EBITDA</b>                          | <b>\$ (20,952)</b> | <b>\$ 16,885</b> | <b>\$ 23,101</b> | <b>\$ 4,973</b> | <b>\$ 36,139</b> | <b>\$ 11,058</b> | <b>\$ 4,247</b> | <b>\$ 243</b>    | <b>\$ 9,432</b> | <b>\$ 7,565</b> | <b>\$ 12,731</b> | <b>\$ 105,422</b> |

**Compass Diversified Holdings**  
**Net Income (Loss) from Continuing Operations to Non-GAAP Consolidated Adjusted EBITDA Reconciliation**  
**Three Months Ended June 30, 2023**  
**(Unaudited)**

|   | Corporate          | 5.11             | BOA              | Ergobaby        | Lugano           | PrimaLoft       | Velocity<br>Outdoor | Altor            | Arnold          | Sterno           | Consolidated     |
|---|--------------------|------------------|------------------|-----------------|------------------|-----------------|---------------------|------------------|-----------------|------------------|------------------|
| <b>Income (loss) from continuing operations</b> | \$ (12,952)        | \$ 3,866         | \$ 5,526         | \$ 382          | \$ 6,916         | \$ 620          | \$ (3,480)          | \$ 4,501         | \$ 2,503        | \$ 2,169         | \$ 10,051        |
| Adjusted for:                                   |                    |                  |                  |                 |                  |                 |                     |                  |                 |                  |                  |
| Provision (benefit) for income taxes            | —                  | 1,344            | 737              | (101)           | 2,698            | (2,508)         | (1,499)             | 1,540            | 1,348           | 761              | 4,320            |
| Interest expense, net                           | 26,546             | (1)              | (3)              | —               | —                | (4)             | 70                  | —                | 5               | —                | 26,613           |
| Intercompany interest                           | (33,258)           | 5,422            | 1,669            | 2,191           | 7,446            | 4,386           | 3,309               | 2,760            | 1,723           | 4,352            | —                |
| Loss on debt extinguishment                     | —                  | —                | —                | —               | —                | —               | —                   | —                | —               | —                | —                |
| Depreciation and amortization                   | 361                | 6,841            | 5,813            | 2,040           | 2,040            | 5,363           | 3,364               | 4,178            | 2,103           | 5,005            | 37,108           |
| <b>EBITDA</b>                                   | <b>(19,303)</b>    | <b>17,472</b>    | <b>13,742</b>    | <b>4,512</b>    | <b>19,100</b>    | <b>7,857</b>    | <b>1,764</b>        | <b>12,979</b>    | <b>7,682</b>    | <b>12,287</b>    | <b>78,092</b>    |
| Other (income) expense                          | —                  | (124)            | 66               | 29              | (76)             | 243             | (79)                | 359              | (7)             | (306)            | 105              |
| Noncontrolling shareholder compensation         | —                  | 478              | 669              | 312             | 445              | 665             | 228                 | 250              | 9               | 151              | 3,207            |
| Integration services fee                        | —                  | —                | —                | —               | —                | 1,188           | —                   | —                | —               | —                | 1,188            |
| Other   | —                  | —                | —                | —               | —                | —               | —                   | —                | —               | 348              | 348              |
| <b>Adjusted EBITDA</b>                          | <b>\$ (19,303)</b> | <b>\$ 17,826</b> | <b>\$ 14,477</b> | <b>\$ 4,853</b> | <b>\$ 19,469</b> | <b>\$ 9,953</b> | <b>\$ 1,913</b>     | <b>\$ 13,588</b> | <b>\$ 7,684</b> | <b>\$ 12,480</b> | <b>\$ 82,940</b> |

**Compass Diversified Holdings**  
**Net Income (Loss) from Continuing Operations to Non-GAAP Consolidated Adjusted EBITDA Reconciliation**  
**Six Months Ended June 30, 2024**  
(Unaudited)

|   | Corporate          | 5.11             | BOA              | Ergobaby        | Lugano           | PrimaLoft        | THP              | Velocity Outdoor | Altor            | Arnold           | Sterno           | Consolidated      |
|---|--------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| <b>Income (loss) from continuing operations</b> | \$ (12,436)        | \$ 8,857         | \$ 12,346        | \$ (3,108)      | \$ 34,985        | \$ (988)         | \$ (7,604)       | \$ (55,199)      | \$ 3,394         | \$ 3,909         | \$ 4,557         | \$ (11,287)       |
| Adjusted for:                                   |                    |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |                   |
| Provision (benefit) for income taxes            | —                  | 3,010            | 2,469            | 380             | 11,668           | 584              | (2,569)          | 9,297            | 1,726            | 1,986            | 1,655            | 30,206            |
| Interest expense, net                           | 50,041             | (1)              | (12)             | —               | 3                | (5)              | (25)             | 54               | —                | 81               | —                | 50,136            |
| Intercompany interest                           | (80,834)           | 6,780            | 10,791           | 4,248           | 25,337           | 9,046            | 4,920            | 5,582            | 3,877            | 3,497            | 6,756            | —                 |
| Depreciation and amortization                   | 434                | 11,581           | 10,849           | 4,374           | 4,872            | 10,650           | 10,645           | 5,282            | 8,170            | 4,414            | 9,890            | 81,161            |
| <b>EBITDA</b>                                   | <b>(42,795)</b>    | <b>30,227</b>    | <b>36,443</b>    | <b>5,894</b>    | <b>76,865</b>    | <b>19,287</b>    | <b>5,367</b>     | <b>(34,984)</b>  | <b>17,167</b>    | <b>13,887</b>    | <b>22,858</b>    | <b>150,216</b>    |
| Other (income) expense                          | 463                | 73               | 132              | (5)             | 7                | 3                | (30)             | 25,898           | 2,664            | (9)              | (341)            | 28,855            |
| Non-controlling shareholder compensation        | —                  | 1,086            | 2,848            | 506             | 1,203            | 995              | 617              | 370              | 504              | 9                | 119              | 8,257             |
| Impairment expense                              | —                  | —                | —                | —               | —                | —                | —                | 8,182            | —                | —                | —                | 8,182             |
| Acquisition expenses                            | —                  | —                | —                | —               | —                | —                | 3,479            | —                | —                | —                | —                | 3,479             |
| Integration services fee                        | —                  | —                | —                | —               | —                | —                | 875              | —                | —                | —                | —                | 875               |
| Other   | —                  | —                | —                | —               | —                | —                | 90               | —                | —                | —                | 314              | 404               |
| <b>Adjusted EBITDA</b>                          | <b>\$ (42,332)</b> | <b>\$ 31,386</b> | <b>\$ 39,423</b> | <b>\$ 6,395</b> | <b>\$ 78,075</b> | <b>\$ 20,285</b> | <b>\$ 10,398</b> | <b>\$ (534)</b>  | <b>\$ 20,335</b> | <b>\$ 13,887</b> | <b>\$ 22,950</b> | <b>\$ 200,268</b> |

**Compass Diversified Holdings**  
**Net Income (Loss) from Continuing Operations to Non-GAAP Consolidated Adjusted EBITDA Reconciliation**  
**Six Months Ended June 30, 2023**  
**(Unaudited)**

|   | Corporate                 | 5.11                    | BOA                     | Ergobaby               | Lugano                  | PrimaLoft               | Velocity Outdoor       | Altor                   | Arnold                  | Sterno                  | Consolidated             |
|---|---------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| <b>Income (loss) from continuing operations</b> | \$ (27,164)               | \$ 6,016                | \$ 10,894               | \$ (853)               | \$ 16,884               | \$ (607)                | \$ (7,981)             | \$ 7,202                | \$ 4,808                | \$ 2,464                | \$ 11,663                |
| Adjusted for:                                   |                           |                         |                         |                        |                         |                         |                        |                         |                         |                         |                          |
| Provision (benefit) for income taxes            | —                         | 2,070                   | 1,359                   | (652)                  | 6,085                   | (559)                   | (2,954)                | 2,634                   | 2,388                   | 869                     | 11,240                   |
| Interest expense, net                           | 52,598                    | (2)                     | (5)                     | —                      | 4                       | (6)                     | 194                    | —                       | 10                      | —                       | 52,793                   |
| Intercompany interest                           | (64,725)                  | 10,221                  | 3,461                   | 4,340                  | 13,730                  | 8,708                   | 6,437                  | 5,634                   | 3,372                   | 8,822                   | —                        |
| Depreciation and amortization                   | 677                       | 13,293                  | 11,506                  | 4,079                  | 4,890                   | 10,723                  | 6,751                  | 8,343                   | 4,122                   | 10,032                  | 74,416                   |
| <b>EBITDA</b>                                   | <b>(38,614)</b>           | <b>31,598</b>           | <b>27,215</b>           | <b>6,914</b>           | <b>41,593</b>           | <b>18,259</b>           | <b>2,447</b>           | <b>23,813</b>           | <b>14,700</b>           | <b>22,187</b>           | <b>150,112</b>           |
| Other (income) expense                          | (128)                     | (201)                   | 180                     | 29                     | (76)                    | 139                     | (754)                  | 563                     | (9)                     | (798)                   | (1,055)                  |
| Non-controlling shareholder compensation        | —                         | 730                     | 1,333                   | 624                    | 840                     | (43)                    | 458                    | 566                     | 18                      | 322                     | 4,848                    |
| Integration services fee                        | —                         | —                       | —                       | —                      | —                       | 2,375                   | —                      | —                       | —                       | —                       | 2,375                    |
| Other   | —                         | —                       | —                       | —                      | —                       | —                       | —                      | —                       | —                       | 780                     | 780                      |
| <b>Adjusted EBITDA</b>                          | <b><u>\$ (38,742)</u></b> | <b><u>\$ 32,127</u></b> | <b><u>\$ 28,728</u></b> | <b><u>\$ 7,567</u></b> | <b><u>\$ 42,357</u></b> | <b><u>\$ 20,730</u></b> | <b><u>\$ 2,151</u></b> | <b><u>\$ 24,942</u></b> | <b><u>\$ 14,709</u></b> | <b><u>\$ 22,491</u></b> | <b><u>\$ 157,060</u></b> |

**Compass Diversified Holdings**  
**Non-GAAP Adjusted EBITDA**  
(Unaudited)

| <i>(in thousands)</i>            | Three Months Ended June 30, |                  | Six Months Ended June 30, |                   |
|----------------------------------|-----------------------------|------------------|---------------------------|-------------------|
|                                  | 2024                        | 2023             | 2024                      | 2023              |
| <b>Branded Consumer</b>          |                             |                  |                           |                   |
| 5.11                             | \$ 16,885                   | \$ 17,826        | \$ 31,386                 | \$ 32,127         |
| BOA                              | 23,101                      | 14,477           | 39,423                    | 28,728            |
| Ergobaby                         | 4,973                       | 4,853            | 6,395                     | 7,567             |
| Lugano                           | 36,139                      | 19,469           | 78,075                    | 42,357            |
| PrimaLoft                        | 11,058                      | 9,953            | 20,285                    | 20,730            |
| The Honey Pot Co. <sup>(1)</sup> | 4,247                       | —                | 10,398                    | —                 |
| Velocity Outdoor                 | 243                         | 1,913            | (534)                     | 2,151             |
| <b>Total Branded Consumer</b>    | <b>\$ 96,646</b>            | <b>\$ 68,491</b> | <b>\$ 185,428</b>         | <b>\$ 133,660</b> |
| <b>Niche Industrial</b>          |                             |                  |                           |                   |
| Altor Solutions                  | 9,432                       | 13,588           | 20,335                    | 24,942            |
| Arnold Magnetics                 | 7,565                       | 7,684            | 13,887                    | 14,709            |
| Sterno                           | 12,731                      | 12,480           | 22,950                    | 22,491            |
| <b>Total Niche Industrial</b>    | <b>\$ 29,728</b>            | <b>\$ 33,752</b> | <b>\$ 57,172</b>          | <b>\$ 62,142</b>  |
| Corporate expense                | (20,952)                    | (19,303)         | (42,332)                  | (38,742)          |
| <b>Total Adjusted EBITDA</b>     | <b>\$ 105,422</b>           | <b>\$ 82,940</b> | <b>\$ 200,268</b>         | <b>\$ 157,060</b> |

<sup>(1)</sup> The above results for The Honey Pot Co. do not include management's estimate of Adjusted EBITDA, before the Company's ownership of \$3.9 million for the six months ended June 30, 2024, and \$4.7 million and \$15.5 million, respectively, for the three and six months ended June 30, 2023. The Honey Pot Co. was acquired on January 31, 2024.



**Compass Diversified Holdings**  
**Net Sales to Pro Forma Net Sales Reconciliation**  
(unaudited)

| <i>(in thousands)</i>       | Three Months Ended June 30, |                   | Six Months Ended June 30, |                     |
|-----------------------------|-----------------------------|-------------------|---------------------------|---------------------|
|                             | 2024                        | 2023              | 2024                      | 2023                |
| Net Sales                   | \$ 542,595                  | \$ 486,889        | \$ 1,066,885              | \$ 970,822          |
| Acquisitions <sup>(1)</sup> | —                           | 25,009            | 10,671                    | 56,887              |
| Pro Forma Net Sales         | <u>\$ 542,595</u>           | <u>\$ 511,898</u> | <u>\$ 1,077,556</u>       | <u>\$ 1,027,709</u> |

<sup>(1)</sup> Acquisitions reflects the net sales for The Honey Pot Co. on a pro forma basis as if the Company had acquired The Honey Pot Co. on January 1, 2023.

**Compass Diversified Holdings**  
**Subsidiary Pro Forma Net Sales**  
(unaudited)

| <i>(in thousands)</i>        | Three Months Ended June 30, |                   | Six Months Ended June 30, |                     |
|------------------------------|-----------------------------|-------------------|---------------------------|---------------------|
|                              | 2024                        | 2023              | 2024                      | 2023                |
| <b>Branded Consumer</b>      |                             |                   |                           |                     |
| 5.11                         | \$ 123,201                  | \$ 126,030        | \$ 248,175                | \$ 250,482          |
| BOA                          | 54,160                      | 38,123            | 97,063                    | 76,109              |
| Ergobaby                     | 28,557                      | 26,149            | 49,775                    | 48,567              |
| Lugano                       | 99,358                      | 60,949            | 202,397                   | 124,836             |
| PrimaLoft                    | 25,291                      | 22,160            | 47,832                    | 46,689              |
| The Honey Pot <sup>(1)</sup> | 24,182                      | 25,009            | 55,018                    | 56,887              |
| Velocity Outdoor             | 18,711                      | 37,839            | 48,610                    | 71,879              |
| Total Branded Consumer       | <u>\$ 373,460</u>           | <u>\$ 336,259</u> | <u>\$ 748,870</u>         | <u>\$ 675,449</u>   |
| <b>Niche Industrial</b>      |                             |                   |                           |                     |
| Altor Solutions              | 52,213                      | 60,886            | 105,617                   | 122,398             |
| Arnold Magnetics             | 43,155                      | 40,138            | 84,442                    | 80,228              |
| Sterno                       | 73,767                      | 74,615            | 138,627                   | 149,634             |
| Total Niche Industrial       | <u>\$ 169,135</u>           | <u>\$ 175,639</u> | <u>\$ 328,686</u>         | <u>\$ 352,260</u>   |
| Total Subsidiary Net Sales   | <u>\$ 542,595</u>           | <u>\$ 511,898</u> | <u>\$ 1,077,556</u>       | <u>\$ 1,027,709</u> |

<sup>(1)</sup> Net sales for The Honey Pot Co. are pro forma as if the Company had acquired this business on January 1, 2023.

**Compass Diversified Holdings**  
**Condensed Consolidated Cash Flows**  
**(unaudited)**

| <i>(in thousands)</i>  | Three Months Ended June 30, |                  | Six Months Ended June 30, |                  |
|--|-----------------------------|------------------|---------------------------|------------------|
|  | 2024                        | 2023             | 2024                      | 2023             |
| <b>Net cash provided by (used in) operating activities</b>         | \$ (35,182)                 | \$ 21,694        | \$ (48,383)               | \$ 37,239        |
| <b>Net cash provided by (used in) investing activities</b>         | 46,404                      | (36,895)         | (336,074)                 | 117,829          |
| <b>Net cash provided by (used in) financing activities</b>         | (7,539)                     | 28,827           | 3,366                     | (149,619)        |
| Foreign currency impact on cash                                    | (28)                        | 72               | (1,017)                   | 634              |
| Net increase (decrease) in cash and cash equivalents               | 3,655                       | 13,698           | (382,108)                 | 6,083            |
| Cash and cash equivalents - beginning of the period <sup>(1)</sup> | 64,715                      | 53,656           | 450,478                   | 61,271           |
| <b>Cash and cash equivalents - end of the period<sup>(2)</sup></b> | <b>\$ 68,370</b>            | <b>\$ 67,354</b> | <b>\$ 68,370</b>          | <b>\$ 67,354</b> |

<sup>(1)</sup> Includes cash from discontinued operations of \$4.7 million at January 1, 2023.

<sup>(2)</sup> Includes cash from discontinued operations of \$3.1 million at June 30, 2023.

**Compass Diversified Holding**  
**Selected Financial Data - Cash Flows**  
**(unaudited)**

| <i>(in thousands)</i>                       | Three Months Ended June 30, |             | Six Months Ended June 30, |             |
|---|-----------------------------|-------------|---------------------------|-------------|
|   | 2024                        | 2023        | 2024                      | 2023        |
| Changes in operating assets and liabilities | \$ (93,270)                 | \$ (55,222) | \$ (154,124)              | \$ (92,114) |
| Purchases of property and equipment         | \$ (11,172)                 | \$ (13,707) | \$ (18,919)               | \$ (28,604) |
| Distributions paid - common shares          | \$ (18,846)                 | \$ (17,987) | \$ (37,664)               | \$ (36,038) |
| Distributions paid - preferred shares       | \$ (6,101)                  | \$ (6,046)  | \$ (12,146)               | \$ (12,091) |