

**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): September 1, 2021

**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. o

Section 7 Regulation FD

Item 7.01 Regulation FD Disclosure

On September 1, 2021, Compass Diversified Holdings (the “Trust”) and Compass Group Holdings LLC (the “Company”) (NYSE: CODI) (collectively “CODI”) issued a press release announcing that, effective September 1, 2021, it completed its planned tax reclassification and will now be treated as a corporation for U.S. federal income tax purposes (the “Reclassification”). The full text of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information contained under Item 7.01, including Exhibit 99.1, is being furnished and, as a result, such information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Section 8 Other Events

Item 8.01 Other Events

Narrative description of the pro forma effects of the tax reclassification

On August 3, 2021, the shareholders of CODI approved amendments to the governing documents of CODI to allow the Board of Directors (the “Board”) to cause the Trust to elect to be treated as a corporation for United States federal income tax purposes (the “tax reclassification”). Following the shareholder vote, the Board resolved to cause the Trust to elect to be treated as a corporation for United States federal income tax purposes. Such election was effective September 1, 2021. The Trust was previously taxed as a partnership for United States income tax purposes.

If the tax reclassification had been effective December 31, 2020, the pro forma condensed consolidated balance sheet would have reflected an adjustment to reduce the deferred tax liability by \$5.1 million as a result of the recording of an income tax benefit at the Trust for the year ended December 31, 2020. Stockholders’ equity would have increased by \$5.1 million to reflect the effect of the income tax benefit on net income. As of December 31, 2020, pro forma consolidated total liabilities and stockholders’ equity would have been \$1,373.2 million and \$1,225.3, respectively. If the tax reclassification had occurred on January 1, 2020, the income tax provision recorded in the condensed consolidated pro forma statement of operations for the year ended December 31, 2020 would have decreased by \$5.1 million to reflect the estimated tax benefit that would have been recorded at the Trust. Pro forma consolidated net income would have been \$32.2 million for the year ended December 31, 2020. Pro forma consolidated basic and diluted loss per share would have increased \$0.08 per share to (\$0.26) per share for the year ended December 31, 2020.

If the tax reclassification had occurred on January 1, 2020, the income tax provision in the pro forma condensed consolidated statement of operations for the six months ended June 30, 2021 would have decreased by \$14.2 million to reflect the effect of the estimated tax benefit that would have been recorded at the Trust. Pro forma consolidated net income would have been \$24.9 million for the six months ended June 30, 2021. Pro forma consolidated basic and diluted loss per share would have increased \$0.22 per share to (\$0.07) per share for the six months ended June 30, 2021.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated September 1, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: September 1, 2021

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: September 1, 2021

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham

Chief Financial Officer



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Compass Diversified Completes Simplification of Tax Structure

Reclassification as Corporation for Tax Purposes Designed to Unlock Shareholder Value

WESTPORT, Conn., September 1, 2021 -- Compass Diversified (NYSE: CODI) ("CODI" or the "Company"), an owner of leading middle market businesses, today announced that it has completed its planned tax reclassification. Effective today, Compass Diversified Holdings (the "Trust") will be treated as a corporation for U.S. federal income tax purposes.

"Simplifying our tax structure is an important milestone for our company that we believe will position CODI for continued success and new opportunities," said Elias Sabo, CEO of CODI. "We expect that being treated as a corporation will unlock substantial value for our shareholders due to several key benefits. In particular, we expect the removal of certain administrative requirements for our shareholders will allow us to expand our shareholder base and improve the likelihood of our stock's inclusion within stock indices. We also anticipate having a significantly lower cost of capital moving forward. With the lowest cost of capital among our peers, we have built a competitive advantage in the marketplace that we believe will be a key differentiator as we continue to seek opportunistic acquisitions and to manage leading businesses. Our Board and talented management team are excited to continue leveraging our permanent capital structure to drive long term shareholder value and reach an even larger group of investors."

CODI expects that being treated as a corporation for U.S. federal income tax purposes will:

- Increase share liquidity with broadened pool of investors;
- Reduce weighted average cost of capital;
- Create more flexibility in investment decisions;
- Improve the likelihood of CODI's stock's inclusion within stock indices;
- Improve the Company's profile with ratings agencies; and
- Reduce administrative cost.

As previously announced, in order to offset a portion of the tax liability to the shareholders as result of the election to cause the Trust to be treated as a corporation for U.S. federal income tax purposes, the Board declared a special cash distribution of \$0.88 per share on the Trust's common

shares (the "Common Shares"). The distribution on the Common Shares is payable on September 7, 2021 to all holders of record of Common Shares as of the close of business on August 31, 2021.

About Compass Diversified ("CODI")

CODI owns and manages a diverse set of highly defensible North American middle market businesses. Each of its current subsidiaries is a leader in its niche market.

Leveraging its permanent capital base, long-term disciplined approach and actionable expertise, CODI maintains controlling ownership interests in each of its subsidiaries, maximizing its ability to impact long-term cash flow generation and value creation. The Company 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.

Our nine majority-owned subsidiaries are engaged in the following lines of business:

- The design and marketing of purpose-built technical apparel and gear serving a wide range of global customers (5.11);
- The manufacture of quick-turn, small-run and production rigid printed circuit boards (Advanced Circuits);
- The design and manufacture of custom packaging, insulation and componentry (Altor Solutions);
- The manufacture of engineered magnetic solutions for a wide range of specialty applications and end-markets (Arnold Magnetic Technologies);
- The design and marketing of dial-based fit systems that deliver performance fit across footwear, headwear and medical bracing products (BOA Technology);
- The design and marketing of wearable baby carriers, strollers and related products (Ergobaby)
- The design and manufacture of baseball and softball equipment and apparel (Marucci Sports);
- The manufacture and marketing of portable food warming systems used in the foodservice industry, creative indoor and outdoor lighting, and home fragrance solutions for the consumer markets (Sterno); and
- The design, manufacture and marketing of airguns, archery products, optics and related accessories (Velocity Outdoor).

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements with regard to the expectations related to the anticipated impact of the tax election. Words such as "believes," "expects," "anticipates," "intends," "projects," "assuming," and "future" or similar expressions, are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, including, but not limited to, the factors enumerated in the Form 10-K filed by CODI with the SEC for the year ended December 31, 2020, the proxy statement filed by CODI with the SEC on June 23, 2021 and other filings with

the SEC. Except as required by law, CODI undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.